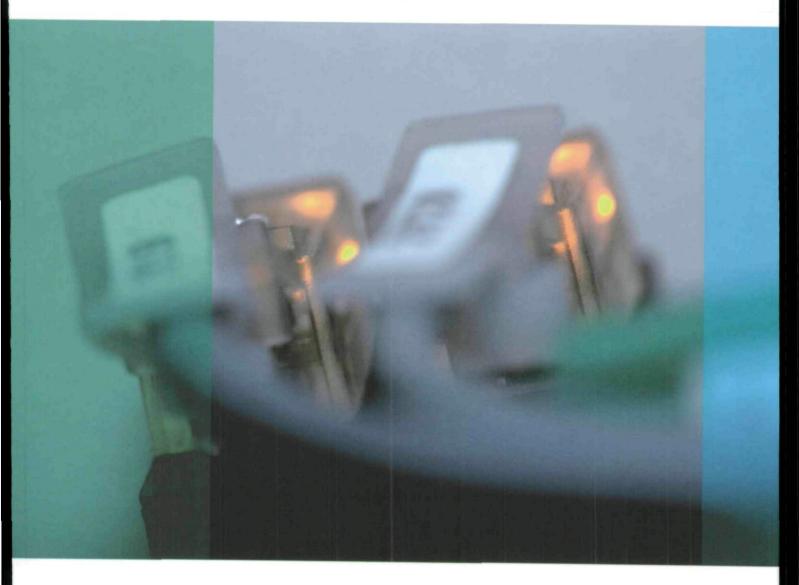


Annual Report 2009





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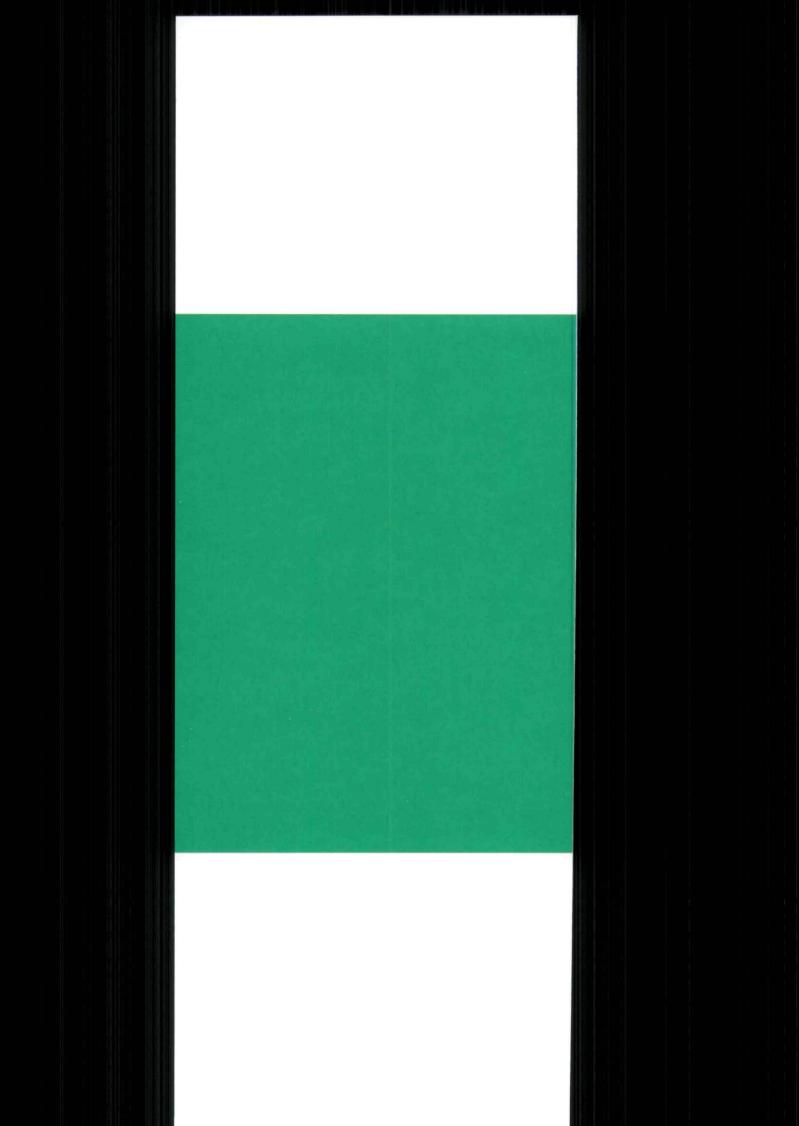
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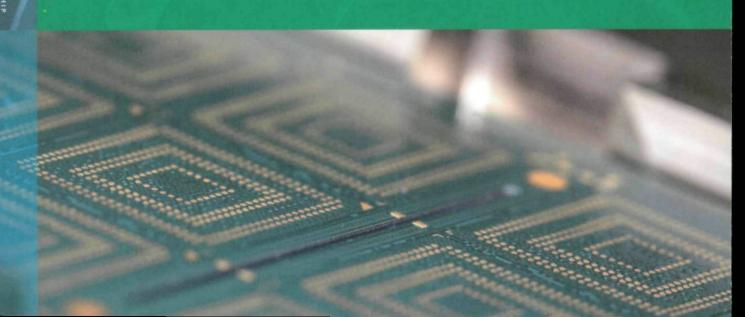
Besi is a leading supplier of semiconductor assembly equipment for the global semiconductor and electronics industries. Besi develops leading edge assembly processes and equipment for leadframe, array connect and wafer level packaging applications in a wide range of end-use markets including electronics, computer, automotive, industrial, RFID, LED and solar energy. Customers are primarily leading semiconductor manufacturers, assembly subcontractors and electronics and industrial companies.

Besi's objective is to become the world's leading supplier of advanced semiconductor assembly equipment and to exceed industry average benchmarks of financial perfomance.





Front-end								Back-end
	Dicing	Die A	ttach	Wire Bond	Pack	aging	Plating	
			Die Bond	Wire Bond		Trim & Form	Plating	
		3 Datacon	∌ Esec	⇒ Esec	Fico	⇒ Fico	■ Meco	Leadframe Assembly
	III.			13.00	BELL	Singulation		
	H	3 Datacon	⋾ Esec	⋾ Esec	3 Fico	⋾ Fico	Ball Grid Array	Array Connect Wire Bond Assembly
Front-end Semi Manufacturing		Die Sort	FC Die Bond		Molding	Singulation		
		3 Datacon	Datacon Esec		Fico	∌ Fico	Ball Grid Array	Array Connect Flip Chip Assembly
		7,6	1 15	学品。	1 750		UK.	
Process steps		3 Datacon	3 Datacon	HID.	∌ Fico	⇒ Fico		Wafer Level Packaging Flip Chip Assembly
		Die A	ttach		Pack	aging	Ball Attach	



Company Profile

BE Semiconductor Industries N.V. ("Besi") is engaged in one line of business, the development, manufacturing, marketing, sales and service of semiconductor assembly equipment for the global semiconductor and electronics industries.

Our market

The semiconductor manufacturing process involves two distinct phases, wafer processing, commonly referred to as the front-end, and assembly/test operations which are commonly referred to as the back-end. Our equipment is used by customers principally to produce advanced semiconductor assemblies or "packages". Typically, such assemblies provide the electronic interface and physical connection between a semiconductor device, or "chip" and other electronic components and protect the chip from the external environment. VLSI (a leading independent industry analyst) estimated that the size of the assembly equipment market was \$ 1.7 billion in 2009, or 7% of the total semiconductor equipment market. Annual growth rates in the semiconductor assembly equipment market can fluctuate greatly based on global economic cycles and the capital investment programs of our semiconductor and industrial customers. Semiconductor assembly shares certain common processes but involves three distinct manufacturing technologies depending on the product application required:

Leadframe assembly, the most traditional approach, involves the electrical connection of the chip via a wire bonding process to a metal leadframe. Leadframe assembly technology is most frequently used to produce semiconductor devices for mass market and consumer electronics applications.

Array connect assembly, an alternative assembly process, has gained increased market acceptance and is used most frequently in new product applications that require high degrees of miniaturization and chip density such as cell phones, portable personal computers and wireless internet applications. In a typical array connect assembly, no metal leadframes are utilized and the electrical connection of the chip is made directly to a multi-layer substrate or through the creation of direct connections to the multi-layer substrate via a flip chip die bonding process.

Wafer level packaging, the most advanced assembly technology eliminates the use of either a metal leadframe or laminated substrate for semiconductor assembly. In wafer level packaging, the electrical connections are directly applied to the chip without the need for an interposer. This process technology enables customers to achieve even higher degrees of miniaturization, chip density and performance and lower energy consumption than array connect assembly but at a higher cost and reduced yield currently.

The markets which we serve offer significant long term opportunities for growth. Besi is well positioned to capitalize on these end-user market opportunities, the most prominent of which include: (i) computing: (PCs, flat panel displays, internet applications), (ii) wireless and mobile communication devices and logistical systems, (iii) intelligent automotive components and sensors,

(iv) advanced medical equipment and devices, (v) solar and renewable energy applications and (vi) LED and RFID device applications.

Our products and services

Besi supplies leading edge systems offering increased productivity, improved yields of defect-free devices and a low cost of ownership. We offer customers a broad portfolio of systems which addresses substantially all the assembly process steps involved in leadframe, array connect and wafer level packaging. Our principal product offerings include:

- Die attach equipment: from which we produce single, multi-chip and flip chip die bonding systems and die sorting systems.
- (ii) Wire bonding equipment: from which we produce systems utilizing gold and copper wire.
- (iii) Packaging equipment: from which we produce molding, trim and form and singulation systems.
- (iv) Plating equipment: from which we produce tin, copper and precious metal plating systems.
- (v) Services: for which we provide tooling, conversion kits and spare parts to our customers.

Our customers

Our customers are primarily leading multinational chip manufacturers, assembly subcontractors and electronics and industrial companies and include Amkor, ASE, Gemalto, Greatek, Infineon, Skyworks, STATS ChipPAC, STMicroelectronics, Unisem and UTAC. Customers are principally independent device manufacturers ("IDMs") which purchase our equipment for internal use at their assembly facilities and subcontractors which purchase our equipment to produce packages for third parties on a contract basis. Our equipment performs critical functions in our customers' assembly operations and in many cases represents a significant percentage of their installed base of assembly equipment.

Our global presence

We are a global company with headquarters in Duiven, the Netherlands. We operate seven facilities comprising 490,000 square feet of space for production and development activities as well as nine sales and service offices across Europe, Asia and North America. We employ a total staff of approximately 1,400 people currently, of whom approximately 54% are based in Europe and North America and 46% are based in Asia.

Our listings

Besi was incorporated under the laws of the Netherlands in May 1995 and had an initial public offering in December 1995. Besi's ordinary shares are listed on Euronext Amsterdam by NYSE Euronext (symbol: BESI) and also trade on the NASDAQ OTC pink sheets (symbol: BESIY). At December 31, 2009, Besi also had outstanding € 36.3 million principal amount of 5.5% Convertible Notes due 2012 which are listed on Euronext Amsterdam (ISIN NL0000116648).

More detailed information about Besi can be found at our website: www.besi.com.



Strategic

- Acquisition of Esec significantly increased Besi's die bonding equipment market share and favorably positioned it in one of highest growth assembly markets.
- Development of next generation singulation and die sorting systems and new foil assisted molding system to aid Besi's 2010 revenue growth.
- Execution of restructuring objectives including realization of € 15 million targeted cost savings from Dragon II plan.
- Announcement of 10% headcount reduction plan targeting € 8.5 million of annualized cost savings and a realignment of packaging systems business to improve portfolio returns.

Financial

- Revenue of € 147.9 million versus € 149.4 million in 2008.
- Second half year revenue of € 101.9 million more than double first half year.
- Orders up by 28.7% to € 162.5 million.
- Backlog of € 51.0 million at year-end versus € 25.4 million at year-end 2008.
- Net income of € 5.4 million versus € 34.2 million net loss in 2008.
- Sequential reduction of quarterly adjusted net losses.
- Net cash up to € 19.7 million at year-end as compared to
 € 12.4 million and € 3.3 million at year-end 2008 and 2007, respectively.
 Debt reduction of € 18 million over past 2 years.
- Solid liquidity position: € 54.7 million of cash in excess of bank borrowings and lease obligations at year-end 2009.

Key Financial Highlights

Year ended December 31, (in euro millions)	2009	2008	2007	2006	2005
Operating data					
Orders	162.5	126.3	160.7	188.4	169.9
Revenue	147,891	149,399	166,471	191,191	164,262
Operating income (loss)	8,287	(28,850)	(5,679)	13,098	(975)
EBITDA (loss)	17,924	(1,151)	3,783	22,311	8,834
Net income (loss)	5,398	(34,175)	(5,496)	10,799	(2,351
Adjusted net income (loss)	(28,005)	(4,845)	(1,750)	10,799	(2,351
Net income (loss) per share:	(28,003)	(4,045)	(1,750)	10,755	(2,331
Basic	0.16	(1.12)	(0.17)	0.33	(0.07
Diluted	0.16	(1.12)	(0.17)	0.33	(0.07
Diluted	0.10	(1.12)	(0.17)	0.51	(0,07
Backlog	51.0	25.4	48.3	54.0	56.8
Balance sheet data					
Cash and cash equivalents	73,125	74,008	74,781	98,012	81,765
Total debt	53,457	61,624	71,514	80,028	75,485
Total equity	156,276	146,284	178,718	194,531	185,510
Financial ratios					
Operating income (loss) as % of revenue	5.6	(19.3)	(3.4)	6.9	(0.6
Net income (loss) as % of revenue	3.6	(22.9)	(3.3)	5.6	(1.4
Adjusted net income (loss) as % of revenue	(18.9)	(3.2)	(1.1)	5.6	(1.4
Current ratio	2.4	2.9	3.4	3.3	3.5
Solvency ratio	58.0	60.2	62.7	62.0	62.
Return on average equity	3.6%	(21.0%)	(2.9%)	5.7%	(1.3%
EBITDA / interest expenses, net	8.2x	(0.7)x	1.8x	8.0x	3.7
Headcount data					02-102-103-103
Total headcount fixed	1,384	1,182	1,141	1,165	1,087
Total headcount temporary	84	72	134	101	69
Total headcount	1,468	1,254	1,275	1,266	1,156
Geographic data					
Revenue from Asia as % of total revenue	73.8	62.0	62.6	61.5	55.1
Headcount from Asia as % of total headcount	46.2	39.4	37.8	34.2	28.6



In 2009, we successfully navigated one of the most challenging periods for our industry as a result of our cost reduction efforts, balance sheet strength, and ability to capitalize on a strategic opportunity. As such, we have emerged from the year as a stronger company that is well positioned to benefit from a positive industry outlook for 2010.

The year was characterized by semi-annual periods that differed greatly and mirrored developments in the global economy. In the first half year, our revenue and orders were severely affected by the global recession as customers responded to the crisis by delaying, foregoing or cancelling orders until a clearer picture of the economy developed. Signs of recovery appeared in the late spring and conditions continued to improve during the second half of the year. Customers, particularly Asian subcontractors, started placing orders again for new product development and incremental capacity with the stabilization of the global economy. As is typical, the front end of the assembly equipment market represented by die and wire bonding equipment improved first in the industry recovery before any rebound in demand for packaging or plating equipment occurred. In combination with revenue contributed by our Esec acquisition, our second half year orders and revenue more than doubled as compared to the first half year.

Esec acquisition

The acquisition of the Esec business unit from OC Oerlikon AG in April 2009 represented an important milestone in our development. Esec, based in Cham, Switzerland has been a leading supplier of advanced die and wire bonding systems for over forty years. The purchase expanded our product portfolio so that we now offer the broadest range of advanced assembly systems in the market. It has also further advanced our product strategy into the mainstream assembly market from which we expect to gain future revenue traction. In addition, we increased the market share of our die bonding business to 25% according to data from VLSI, a leading independent industry analyst.

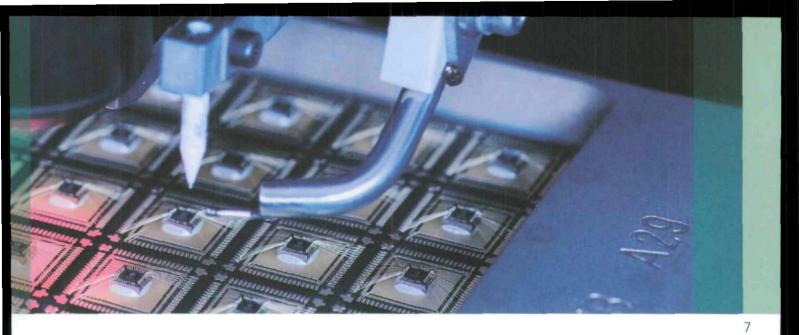
orders for both die bonding and wire bonding products have surpassed our initial estimates created during the depths of the 2009 industry downturn. The purchase price of the net assets acquired was below its fair value which resulted in a gain in the second quarter of € 41.2 million. The seller contributed in total € 27.7 million of cash to Besi to help fund projected cash flow requirements and restructuring obligations which has significantly benefited our liquidity this year. The acquisition also offers opportunities to realize organizational synergies and cost savings to benefit our future revenue and profit development. Subsequent to its acquisition, the die bonding operations of Esec and Datacon were combined. In addition, Esec's headcount was reduced by 30% as compared to December 31, 2008. We anticipate further synergies in the areas of development, production, supply chain and administrative functions.

Business review

We remained highly focused on executing our business strategy in 2009. The timely acquisition of Esec enabled us to leverage the upside revenue potential of an industry recovery this year. On the new product front, we set the stage for potential revenue growth in 2010 with the development of next generation singulation and die sorting systems for array connect and wafer level packaging applications as well as a new foil assisted molding system. We also completed a number of restructuring actions to support our Asian production strategy and reduce break-even cost levels including the:

- Realization of € 15 million targeted annualized cost savings from our Dragon II program.
- Reduction of combined headcount (including Esec) by 18% since December 31, 2008.
- Sale of our Hungarian die bonding operations and its production transfer to Malaysia.
- · Rationalization of our Meco plating unit.

In December 2009, we laid the groundwork for cost savings in 2010 and 2011 by means of a 10% company-wide head-count reduction plan targeting € 8.5 million of annualized cost savings and a realignment of our packaging systems business to improve returns from our product portfolio.



Financial highlights

We made progress this year on our path to restore profitability while improving our overall financial strength. Our revenue was € 147.9 million in 2009 versus € 149.4 million in 2008 as revenue contributed from the Esec acquisition offset the negative impact of the industry downturn earlier in the year. In combination with improved industry conditions, we were able to reduce our adjusted net loss in each quarter of 2009 as a result of our cost reductions and Esec integration efforts as can be seen in the table below:

Pro Forma Financial Data*	Q1-2009	Q2-2009	Q3-2009	Q4-2009
(in euro millions)			<u> </u>	
Revenue	21.1	30.5	48.7	53. 2
Adjusted net loss	(19.2)	(10.9)	(6.0)	(3.8)
Backlog (period end)	33.6	40.7	44.9	51.0

Assumes Esec acquisition as of January 1, 2009. Excludes Esec acquisition adjustments, restructuring and other special items.

We start 2010 with a solid balance sheet with which to fund our business strategy, restructuring efforts and anticipated growth. Our total debt decreased by \in 8.2 million in 2009 and has declined by \in 18 million over the past two years. Our net cash and cash equivalents increased to \in 19.7 million at year-end 2009 from \in 12.4 million and \in 3.3 million at year-end 2008 and 2007, respectively. Further, we had \in 54.7 million of cash in excess of bank borrowings and lease obligations at year-end 2009.

Outlook 2010

At present, industry analysts have a positive outlook for 2010. VLSI expects growth of 43% for the semiconductor assembly equipment market next year. From our perspective, we have experienced a broad based pick up across our entire system portfolio in the third and fourth quarters of 2009 consistent with the global economic recovery. However, we remain cautious about the duration and extent of this industry upturn and growth projections for the full year given the headwinds currently confronting the global economy. We seek to capitalize on an improved industry outlook in 2010 combined with ongoing overhead reduction and changes to our organizational

structure to restore profitability. The objectives we have established in 2010 to achieve profitability are challenging and will require the full commitment and energies of our senior management and employees to accomplish.

We have identified a number of risk factors that could affect our key operational objectives and outlook for 2010. Reference is made to page 21 of this annual report.

We would like to thank Messrs Willem Maris and Evert Polak for their hard work, dedication and contributions as Supervisory Board members prior to their retirement in May 2009. We would also like to welcome a new group of Supervisory Board members to Besi including Messrs Douglas Dunn, Dirk Lindenbergh, Loh Kin Wah and Jan Vaandrager. Each member has particular areas of expertise from which we hope to draw in the years ahead to further our business development. Mr Tom de Waard continues as Chairman of our Supervisory Board.

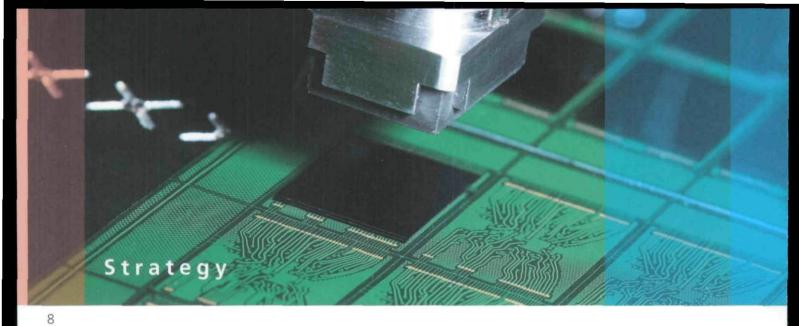
We are proud of the contributions made by all our employees last year in overcoming a historic industry downturn in the midst of executing our Dragon strategy and integrating Esec into our organization. We would also like to thank our customers, our shareholders, our partners and our suppliers for their continued support this past year.

Board of Management

Richard W. Blickman

Jan Willem Ruinemans

March 2, 2010



I. Strategic objective

Besi's objective is to become the world's leading supplier of advanced semiconductor assembly equipment and to exceed industry average benchmarks of financial performance.

II. Strategic initiatives

The key initiatives to realize our strategic objectives include:

- 1. Leveraging our leading edge technology position.
- Strengthening and expanding our strategic long term customer relationships.
- Accelerating the growth of tooling, spares and service revenue.
- 4. Expanding our Asian operations and direct shipments.
- 5. Developing common platforms and common parts.
- Centralizing and harmonizing our corporate structure, processes and IT systems.
- 7. Selectively acquiring companies with complementary technologies and products.

Through the implementation of our strategy, Besi seeks to become a more efficient and profitable company with increased market share in the segments of the assembly equipment market with the greatest potential for long term growth.

1. Leverage leading edge technology position

Besi seeks to provide global semiconductor manufacturers and subcontractors with a superior value proposition combining increased productivity and a low cost of ownership. As a result, Besi's technology efforts are focused on developing leading edge processes and equipment for leadframe, array connect and wafer level packaging applications that are consistent with customers' needs and have the greatest potential for long term growth.

Besi seeks to differentiate itself in the marketplace by means of a technology led product strategy that exploits revenue opportunities in both premium and mainstream assembly equipment markets. Besi enters such markets with leading edge technology and products appealing to the first movers of its industry, typically leading global semiconductor manufacturers and other advanced industrial end users. Upon commercial acceptance, Besi then seeks to maximize the return on invest-

ment of its products through continued system cost reduction so that they appeal to a broader, more mainstream customer base and can extend their life cycle. Mainstream customers are typically Asian subcontractors. Besi exits product markets when its technology becomes commoditized and returns on investment become unattractive.

In such a way, Besi uses its core competency to (i) increase revenues by expanding its addressable market and market share and (ii) maximize the return on its technology investment. Besi anticipates increasing its penetration of the mainstream assembly market in the near future given (i) its cost reduction initiatives, (ii) increased sales of mainstream die and wire bonding products acquired in the Esec transaction and (iii) higher direct shipments to Asian customers via the expansion of its Asian production capabilities.

2. Strengthen and expand strategic long term customer relationships

One of Besi's primary business objectives is to develop close, strategic relationships with customers deemed critical to its technological leadership and growth. Besi's close relationships, many of which exceed forty years, provide Besi with valuable knowledge about semiconductor assembly requirements as well as new opportunities to jointly develop assembly systems. As such, they provide Besi with an important insight into future market trends as well as an opportunity to broaden the range of products sold to customers.

In order to sustain close relationships with customers and generate new product sales, Besi believes that it is critical to maintain a significant presence in after-sales and service in each of its principal markets. As such, Besi has nine regional sales and service offices in Europe, the Asia Pacific region and the United States and a direct sales force and customer service staff currently of approximately 200 people. Consistent with the ongoing migration of its customers to Asia, Besi intends to further strengthen its sales and customer service activities in this region and shift a significant portion of its resources to countries such as Malaysia, Singapore, China, Taiwan, Korea and Japan.

3. Accelerate growth of tooling, spares and service revenue

Besi's product strategy also emphasizes an acceleration of non-system revenue from sales of tooling, spares and service to its installed base worldwide. In 2009, sales of tooling, spares and service increased significantly as a result of the Esec acquisition and represented approximately 20% of total revenue. Sales of tooling, spares and service represent a significant opportunity to increase a less cyclical component of its revenue mix and help reduce the volatility of its revenue development.

4. Expand Asian operations and direct shipments

In 2009, approximately 75% of revenue was derived from sales to Asian customer locations. Besi has significantly restructured its operations in recent years in an effort to improve profitability and better service a customer base that has migrated from Europe and North America to Asia. Besi's strategy focuses on the transfer of substantially all component sourcing, system manufacturing, product application engineering and tooling/ spares operations to its Asian facilities. In this concept, product ownership and responsibility for new product development will remain at its European operations. Ultimately, only highly customized systems will continue to be produced in Europe for which Besi generates attractive gross margins.

Key priorities for 2010 include the transfer of all remaining tooling operations from the Netherlands to Besi's Chinese and Malaysian facilities and the production transfer of the most recent generation Esec die bonding system from Switzerland to Malaysia. Besi's objective is to have all mainstream oriented die attach and packaging systems directly shipped to Asian customers from its Asian operations by the end of 2011. By such efforts, Besi seeks to substantially reduce labor and material costs from current levels, more easily scale production and improve delivery times to customers which, in turn, should drive significant improvements in profits and working capital management. The transfer of a substantial portion of Besi's cost structure to Asia versus Europe should also help Besi better align its US dollar/euro foreign currency exposure.

5. Develop common platforms and common parts

Besi is in the process of re-engineering several of its existing product platforms to reduce their overall cost and manufacturing cycle time through more standardized design and manufacturing processes. As part of the streamlining process, Besi has focused initially on the development of common parts and common platforms for its die bonding and packaging systems over the next two years and to decrease the number of platforms for such products. Such decrease will enable Besi to (i) reduce the number of components and machine parts per system, (ii) decrease average component costs, (iii) greatly simplify design engineering, and (iv) reduce cycle times and warranty expenses. In this manner, Besi expects to achieve additional

labor cost, supply chain and working capital efficiencies.

Centralize and harmonize corporate structure, processes and IT systems

In 2007, Besi adopted a "One Besi" concept to integrate and streamline its global organization structure while maintaining the identity of its individual product brands. In the "One Besi" concept, key functions such as administration, supply chain, IT and purchasing will be centralized and managed on a global basis. The use of a centralized organization structure will also better facilitate the addition of new products, processes and acquisitions to the organization. The implementation of the "One Besi" concept should lead to structural cost reduction by (i) reducing redundant subsidiary overhead, (ii) increasing work force efficiency and productivity via the adoption of standardized systems, procedures and software and (iii) providing greater economies of scale in supply chain, after-sales and service and purchasing.

The objective for 2010 involves defining and harmonizing Besi's business processes as much as possible according to "one way of working, one source of information and one set of tools". Specifically, Besi will define, standardize and adopt a group of best practices for its Datacon and Esec companies as a model for managing the entire organization in the near future. Besi's efforts will be supported by the utilization and implementation of existing enterprise software systems.

7. Selectively acquire companies with complementary technologies and products

In order to continue to provide customers with leading edge process solutions, it is critically important to identify and incorporate new technologies on a timely basis. As a result, Besi actively identifies and evaluates acquisition candidates that can assist Besi in: (i) maintaining process technology leadership and increasing market share in those assembly markets with the greatest long-term potential, (ii) growing its less cyclical, "non-system" related revenues from tooling, spares and service and (iii) enhancing the productivity of its Asian manufacturing operations.

III. Strategic implementation

Besi has undertaken a series of actions and completed important acquisitions to advance its strategic initiatives, accelerate revenue growth and reduce its cost structure.

Development of new products

Besi has a history of innovation and leadership in developing systems for leadframe, array connect and wafer level assembly technologies covering a wide variety of end-use applications.

Over the past five years, Besi has developed next generation die attach and packaging systems designed to address its customers' requirements for miniaturization, performance and higher chip density at lower overall cost in array connect and wafer level packaging applications. In 2009, Besi successfully developed next generation systems for die sorting, singulation and foil assisted molding. Its next generation singulation platform combines both singulation and trim and form modules on one common platform, an important step in its packaging system development strategy.

In recent years, Besi has also expanded its product portfolio to address rapidly growing end-use customer applications in the assembly market including die bonding, die sorting and molding systems for LED applications, die bonding, flip chip die bonding and flex antenna plating systems for RFID applications and plating systems for thin-film solar cell applications. In addition, Besi's new foil assisted molding system for exposed dies addresses new fingerprint recognition and sensor applications.

Execution of Besi's Dragon program

In 2007, Besi agreed to fundamentally re-organize its global operations and management structure to streamline operations and increase profitability. This initial strategic review was named Dragon I, of which the first phase was implemented during 2007/2008 and the second phase, Dragon II, commenced in December 2008.

One of the key highlights of Dragon I was the adoption of the "One Besi" concept. Other key highlights included (i) the integration of Besi's Laurier die sorting subsidiary with Datacon's die bonding operations, (ii) the consolidation of all Besi's packaging equipment activities under one product management and (iii) a headcount reduction plan which realized € 6 million of cost savings in 2008.

In 2008, Besi embarked on the second phase of its repositioning. To date, Dragon II achievements include a headcount reduction plan realized in 2009 targeting \in 15 million of cost savings in 2010 and the rationalization of Besi's Meco plating business unit and the termination of Datacon's Hungarian die bonding operations. In addition, in December 2009, Besi announced a realignment of its packaging systems business to improve returns from its product portfolio and a 10% company-wide headcount reduction plan targeting \in 8.5 million of annualized cost savings to be fully achieved in 2011. Such actions are consistent with Besi's efforts to reduce structural costs, expand Asian production and to focus its product portfolio on the most attractive segments of the assembly equipment market.

Implementation of "One Besi" corporate organization

The implementation of the "One Besi" concept has involved the elimination of a decentralized holding company structure containing seven autonomous entities in favour of three principal business units over which a single management structure was established. In this new structure, key operating responsibilities were centrally managed on a global basis. The development of this structure also facilitated the acquisition of Esec in 2009, under which Besi incorporated additional

die bonding and wire bonding products to the "One Besi" platform. Besi also formed a "One Besi" sales and customer service group by consolidating the global sales and service activities of its Fico and Datacon subsidiaries. The consolidation involved the reduction of redundant personnel and sales offices on a worldwide basis and expansion of the salesperson's product portfolio to include both die bonding and packaging systems and services. Additional efficiencies were realized from the addition of Esec's die and wire bonding products to Besi's product portfolio and the incorporation of Esec's after-sales and customer service into the "One Besi" platform. Marketing a broader portfolio of products has also increased the intimacy and efficiency of the customer relationship by reducing the number of associated personnel and channels of communication with its customers. Further, Besi established a centralized spares and tooling organization in 2009 in order to increase customer responsiveness and revenue potential and better align inventory with customer demand.

Expansion of Besi's Asian operations

To support its Asian production strategy, Besi has invested approximately € 10 million to expand its Asian production capacity including a new Malaysian production facility and a dedicated Chinese tooling facility. As a consequence of its Asian capacity upgrade, Besi has reduced its European and North American workforce, closed inefficient operations and transferred a substantial portion of production and tooling capacity to its Malaysian and Chinese facilities over the past 5 years. In 2009, Besi shut down its Hungarian die bonding facility and transferred the production activities to Besi's Malaysian facility.

Completion of strategic acquisitions

Besi has made three important acquisitions over the past decade. In January 2002, Besi acquired Laurier in order to advance its product strategy into the front end of the assembly process with the addition of intelligent die sorting capabilities into its product portfolio. In January 2005, Besi further advanced its strategy by acquiring Datacon in order to extend its presence in the flip chip and die bonding equipment markets and to increase its overall scale in the semiconductor assembly equipment market.

Besi acquired Esec in April 2009 to expand its position in the mainstream assembly market. The purchase significantly expanded Besi's share of the die bonding market, one of the most rapidly growing segments of the assembly equipment business. The acquisition also offers the possibility of operational synergies. Subsequent to its acquisition, Esec's die bonding operations were combined with Datacon's die bonding operations. In addition, Esec's headcount was reduced by 30% as compared to December 31, 2008 in order to better align its cost structure with market conditions and prospects. Besi anticipates further synergies in the areas of development, production, supply chain and administrative functions.



General

BE Semiconductor Industries N.V. ("Besi" or the "Company") is engaged in one line of business, the development, manufacturing, marketing, sales and service of semiconductor assembly equipment for the global semiconductor and electronics industries. Since Besi operates in one segment and in one group of similar products and services, all financial segment and product line information can be found in the Consolidated Financial Statements.

Besi's revenue and results of operations depend in significant part on the level of capital expenditures by semiconductor manufacturers, which in turn depends on the current and anticipated market demand for semiconductors and for products utilizing semiconductors. Demand for semiconductor devices and expenditures for the equipment required to assemble semiconductors is highly cyclical, depending in large part on levels of demand worldwide for computing and peripheral equipment, telecommunications devices and automotive and industrial components, as well as the production capacity of global semiconductor manufacturers. Furthermore, a rise or fall in the level of sales of semiconductor equipment typically lags any downturn or recovery in the semiconductor market by approximately nine to twelve months due to the lead times associated with the production of semiconductor equipment.

Besi's revenues are generated primarily by shipments to the Asian manufacturing operations of leading European and American semiconductor manufacturers and Taiwanese, Chinese, Korean and other Asian manufacturers and subcontractors. Besi's sales to specific customers tend to vary significantly from year to year depending on its capital expenditure budgets, new product introductions, production capacity and packaging requirements. For the year ended December 31, 2009, one customer accounted for 10% of Besi's revenue and its three largest customers accounted for approximately 24% of revenue. In addition, Besi derives a substantial portion of its revenue from products that have an average selling price in excess of € 300,000 and that have significant lead times between the initial order and delivery of the product. The timing and recognition of revenues from customer orders can cause significant fluctuations in operating results from guarter to guarter.

Esec acquisition

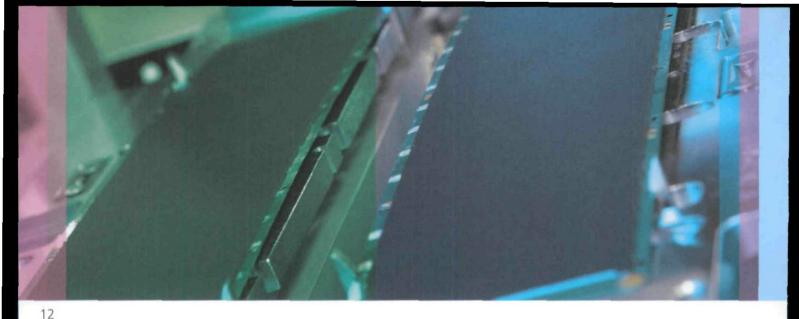
On April 1, 2009, Besi announced its acquisition of 100% of the shares of Oerlikon Assembly Equipment AG and certain assets and affiliates related thereto which comprised the Esec business unit from OC Oerlikon Corporation AG ("Esec"). Based in Cham, Switzerland, Esec is a leading global manufacturer of die bonding and wire bonding equipment with sales of approximately € 80 million in 2008 and an estimated installed base in excess of 9,000 systems worldwide.

As consideration for the acquisition, Besi transferred to the seller 2.8 million of its ordinary shares held in treasury, representing 8.3% of its total shares outstanding. The total consideration for the purchase was approximately € 4.8 million (including acquisition costs related thereto) based on a closing price of € 1.56 per Besi share on the date of acquisition. In the second quarter of 2009, Besi completed the provisional accounting for the consolidated acquisition balance sheet of its Esec business unit as of April 1, 2009. The valuation resulted in a one-time badwill gain of approximately € 41.2 million. In connection with the transaction, the seller contributed € 27.7 million to Besi to help fund projected cash flow requirements and restructuring obligations.

Efforts to integrate Esec into the Besi organization started prior to the closing date of April 1, 2009 for which Besi recorded charges of € 1.1 million in the first quarter of 2009. Subsequent to the acquisition, Besi realized a net gain in 2009 of € 5.1 million primarily related to the successful settlement of certain Esec purchase obligations.

2008 Dragon II organizational restructuring

In 2008, Besi confirmed its Dragon strategic plan and embarked on the second phase of its strategic repositioning. Dragon II involves a series of initiatives and actions focused on further improvements to Besi's strategic and market position, processes and structure. Initial Dragon II initiatives and actions focused on cost savings in excess of \in 15 million which was achieved in 2009 by a reduction in fixed and temporary head-count, the sale of its Hungarian die bonding operations and the rationalization of its Meco plating unit. In 2008 and 2009, Besi recorded charges of \in 4.2 million and \in 1.8 million, respectively, related to this restructuring plan.



2009 organizational restructuring

In December 2009, Besi announced an organizational restructuring designed to further reduce structural costs, expand production and operations in Asia and improve returns from its product portfolio. Actions included a realignment of its packaging systems products and operations and a headcount reduction plan to reduce company-wide personnel costs by € 8.5 million on an annualized basis.

After a review of its packaging systems portfolio, Besi decided to focus its efforts on products/applications with greater revenue and profit potential and, therefore, to discontinue the production of certain less profitable older generation singulation, molding and trim and form systems in its Fico packaging equipment business. These products represented approximately 5% of Besi's revenue in 2009.

Besi also adopted a headcount reduction plan focused on the reduction in 2010 of approximately 10% of its worldwide fixed and temporary headcount of 1,473 at September 30, 2009. Approximately half of the cost savings related to the plan are anticipated to be realized in 2010 and the full benefit is anticipated to be realized in 2011.

Besi anticipates that it will incur charges not exceeding approximately € 16 million in connection with these proposed actions. In the fourth quarter of 2009, Besi recorded:

- € 5.4 million of inventory write-downs associated with the product line realignment.
- € 3.4 million of charges related to the value of remaining lease obligations for excess production capacity at its Dutch facilities due to the proposed headcount reduction plan.
- € 0.5 million of severance charges related to its sales/service activities.

In 2010, Besi expects to incur charges of approximately \leqslant 6.5 million primarily related to severance and social charges involved in the proposed workforce reduction plan which represents substantially all its remaining obligations. Besi signed the legally required social plan with the works council and unions in February 2010.

2009 compared to 2008

During the 2008-2009 period, Besi's results of operations and financial condition were influenced by unprecedented turmoil and uncertainty in financial markets which has caused corresponding volatility in the semiconductor and semiconductor equipment industries. Commencing in the second half of 2008, demand for its assembly equipment declined significantly from both IDMs and subcontractors as many customers responded to the global economic crisis by delaying, foregoing or cancelling bookings until a clearer picture of the economy developed. As such, Besi's orders declined by 49.5% as compared to the first half of 2008 and contributed to a significantly reduced backlog and net losses commencing in the fourth guarter of 2008. Such conditions continued into the first half of 2009. As a result of deteriorating market conditions and uncertain industry prospects during the latter part of the fourth guarter of 2008, Besi wrote down the value of goodwill and deferred tax assets by € 27.2 million at year-end 2008. During such quarter, Besi also announced a series of restructuring initiatives in its Dragon II plan to better align its structural costs with lower revenue levels anticipated for 2009.

The year 2009 was characterized by a semiconductor industry recovery that began in the spring and continued to accelerate during the second half of the year. Customers, particularly Asian subcontractors, started placing orders again for new product development and incremental capacity with the stabilization of the global economy. Besi's second half orders and revenue more than doubled as compared to the first half year as a result of improved industry conditions and revenue contributed by its Esec acquisition. Similarly, quarterly adjusted net losses reduced sequentially starting in the second quarter of 2009 as a result of improved industry conditions and ongoing cost reduction and Esec integration efforts.

Besi's results of operations for 2009 include the results of operations of Esec since its April 1, 2009 date of acquisition.

Revenue

Besi's revenue was € 147.9 million in 2009 as compared to € 149.4 million in 2008 (decrease of 1%) as revenue from the Esec acquisition offset the negative impact of the severe industry downturn on Besi's business in the first half year.

Orders

Orders for 2009 were € 162.5 million, an increase of 28.7% as compared to € 126.3 million in 2008 due primarily to the second half year industry recovery and the addition of new die bonding and wire bonding products to Besi's product portfolio as a result of the Esec purchase. Orders by IDMs and subcontractors represented 42% and 58%, respectively, of its total orders for 2009.

Backlog

Besi includes in backlog only those orders for which it has received a completed purchase order. Such orders are subject to cancellation by the customer with payment of a negotiated charge. Besi's backlog as of any particular date may not be representative of actual sales for any succeeding period because of the possibility of customer changes in delivery schedules, cancellation of orders and potential delays in product shipments.

Backlog increased from € 25.4 million at December 31, 2008 to € 51.0 million at December 31, 2009 reflecting the impact

€ 0.7 million for production personnel in connection with the Dragon II plan. Cost of goods sold in 2009 benefited from a net gain of € 5.1 million primarily related to the successful settlement of certain Esec purchase obligations.

Besi's adjusted gross profit decreased from 34.5% in 2008 to 28.9% in 2009 primarily due to (i) significantly lower sales of its assembly systems (excluding Esec) due to the industry downturn which resulted in underabsorption of its fixed manufacturing overhead and other inefficiencies, (ii) an increase in the percentage of its product mix represented by lower margin wire bonding products as a result of the Esec acquisition, and (iii) a significant decrease in packaging systems gross margins due to lower revenue levels and the write-off in the third quarter of € 1.6 million of singulation inventory.

Selling, general and administrative expenses

Detail of Besi's selling, general and administrative expenses for the years ended December 31, 2009 and 2008, respectively, were as follows:

(euro in millions)			Year ended De	ecember 31,	% Change
		2009		2008	2009/2008*
		% revenue		% revenue	
Selling, general and administrative expenses	54.1	36.6%	42.5	28.4%	8.2%
Restructuring and other charges	(7.2)	(4.9%)	(3.8)	(2.5%)	(2.4%)
Amortization of intangible assets	(1.4)	(1.0%)	(0.8)	(0.5%)	(0.5%)
Adjusted selling, general and administrative expenses	45.5	30.7%	37.9	25.4%	5.3%

^{*} Change in absolute percentage points

of the industry recovery on Besi's business and the acquisition of Esec as compared to depressed levels at the end of 2008. The book-to-bill ratio was 1.10 for 2009 as compared to 0.85 for 2008.

Gross profit

Besi's gross profit as a percentage of revenue for the years ended December 31, 2009 and 2008, respectively, were as follows:

Total selling, general and administrative expenses increased to € 54.1 million in 2009 and represented 36.6% of revenue as compared to € 42.5 million, or 28.4% of revenue in 2008 primarily as a result of the Esec acquisition. Besi recorded the following charges in 2009 in selling, general and administrative expenses:

- € 1.8 million related to the Dragon II organizational restructuring announced in 2008.
- € 4.3 million of restructuring charges, primarily consisting of € 3.4 million related to the value of remaining lease obliga-

(euro in millions)			Year ended De	ecember 31,	Margin Change	
		2009		2008	2009/2008*	
	% revenue		% revenue			
Gross profit	40.8	27.6%	49.9	33.4%	(5.8%)	
Amortization of intangible assets	1.0	0.7%	1.3	0.9%	(0.2%)	
Release of purchase obligations/purchase accounting	(5.1)	(3.5%)	-		(3.5%)	
Restructuring charges	6.1	4.1%	0.3	0.2%	3.9%	
Adjusted gross profit	42.8	28.9%	51.5	34.5%	(5.6%)	

^{*} Change in absolute percentage points

Gross profit decreased by € 9.1 million or 18% to € 40.8 million in 2009. Cost of goods sold in 2009 was adversely affected by restructuring charges including (i) € 5.4 million of inventory write-offs associated with the realignment of Besi's packaging systems business, and (ii) severance charges of

tions for excess production capacity and severance costs.

 € 1.1 million of Esec integration charges incurred in the first quarter of 2009.

Adjusted selling, general and administrative expenses increased by € 7.6 million in 2009 as compared to 2008 primarily

due to the acquisition of Esec and certain executive and other severance charges of \leq 1.1 million.

Research and development expenses

Set forth below are the details of Besi's research and development activities for the years ended December 31, 2009 and 2008, respectively:

(euro in millions)			Year ended D	ecember 31,	% Change
		2009		2008	2009/2008*
	% revenue		% revenue		
Research and development expenses	19.8	13.4%	16.1	10.8%	2.6%
Capitalization of development costs	7.0	4.7%	3.5	2.3%	2.4%
Amortization of development costs	(1.1)	(0.8%)	(1.3)	(0.9%)	0.1%
Restructuring charges	(0.2)	(0.1%)	(0.1)	0%	
Adjusted research and development expenses, net	25.5	17.2%	18.2	12.2%	5.0%

Besi's research and development expenses increased by 23% from € 16.1 million in 2008 to € 19.8 million in 2009, primarily as a result of the Esec acquisition partially offset by a significant increase in capitalized development costs related to common platform development and new singulation, die sorting and foil assisted molding products. As a percentage of revenue, research and development expenses were 13.4% and 10.8% in 2009 and 2008, respectively.

Restructuring charges

Restructuring charges are recognized in the following line items in Besi's consolidated statement of operations:

(euro in thousands)	2009	2008
Cost of sales	690	314
Selling, general and administrative expenses	5,955	3,835
Research and development expenses	212	75
Total	6,857	4,224

The restructuring charges at December 31, 2009 primarily relate to severance payments and to the remaining value of future lease obligations for excess capacity at its Duiven, the Netherlands plant. It excludes \leqslant 5.4 million of inventory write-downs associated with the realignment of its packaging equipment business and \leqslant 1.1 million of Esec integration charges.

Impairment of intangible assets

Besi annually tests the value of its goodwill and other intangible assets on its balance sheet according to IFRS. In 2009, Besi recorded a \leqslant 0.2 million impairment charge related to the write-off of capitalized development costs for a discontinued project. As a result of its 2008 review, Besi recorded a non cash charge of \leqslant 20.2 million related to the write-down to fair value of goodwill at December 31, 2008 for which there was no tax impact.

Operating income (loss)

Besi incurred operating income of € 8.3 million in 2009 as compared to an operating loss of € 28.9 million in 2008. Set forth below is a table presenting its operating income (loss) for 2009 and 2008 and as adjusted for all special charges/income incurred during each respective period.

(euro in millions)	2009	2008
Operating income (loss)	8.3	(28.9)
Badwill gain/other	(41.5)	
Impairment charges	0.2	20.2
Esec acquisition	(5.1)	
Inventory write-down (product portfolio)	5.4	
Esec integration charges	1.1	
Restructuring charges	6.9	4.2
Adjusted operating income (loss)	(24.7)	(4.5)

Besi incurs annual patent and other identifiable asset amortization charges related to the acquisitions of various product lines and its capitalization of certain development costs. Such charges were € 2.6 million in 2009 as compared to € 3.1 million in 2008.

Financial income (expense), net

The components of Besi's financial income (expense), net for the years ended December 31, 2009 and 2008, respectively, were as follows:

(euro in millions) Y	ear ended Decen	% Change	
	2009	2008	2009/2008
Interest income	1.1	2.5	(56.0%)
Interest expense	(3.3)	(4.1)	19.5%
Interest expense, net	(2.2)	(1.6)	(37.5%)
Foreign exchange gains (losses), ne	t (1.2)	(0.3)	(300%)
Gain on repurchase of convertible	debt -	1.4	n/m
Financial income (expense), net	(3.4)	(0.5)	(580%)

Besi's financial expense, net, increased from € 0.5 million in 2008 to € 3.4 million in 2009 due to (i) the absence of a non recurring gain in 2008, (ii) higher foreign exchange losses and (iii) lower interest income due to declining interest rates on its cash balances. In 2008, Besi benefited from a one-time gain of € 1.4 million from the retirement of € 9.7 million principal amount of its 5.5% Convertible Notes at a discount.

Income taxes (benefit)

Despite net income in 2009, Besi recorded an income tax benefit of \in 0.5 million in 2009 as the \in 41.2 million badwill gain was not subject to taxation. Furthermore, Besi does not record income tax benefits in certain jurisdictions as increases in deferred tax assets are fully provided for. Besi recorded income tax expense of \in 4.8 million in 2008 due to the write-off at December 31, 2008 of \in 7.0 million of certain deferred tax assets of its Dutch subsidiaries as a result of market conditions and prospects for its assembly equipment markets as of such date.

Net income (loss)

Besi's net income for 2009 was € 5.4 million as compared to a net loss of € 34.2 million in 2008. Set forth below is a table presenting Besi's reported net income for 2009 and 2008 and as adjusted for all special charges/income incurred during each respective period.

(euro in millions)	2009	2008
Net income (loss) as reported	5.4	(34.2)
Restructuring charges	6.9	4.2
Impairment charges	0.2	20.2
Write-down of deferred tax assets	-	7.0
Gain on extinguishment of debt, net	-	(1.4)
Acquisition gain/other	(41.5)	-
Purchase obligations	(5.1)	
Esec integration charges	1.1	
Inventory write-down (product portfolio)	5.4	0.00
Tax effects	(0.4)	(0.6)
Adjusted net loss	(28.0)	(4.8)

Besi's adjusted net loss increased in 2009 as compared to 2008 due to operating losses caused by the industry downturn and the absorption of operating losses generated by Esec from its date of acquisition partially offset by Dragon II and Esec integration efforts.

Balance sheet, cash flow development and financing

Esec acquisition

In April 2009, Besi acquired Esec for 2.8 million ordinary shares. No cash consideration was paid by Besi in the transaction. In connection with the purchase, the seller contributed € 19.5 million to Besi to help fund projected operating deficits and restructuring obligations which were reported under net cash provided (used) in investing activities. The seller also transferred € 8.2 million cash to Besi as a post closing settlement for working capital and other items. This amount was reported in

Besi's cash flow (deficit) from operations.

Cash flow

Besi's net cash position (cash and cash equivalents less total debt and capital lease obligations) increased from € 12.4 million as of December 31, 2008 to € 19.7 million as of December 31, 2009. At such date, Besi had € 54.7 million of cash and cash equivalents in excess of its bank borrowings and capital lease obligations outstanding (excluding its Convertible Notes due 2012 in a principal amount of € 36.3 million). Besi's net cash position improved in 2009 due primarily to € 27.7 million of cash received in the Esec transaction partially offset by (i) € 12.2 million of cash deficits from operations, (ii) € 7.0 million of capitalized development costs and (iii) capital expenditures of € 2.4 million.

Working capital

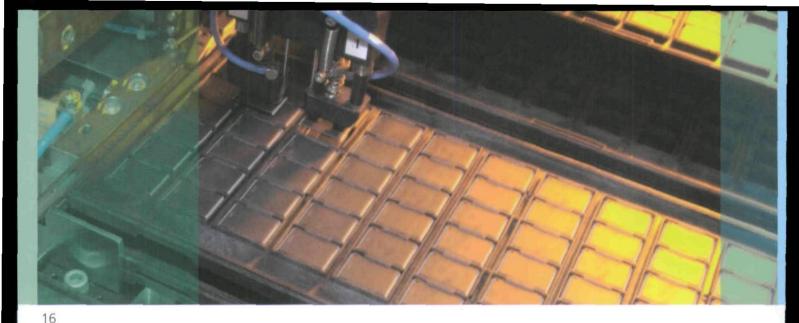
Besi's working capital excluding cash and debt decreased from € 45.5 million at December 31, 2008 to € 42.1 million at December 31, 2009 primarily due to growth in payables and accrued restructuring liabilities exceeding growth in receivables and inventories. On a component level, accounts receivable increased from € 23.8 million at the end of 2008 to € 36.3 million at year-end 2009 due to significantly higher revenue levels in the second half of the year, partially offset by a decrease in days' sales outstanding from 71 days at the end of 2008 to 62 days at the end of 2009. Inventories increased by € 8.1 million in 2009 primarily as a result of the Esec acquisition despite the write-off of € 5.4 million of packaging equipment inventory in December 2009 and € 1.6 million of singulation inventory in the third quarter of 2009. Accounts payable increased by € 16.3 million at year-end 2009 as compared to year-end 2008 due to the Esec acquisition, increased business levels and the extension of payment terms with certain suppliers. Other payables increased by € 5.9 million and provisions increased by € 3.8 million at year-end 2009 as compared to year-end 2008 due primarily to our December restructuring announcement.

Capital expenditures

Besi's capital expenditures, net of dispositions, were € 2.1 million and € 6.9 million in 2009 and 2008, respectively. Besi's capital expenditures in 2009 consisted primarily of machinery and equipment and IT related expenditures. In 2008, Besi spent approximately € 5 million for a new production facility in Malaysia and increased tooling capacity in Malaysia and China. Besi expects capital expenditures in 2010 of approximately € 6 million focused primarily on continued upgrading of our Asian production capacity and increased IT capital spending.

Financing

In general, Besi funds its operations through cash generated from operations and, in some instances, funds the operations of its subsidiaries through intercompany loans. Furthermore, to meet local financing needs, some of its subsidiaries maintain lines of credit with various local commercial banks. The working capital requirements of its subsidiaries are affected by the receipt of periodic payments on orders from its customers. Although its subsidiaries occasionally receive



partial payments prior to final installation, initial payments generally do not cover a significant portion of the costs incurred in the manufacturing of such systems which requires Besi to finance its system production either with internal resources or externally via bank financing.

At December 31, 2009, Besi and its subsidiaries had available lines of credit aggregating € 21.1 million, under which € 13.9 million of borrowings were outstanding. Amounts available to be drawn under the lines were further reduced by € 1.3 million in outstanding bank guarantees. Interest is charged at the banks' base lending rates or Euribor plus an increment between 0.30% and 1.0%. All its credit facility agreements include covenants requiring Besi to maintain certain financial ratios. Besi and all of its applicable subsidiaries were in compliance with all loan covenants at December 31, 2009.

€ 8.0 million of Besi's credit lines relate to its Dutch subsidiaries and are secured by a pledge of inventories and accounts receivables and a parent company guarantee. The principal restrictive covenants contained in each Dutch line of credit include a solvency ratio, a net cash to EBITDA ratio and a current ratio, all of which are calculated on a consolidated Besi level. Consistent with past practice, its Datacon subsidiary utilizes short-term bank lines of credit, long-term loans

and government-granted loans for export and research and development activities.

At December 31, 2009, Besi had € 36.3 million principal amount of Convertible Notes due January 28, 2012. Besi expects that it will be able to refinance or retire the Convertible Notes outstanding with its available cash resources and/ or external financing. On March 1, 2010 Besi repurchased approximately € 2 million of its Convertible Notes for a net price of approximately € 1.7 million.

Besi believes that its cash position, internally generated funds and available lines of credit will be adequate to meet its anticipated levels of capital spending, research and development and, working capital requirements for at least the next twelve months.



Richard Blickman, Chief Executive Officer, and Jan Willem Ruinemans, Chief Financial Officer.

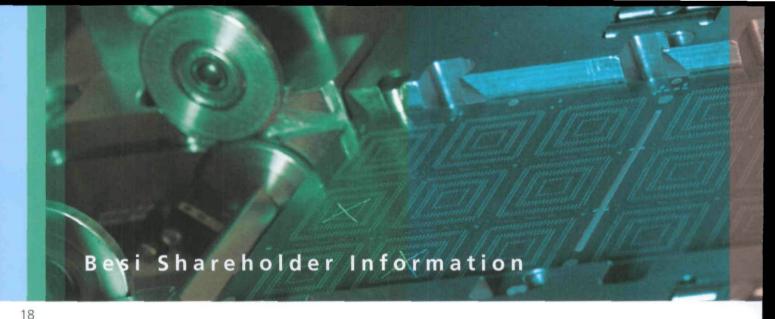
Directors' Statement of Responsibilities

In accordance with new statutory provisions, the directors state, to the best of their knowledge that:

- 1. The financial statements, as shown on pages 41 to 86 of this report, provide a true and fair view of the assets, liabilities, financial position and result for the financial year of BE Semiconductor Industries N.V. and its subsidiaries included in the consolidated statements.
- 2. The annual report, as shown on pages 2 to 28 of this report, provides a true and fair view of the position at the balance sheet date and the business conducted during the financial year of Besi and its subsidiaries, details of which are contained in the financial statements. The annual report provides information on any material risks to which Besi is exposed.

R.W. Blickman

J.W. Ruinemans



Listing

Besi's ordinary shares are listed on the NYSE Euronext Amsterdam. The stock symbol is BESI and the ISIN code is NL0000339760. The shares also trade on the NASDAQ OTC pink sheets (symbol: BESIY/BESIY.PK). Besi also has outstanding € 36.3 million of 5.5% Convertible Notes due 2012 which are listed on Euronext Amsterdam (NL 0000116648).

	2009	2008
Number of ordinary shares	33,728,517	33,728,517
Average daily turnover	20,513	27,656
Highest closing price	2.91	3.86
Lowest closing price	1.10	1.55

On January 19, 2010 Besi issued 200,000 shares solely related to obligations to deliver to employees that fall under the Besi Incentive Plan. On March 1, 2010 Besi repurchased approximately \in 2 million of its Convertible Notes for a net price of approximately \in 1.7 million.

Besi's equity structure

At the end of 2009 the number of issued and outstanding ordinary shares was 33,728,517 of which Besi held 85,456 shares in treasury. The issued share capital of Besi was not increased this year either by new share issuance or by the exercise of existing options by employees. In 2009, Besi transferred 2,800,000 shares from treasury for the acquisition of Esec.

Besi has 80,000,000 ordinary shares ("Ordinary Shares") and 80,000,000 preference shares ("Preference Shares"). Each share (whether Ordinary Share or Preference Share) carries the right to cast one vote. Resolutions by the General Meeting of Shareholders require the approval of an absolute majority of votes validly cast, unless otherwise required by Dutch law or Besi's articles of association.

As stated on page 19 of this annual report, the foundation "Stichting Continuïteit BE Semiconductor Industries" has been granted an option to acquire protective Preference Shares, which would, if the option were exercised, allow the foundation to acquire a maximum of 50% of the total issued capital including the Preference Shares.

Issuance of Ordinary Shares and pre-emptive rights

Ordinary Shares may be issued pursuant to a resolution of the General Meeting of Shareholders. The General Meeting of Shareholders may grant the authority to issue Ordinary Shares to the Board of Management for a maximum period of five years. After such designation, the Board of Management may determine the issuance of Ordinary Shares subject to the approval of the Supervisory Board.

Currently, the General Meeting of Shareholders has delegated its authority to the Board of Management until May 14, 2011, subject to the prior approval of the Supervisory Board, to issue Ordinary Shares up to a maximum of 10% of the Ordinary Shares included in Besi's authorized capital, increased with an additional 10% if the issue takes place in connection with a merger or acquisition.

Shareholders have a pro-rata pre-emptive right of subscription to any Ordinary Shares issued for cash, which right may be limited or excluded. Shareholders have no pro-rata pre-emptive subscription right with respect to (i) any Ordinary Shares issued for contributions other than cash, (ii) any issuance of Preference Shares or (iii) Ordinary Shares issued to employees. On the basis of a designation by the General Meeting of Shareholders, the Board of Management has the power, subject to approval of the Supervisory Board, to limit or exclude shareholder pre-emptive rights through May 14, 2011. The designation may be renewed for a maximum period of five years. In the absence of such designation, the General Meeting of Shareholders has the power to limit or exclude such pre-emptive rights.

Issuance of Preference Shares

The provisions in Besi's articles of association for the issuance of Preference Shares are similar to the provisions for the issuance of Ordinary Shares described above. However, an issuance of Preference Shares will require prior approval of the General Meeting of Shareholders if it would result in an outstanding amount of Preference Shares exceeding 100% of the outstanding amount of Ordinary Shares and the issuance is effected pursuant to a resolution of a corporate body other than the General Meeting of Shareholders, such as the Board of Management. Furthermore, within two years after the first issuance of such Preference Shares, a General Meeting of Shareholders

will be held to determine the repurchase or cancellation of the Preference Shares. If no such resolution is adopted, another General Meeting of Shareholders with the same agenda must be convened and held within two years after the previous meeting and this meeting will be repeated until no Preference Shares are outstanding. This procedure does not apply to Preference Shares that have been issued pursuant to a resolution by, or with the prior approval of, the General Meeting of Shareholders. In connection with the issuance of Preference Shares, it may be stipulated by the Board of Management that an amount not exceeding 75% of the nominal amount ordinarily payable upon issuance of shares may be paid only if the Company requests payment.

The Foundation

Under the terms of an agreement entered into in April 2002 between the Company and the Stichting Continuïteit BE Semiconductor Industries (the "Foundation"), the Foundation has been granted a call option, pursuant to which it may purchase a number of Preference Shares up to a maximum of the total number of outstanding Ordinary Shares. This call option agreement has been revised in May 2008 to make it compatible with recent changes in law. The purpose of the Foundation is to safeguard the Company's interests, the enterprise connected therewith and all the parties having an interest therein and to exclude as much as possible influences which could threaten, among other things, the Company's continuity, independence and identity. Until the call option is exercised by the Foundation, it can be revoked by the Company, with immediate effect. The aim of the Preference Shares is, amongst other things, to provide a protective measure against unfriendly take-over bids and other possible influences that could threaten the Company's continuity, independence and identity, including, but not limited to, a proposed resolution to dismiss the Supervisory Board or the Board of Management.

The Foundation was established in April 2000. The board of the Foundation consists of five members, four of whom are independent of Besi and one of whom is a member of the Supervisory Board. Please refer to the chapter "Other Information" for additional information on the Foundation and its board members.

Voting rights

Each share (whether Ordinary Share or Preference Share) carries the right to cast one vote. Resolutions by the General Meeting of Shareholders require the approval of an absolute majority of votes validly cast, unless otherwise required by Dutch law or Besi's articles of association.

Repurchase and cancellation of shares

Pursuant to a resolution by the Board of Management, the Company may repurchase any class of shares in its own capital subject to certain provisions of Dutch law and its articles of association, if (a) shareholders' equity less the payment required to make the acquisition does not fall below the sum of

the paid-up and called part of the issued share capital and any reserves required by Dutch law or Besi's articles of association and (b) the Company and its subsidiaries would thereafter not hold shares with an aggregate nominal value exceeding 50% of the Company's issued share capital. Shares held by the Company or any of its subsidiaries will have no voting rights and the Company may not receive dividends on shares it holds of its own capital. Any such purchases are subject to the approval of the Supervisory Board and may only take place if the General Meeting of Shareholders has granted the Board of Management the authority to effect such repurchases, which authorization may apply for a maximum period of 18 months. The Board of Management is currently authorized to repurchase up to 15% of the issued share capital through November 12, 2010.

Upon a proposal of the Board of Management and approval of the Supervisory Board, the General Meeting of Shareholders has the power to decide to cancel shares acquired by the Company or to reduce the nominal value of the Ordinary Shares. Any such proposal is subject to the relevant provisions of Dutch law and Besi's articles of association.

Change of control provisions in significant agreements

In January 2005, the Company issued € 46 million principal amount of 5.5% Convertible Notes due 2012 (the "Notes"). The Notes initially convert into Ordinary Shares at a conversion price of € 5.1250. In the event of a change of control of Besi (as defined in the prospectus), each noteholder will have the right to require Besi to redeem all (but not less than all) of the Notes at 100% of their principal amount together with accrued and unpaid interest. There was € 36.3 million principal amount of Notes outstanding at December 31, 2009.

Dividend policy

Besi currently intends to retain any future earnings to finance its operations and growth especially in view of volatile industry conditions experienced during 2008 and 2009. Besi also intends to retain earnings and cash reserves to fund its restructuring efforts to reduce break-even cost levels and to help finance acquisitions that have the potential to further Besi's technology led strategy and leverage economies of scale through the "One Besi" concept.

In the event sustainable profit levels throughout a business cycle are demonstrated, the Board of Management will consider the payment of dividends in light of the then prevailing market outlook, Besi's strategy, market position and liquidity situation as well as the Company's acquisition strategy.

5% ownership interests in the Ordinary Shares

Under the Dutch Financial Supervison Act (Wet op het financieel toezicht, "Wft"), the following parties/persons have notified the Netherlands Authority for the Financial Markets (Autoriteit Financiële Markten, or "AFM") of their interests:

A. Strating	
notification effective on May 19, 2009	10.13%
D. Lindenbergh	
notification effective on December 19, 2008	6.62%
Aviva plc	
notification effective on May 4, 2007	6.37%
Darlin N.V.	
notification effective on December 19, 2008	5.86%
Via Finis Investment B.V.	
notification effective on June 10, 2008	5.52%
Gestion Deelnemingen V B.V.	
notification effective on May 8, 2008	5.06%
Marsala B.V.	
notification effective on February 15, 2007	5.01%

The applicable ownership percentage is based on 33,728,517 Ordinary Shares outstanding (including 85,456 Ordinary Shares held in treasury) as of December 31, 2009. A list of ownership interests in the Company exceeding 5% can be found on the AFM website.

Liquidity providers

ING Securities Services, Rabo Securities and ABN AMRO Bank N.V. act as market makers for Besi's shares.

Analysts

The following sell side analysts cover Besi's shares: Fortis Bank Nederland - Niels de Zwart Kempen & Co. - Chris Kaashoek Rabo Securities - Philip Scholte

Investor relations

Besi uses a range of activities to initiate and maintain contacts with investors. After publication of its annual and quarterly results, roadshows are held in the Netherlands and other countries to meet existing and potential new institutional investors. Besi is represented at these roadshows by either the CEO or the CFO. Planned roadshows can be found on the Besi website, where the presentations given are also available. Contacts with institutional investors are further maintained by means of conference calls, conferences organized by brokers and by investor visits to Besi. A total of 31 meetings with institutional investors were held in 2009 including roadshows, conference calls and broker conferences.

Important investor relations dates in 2010 that are currently planned (subject to change) are as follows:

29 April 2010	Annual General Meeting of Shareholders
237, p. 11. 2010	to be held at Besi in Duiven at 2.00 p.m.
29 April 2010	2010 first quarter results
27 July 2010	2010 second quarter results
28 October 2010	2010 third quarter results
February 2011	2010 fourth quarter and annual results

Prevention insider trading

In view of its sharelisting on NYSE Euronext Amsterdam, Besi is required to prevent the use of inside information by its Supervisory Board, the Board of Management, and other specified persons who have access to price-sensitive information, including key staff members. The group of persons to whom this applies, have agreed in writing to observe the Besi code of conduct regarding the reporting and regulation of transactions in Besi securities (and other designated securities) and treatment of price-sensitive information. Besi has appointed a compliance officer who is responsible for monitoring compliance with its code of conduct and communicating with the AFM.

Performance Stock Award plan

Besi may grant Performance Stock Awards to members of the Board of Management, executive employees and officers under the relevant Besi Incentive Plan. Further information on this subject is given on pages 70 to 73 of this annual report.

Besi share price development







Risk management is becoming an increasingly important part of doing business in today's world. The importance of risk management and risk management systems has grown substantially for Besi as result of its increased size and complexity, changing market conditions and increased Asian activities. In 2009, the most important components of Besi's internal risk management and control system were:

- An extensive and documented process of annual budgeting, quarterly revised estimates and monthly reporting of financial and non-financial information compared with the budget and quarterly revised estimates.
- Monthly business reviews with local management and members of the Board of Management in which developments of monthly and quarterly bookings, revenues, backlog, results of operations, market, economic, technology and competitive developments and other operational data are reviewed and discussed. Furthermore, the development of short term forecasts regarding bookings, revenues, operating expenses and results are discussed and necessary actions stemming from these reviews are discussed, decided and implemented.
- The Besi Accounting Manual with guidelines for financial accounting and reporting.
- The Besi internal control framework that is implemented in all significant operating companies. It consists of a formal framework defining relevant key risks for financial reporting and relevant key controls related thereto. Besi's finance staff carries out internal control activities and reports its findings to the Audit Committee.
- Regular analyses of operational risks at the relevant operating companies.
- Regular analyses of the Company's capital structure and financing requirements.
- Detailed procedures for important processes of each operating company, specifically in conjunction with the ISO 9000 and ISO 14001 certifications. The environmental management systems according to ISO 14001 are being managed under the same local and site specific management systems as ISO 9001. Six out of seven Besi manufacturing sites are certified according to ISO 14001 and all have successfully achieved their yearly re-certifications.
- · The Besi group of guidelines and instructions including:

- · Code of Conduct.
- Whistleblower procedures.
- · Guidelines regarding authorizations and requisite.
- · Besi fraud memo.
- · Hedging of financial risks.
- · Financial reporting to the relevant management levels.
- · Transfer pricing policy.

Insurance policies are in place to cover the typical business risks associated with our operations. These policies are reviewed every year. In addition to internal controls over financial reporting, the operation of the internal control system over financial reporting is also assessed by the external auditor in the context of the audit of the annual financial statements. The results of this audit are discussed with the Board of Management and the Audit Committee.

All material and relevant findings from Besi's internal risk management and control system were discussed with the Supervisory Board and Audit Committee, including:

- Development of Besi's bookings, revenues, backlog and results of operations versus budget and in comparison to the development of the global economy during the recent credit crisis and the development of the semiconductor assembly market.
- The progress of Besi's ongoing restructuring and cost reduction efforts.
- · The development of Besi's key customer relationships.
- An analysis of orders lost to competitors and the development of Besi's competitors' business.
- · Relevant R&D developments that are critical to Besi's future.
- · Currency developments.
- · Corporate governance.

Besi plans to improve its formal documentation of its risk management system in 2010.

Besi's revenues and results of operations depend in significant part on demand for semiconductors, which is highly cyclical.

Besi's customers' capital expenditures for semiconductor manufacturing equipment depend on the current and anticipated market demand for semiconductors and products using

semiconductors. The semiconductor industry is highly cyclical and has suffered significant downturns at various times. These downturns have involved periods of production overcapacity, oversupply, reduced prices and decreased revenues, and moreover have been regularly associated with substantial reductions in capital expenditures for semiconductor facilities and equipment. During 2008/2009, Besi experienced a severe and protracted industry downturn which materially and adversely affected its revenue and results of operations in 2008 and 2009. Due to the lead times associated with the production of semiconductor equipment, a rise or fall in the level of sales of semiconductor equipment typically lags any downturn or recovery in the semiconductor market by approximately nine to twelve months. This cyclicality has had, and is expected to continue to have, a direct adverse effect on Besi's revenues, results of operations and backlog. Downturns in the industry can be severe and protracted and will continue to adversely affect Besi's revenues, results of operations and backlog.

Besi's business and results of operations may be negatively affected by general economic and financial market conditions and such conditions may increase the other risks that affect its business.

The world's financial markets are currently still experiencing the effect of significant turmoil, resulting in reductions in available credit, dramatically increased costs of credit, extreme volatility in security prices, potential changes to existing credit terms, rating downgrades of investments and reduced valuations of securities generally. In light of these economic conditions, certain of Besi's customers have reduced their spending plans, leading them to draw down their existing inventory and reducing anticipated orders for semiconductor equipment. Furthermore, it is possible that these customers, or others, will continue to significantly reduce capital expenditures in the near term, draw down their inventories, reduce production levels of existing products and defer the introduction of new products. Besi's results of operations in 2008 and 2009 were materially adversely affected by this global economic turmoil which greatly reduced demand from both IDMs and subcontractors for Besi's assembly equipment as many customers deferred spending on new assembly technologies and opted to retrofit/extend current capacity instead of ordering additional assembly production capacity. This customer retrenchment significantly reduced Besi's order backlog for assembly equipment in the second half of 2008 and the first half of 2009 and has caused it to incur quarterly operating losses since the fourth quarter of 2008.

In addition, Besi's suppliers may also be adversely affected by economic conditions that may impact their ability to provide important components that are used in its manufacturing processes on a timely basis, or at all.

Besi's revenues and operating results fluctuate significantly.

Besi's quarterly revenues and operating results have varied in the past and may continue to fluctuate in the future. Besi

believes that period-to-period comparisons of its operating results are not necessarily indicative of future operating results. Factors that have caused Besi's operating results to fluctuate in the past and which are likely to affect it in the future, many of which are beyond its control, include the following:

- · The volatility of the semiconductor industry.
- The length of sales cycles and lead-times associated with Besi's product offerings.
- · The timing, size and nature of Besi's transactions.
- The ability to scale its operations consistent with the demand for Besi's products.
- The market acceptance of new products or product enhancements by us or Besi's competitors.
- The timing of new personnel hires and the rate at which new personnel become productive.
- · The changes in pricing policies by Besi's competitors.
- · The changes in Besi's operating expenses.
- The success of Besi's research and development projects and Besi's ability to adequately protect Besi's intellectual property.
- · Besi's ability to integrate acquisitions.
- Besi's ability to adjust production capacity on a timely basis to meet customer demand.
- · The fluctuation of foreign currency exchange rates.

Because of these factors, investors should not rely on quarter-to-quarter comparisons of Besi's results of operations as an indication of future performance. In future periods, Besi's results of operations could differ from estimates of public market analysts and investors. Such discrepancies could cause the market price of its securities to decline.

Besi's backlog at any particular date may not be indicative of its future operating results.

Besi's backlog was € 51.0 million at December 31, 2009. During market downturns, semiconductor manufacturers historically have cancelled or deferred additional equipment purchases. The orders in Besi's backlog are subject to cancellation by the customer at any time upon payment of a negotiated charge. Because of the possibility of changes in delivery schedules, cancellations of orders and delays in product shipments, Besi's backlog at any particular date may not be representative of actual revenues for any succeeding period. Besi's current and future dependence on a small number of customers increases the revenue impact of each customer's delay or deferral activity.

Besi may not be able to adjust its costs and overhead levels quickly enough to offset further decreases in revenues that it may experience in the future.

Besi's business is characterized by high fixed cost levels, including personnel costs, facility costs and general administrative costs, as well as expenses related to maintenance of its manufacturing equipment. Besi's expense levels in future periods will be based, in large part, on its expectations regarding future revenue sources and, as a result, its operating results for any given period in which material orders fail to occur, are delayed or deferred could vary significantly. Due to their fixed

nature, Besi may not be able to reduce many of its fixed costs sufficiently or in a timely manner to offset any future declines in revenue. Besi's inability to align revenues and expenses in a timely and sufficient manner will have an adverse impact on its gross margins and results of operations.

Because of the lengthy and unpredictable sales cycle for its products, Besi may not succeed in closing transactions on a timely basis, if at all, which could adversely affect its revenues and operating results.

The purchase price for Besi's products often involves large expenditures, as the average selling price for a substantial portion of the equipment it offers exceeds € 300,000. The sales cycles for these transactions are often lengthy and unpredictable. Factors affecting the sales cycle include:

- Customers' capital spending plans and budgetary constraints.
- · The timing of customers' budget cycles.
- · Customers' internal approval processes.

These lengthy sales cycles may cause Besi's revenue and results of operations to vary from period to period and it may be difficult to predict the timing and amount of any variations. Besi may not succeed in closing such large transactions on a timely basis or at all, which could cause significant variability in its revenue and results of operations for any particular period. In addition, Besi is required to invest significant amounts in the development of new products or upgrades to existing products and in its sales and marketing efforts before such products are made commercially available and before Besi is able to determine whether they will be accepted by the market. Revenue from such products will not be recognized until long after Besi has incurred the costs associated with designing, creating and selling such products. In addition, due to the rapid technological changes in Besi's market, a customer may cancel or modify a product before it begins manufacture of the product and receive revenue from the customer. While Besi does impose a fee when its customers cancel an order, that fee may not be sufficient to offset the costs Besi incurred in designing and manufacturing such product. In addition, the customer may refuse or be unable to pay the cancellation fee Besi assesses. It is difficult to predict with any certainty, particularly in the present economic climate, the frequency with which customers will cancel or modify their projects, or the effect that any cancellation or modification would have on Besi's results of operations.

A limited number of customers have accounted for a significant percentage of Besi's revenues, and its future revenues could decline if the industry experiences significant customer consolidation or it cannot keep or replace these customer relationships.

Historically, a limited number of Besi's customers has accounted for a significant percentage of its revenues. In 2009, Besi's three largest customers accounted for approximately 24% of its revenue, with the largest customer accounting for approximately 10% of its revenue. Besi anticipates that its results of operations in any given period will continue to depend to a significant extent upon revenues from a small number of

customers. In addition, Besi anticipates that the identity of such customers will continue to vary from year-to-year, so that the achievement of its long-term goals will require the maintenance of relationships with Besi's existing clients and obtaining additional customers on an ongoing basis. Besi's failure to enter into, and realize revenue from a sufficient number of contracts during a particular period could have a significant adverse effect on Besi's net sales.

In addition, there are a limited number of customers in the semiconductor manufacturing industry. As a result, if only a few customers were to experience financial difficulties, or file for bankruptcy protection, the semiconductor equipment manufacturing market as a whole, and Besi's revenue and results of operations specifically, would be negatively affected. Furthermore, there has been, and Besi expects that there will continue to be, consolidation within the semiconductor industry, resulting in even fewer potential customers for it and, more significantly, the potential loss of business from existing customers that are party to a merger if the combined entity decides to purchase all of its equipment from one of Besi's competitors due to longstanding prior relationships. Any consolidation trend could result in additional negative consequences to Besi which might include: increased pricing pressure, increased demands from customers for enhanced or new products, greater sales and promotional efforts and expenses incurred in an effort to attract and retain customers and the potential for increased oversight from regulatory agencies. Any of the foregoing would have an adverse impact on Besi's business and results of operations.

Besi may fail to compete effectively in its market.

Besi faces substantial competition on a worldwide basis from established companies based in Japan, Korea, Singapore, China, various other Pacific Rim countries and the United States, many of which have greater financial, engineering, manufacturing and marketing resources than Besi does. Besi believes that once a semiconductor manufacturer has decided to buy semiconductor assembly equipment from a particular vendor, the manufacturer often continues to use that vendor's equipment in the future. Accordingly, it is often difficult to achieve significant sales to a particular customer once another vendor's products have been installed. Furthermore, some companies have historically developed, manufactured and installed back-end assembly equipment internally, and it may be difficult for Besi to sell its products to these companies. Besi believes that a decrease in the value of the US dollar and US dollar-linked currencies or Japanese yen in relation to the euro could lead to intensified price-based competition in its markets resulting in lower prices and margins and could have a negative impact on its business and results from operations. Besi's ability to compete successfully in its markets depends on a number of factors both within and outside its control, including:

- · Price, product quality and system performance.
- · Ease of use and reliability of Besi's products.
- Manufacturing lead times, including the lead times of Besi's subcontractors.

- · Cost of ownership.
- Success in developing or otherwise introducing new products.
- · Market and economic conditions.

Besi must introduce new products in a timely fashion and is dependent upon the market acceptance of these products.

Besi's industry is subject to rapid technological change and new product introductions and enhancements. The success of Besi's business strategy and results of operations are largely based upon accurate anticipation of customer and market requirements. Besi's ability to implement its overall strategy and remain competitive will depend in part upon its ability to develop new and enhanced products and to introduce them at competitive price levels. Besi must also accurately forecast commercial and technical trends in the semiconductor industry so that its products provide the functions required by Besi's customers and are configured for use in their facilities. Besi may not be able to respond effectively to technological changes or to specific product announcements by competitors. As a result, the introduction of new products embodying new technologies or the emergence of new or enhanced industry standards could render Besi's existing products uncompetitive from a pricing standpoint, obsolete or unmarketable.

Although Besi expects to continue to introduce new products in each of its product lines and enhance its existing products, Besi cannot assure you that it will be successful in developing new or enhanced products in a timely manner or that any new or enhanced products that it introduces will achieve market acceptance.

Besi is largely dependent upon its international operations.

Besi has manufacturing and/or sales and service facilities and personnel in, amongst other locations, the Netherlands, Austria, Malaysia, Korea, Hong Kong, Singapore, Japan, China, Philippines, Taiwan, Switzerland and the United States and its products are marketed, sold and serviced worldwide. Besi's operations are subject to risks inherent in international business activities, including, in particular:

- General economic, credit, banking and political conditions in each country.
- · The overlap of different tax structures.
- · Management of an organization spread over various countries.
- Currency fluctuations, which could result in increased operating expenses and reduced revenues.
- Greater difficulty in accounts receivable collection and longer collection periods.
- Difficulty in enforcing or adequately protecting Besi's intellectual property in foreign jurisdictions.
- Unexpected changes in regulatory requirements, compliance with a variety of foreign laws and regulations.
- Import and export licensing requirements, trade restrictions and changes in tariff and freight rates.

In addition, each region in the global semiconductor equip-

ment market exhibits unique characteristics that can cause capital equipment investment patterns to vary significantly from period to period.

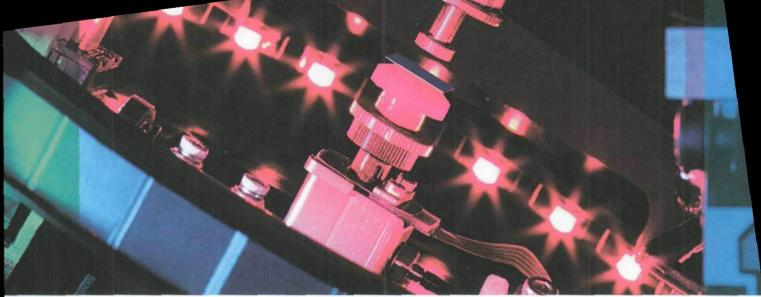
Besi is dependent on revenues from customers in various Pacific Rim countries who experienced economic difficulties in the past.

A substantial portion of Besi's revenues are derived from customers with manufacturing operations in various Pacific Rim countries. In the past, many Pacific Rim countries experienced banking and currency difficulties, which resulted in significant currency fluctuations and the tightening of credit markets. For example, a decade ago, there was significant fluctuation in the value of Korean and Southeast Asian currencies, which, together with increased difficulties in obtaining credit, caused a decline in the purchasing power of Korean and Southeast Asian customers and the cancellation or delay of orders for Besi's products from Korean and Southeast Asian customers.

In 2009, the economies of various Pacific Rim countries experienced collateral damage from the global financial crisis on a scale comparable to, or exceeding, that experienced in Europe and the US. As a result, product orders were delayed, deferred or cancelled by Besi's Chinese, Korean and Southeast Asian customers. In addition, weakness in Japan's economy may negatively affect investments by Japanese customers with potential negative implications for the economies of other Pacific Rim countries. Reduced economic growth rates currently experienced by the Chinese, economy may also negatively affect Besi's customers with manufacturing operations in various Pacific Rim countries.

Besi's use of global and diverse information technology systems and centralized IT data center could result in ineffective or inefficient business management and could expose it to threats to the security of its data resources.

Besi currently utilizes a variety of information technology ("IT") systems to run its global operations. At present, Besi's operations rely on a range of different software systems to manage its sales, administrative and production functions. Some of these systems are proprietary and others are purchased from third party vendors. In addition, some of these systems are maintained on site by Besi's personnel while others are maintained off-site by third-parties. Besi plans to further roll out a SAP enterprise software system on a phased basis throughout the organization that will provide it with a more open, standardized and cost-effective IT environment which will allow Besi to unify many of its global systems and procedures. Implementation of SAP software is a process that often involves a significant resource commitment and is subject to a number of risks. Additionally, some projects are managed by third parties, and Besi may have limited insight into issues relating to the specific project. Besi cannot exclude the possibility that implementation projects may take longer than planned, that shortages of trained consultants or resources for development may occur, or that the costs may exceed the fees



we had planned for the implementation.

Furthermore, Besi believes that there has been a global increase in IT security threats and higher levels of professionalism in computer crime, posing a greater risk to the confidentiality, availability, distribution and integrity of its internal data and information. Besi relies on commercially available systems, software, tools and monitoring to provide security for processing, transmission and storage of confidential information, Nevertheless, there can be no assurance that Besi will not suffer a future data compromise. Improper activities by third parties, advances in computer and software capabilities and encryption technology, new tools and discoveries and other events or developments may facilitate or result in the compromise or breach of Besi's IT systems. Any such compromise or breach could cause interruptions in Besi's operations, damage to its reputation, violation of applicable laws, regulations, orders and agreements, and subject the Company to additional costs and liabilities which could be material.

Many IT services are centralized in Besi's IT center in Radfeld, Austria. This data center could be subject to disruption for a variety of reasons, including work stoppages, fire, flooding or other natural disasters. Besi cannot ensure that an alternative IT data center would be available on a timely basis if a major disruption occurred. Such a disruption could have a material adverse affect on Besi's business, financial condition and results of operations.

Besi's results of operations have in the past and could in the future be affected by currency exchange rate fluctuations.

For the year ended December 31, 2009, approximately 30% of Besi's consolidated revenues were denominated in euro and approximately 70% were denominated in US dollars or US dollar-linked currencies. Approximately 40% of Besi's costs and expenses were denominated in euro for such period. As a result, Besi's results of operations could be adversely affected by fluctuations in the value of the euro against the US dollar. In recent periods, the value of the US dollar has declined significantly in comparison with the euro which has adversely affected Besi's results of operations. Besi seek to manage its exposure to such fluctuations in part by hedging firmly com-

mitted sales contracts denominated in US dollars. While management will continue to monitor its exposure to currency fluctuations and may use financial hedging instruments to minimize the effect of these fluctuations, Besi cannot assure you that exchange rate fluctuations will not have an adverse effect on its results of operations or financial condition.

If Besi fails to continue to attract and retain qualified personnel, its business may be harmed.

Besi's future operating results depend in significant part upon the continued contribution of its senior executive officers and key employees, including a number of specialists with advanced university qualifications in engineering, electronics and computing. In addition, Besi's business and future operating results depend in part upon its ability to attract and retain other qualified management, technical, sales and support personnel for operations. Besi believes that its ability to increase the manufacturing capacity of its subsidiaries has from time to time been constrained by the limited number of such skilled personnel. Competition for such personnel is intense, and Besi may not be able to continue to attract and retain such personnel. The loss of any key executive or employee or the inability to attract and retain skilled executives and employees as needed could adversely affect Besi's business, financial condition and results of operations.

Besi may acquire or make investments in companies or technologies, any of which could disrupt its ongoing business, distract its management and employees, increase its expenses and adversely affect its results of operations.

As part of its growth strategy, Besi may from time to time acquire or make investments in companies and technologies. Besi could face difficulties in integrating personnel and operations from the acquired businesses or technology and in retaining and motivating key personnel from these businesses. In addition, these acquisitions may disrupt Besi's ongoing operations, divert management resources and attention from day-to-day activities, increase its expenses and adversely affect its results of operations. In addition, these types of transactions often result in charges to earnings for items such as the amortization of intangible assets or in-process research and development expenses. Any future acquisitions or investments in companies



or technologies could involve other risks, including the assumption of additional liabilities, dilutive issuances of equity securities, the utilization of its cash and the incurrence of debt.

Besi may incur additional restructuring charges of a material nature that could adversely affect its results of operations.

Commencing in 2007, Besi developed the Dragon strategic plan which has involved a series of related restructuring efforts and announcements since 2007, 2008 and 2009. In 2007, 2008 and 2009, Besi incurred restructuring charges of € 4.5 million, € 4.2 million and € 6.9 million, respectively. In December 2009, Besi announced a further reorganization and product portfolio alignment. Total charges related to this plan are not expected to exceed € 16 million, of which Besi recorded € 9.3 million of charges in 2009. The remainder is expected to be incurred in 2010.

There can be no assurance that Besi's restructuring efforts will achieve the benefits it seeks, including a decreased cost base, without placing additional burdens on its management, design and manufacturing teams and operations. In addition, Besi may, in the future, incur restructuring charges in excess of amounts currently estimated for these restructuring efforts. Besi may also incur additional charges in the future in connection with future restructurings and cost reduction plans in light of the current global financial crisis and global recession. These restructuring charges have adversely affected, and will continue to adversely affect, Besi's results of operations for the periods in which such charges have been, or will be, incurred.

Besi may be subject to financial and market risk in retiring or refinancing its debt obligations as per the terms and conditions of its indebtedness outstanding.

At December 31, 2009, Besi had a total of € 53.5 million of debt and lease obligations outstanding. € 13.9 million were represented by borrowings under Besi's lines of credit which are due and payable upon demand by the lending institution and € 4.5 million were represented by long term debt and financial lease including current portion with maturity dates until 2013. Besi also had € 36.3 million principal amount outstanding of its 5.5% Convertible Notes due January 2012

("Convertible Notes"). At such date, Besi's liquidity with which to repay this indebtedness and fund its operations consisted of cash and cash equivalents of € 73.1 million and excess borrowing capacity under its available lines of credit of € 5.9 million.

In 2009, Besi required € 21.3 million in cash to fund its operations, capital spending and capitalized development costs excluding funds that it received in the Esec transaction primarily as a result of the industry downturn, cash flow deficits generated by Esec since its date of acquisition and cash required to fund its restructuring efforts. The Company's ability to service and/or refinance its indebtedness or fund its restructuring efforts could be materially and adversely affected if it were to continue generating cash flow deficits comparable to those generated in 2009 and/or it required substantial amounts of additional working capital to finance increased sales levels. In addition, continued losses could place the Company in violation of its principal covenants with its current bank lending institutions, which if not waived, could result in an acceleration of such indebtedness. In addition, ongoing turmoil in global banking and financial markets commencing in November 2008 could make it difficult for the Company to refinance its bank indebtedness and Convertible Notes in a timely manner and on terms and conditions that would be commercially acceptable to the Company. As a result, there can be no assurance that, upon maturity of its Convertible Notes in January 2012, Besi will have sufficient liquidity to repay such obligations or that a market will be available at such time to refinance the Notes on commercially acceptable terms. In addition, failure to comply with the covenants in Besi's bank credit lines as a result of continued losses could cause an acceleration of certain of its bank borrowings for repayment and/or trigger cross default provisions in its various classes of debt which could materially and adversely affect the Company's liquidity and ability to service its other indebtedness outstanding, including the Convertible Notes.

Any significant disruption in Besi's operations could reduce the attractiveness of its products and result in a loss of customers.

The timely delivery and satisfactory performance of Besi's

equipment is critical to its operations, reputation and ability to attract new customers and retain existing customers. Besi's administrative, design and manufacturing systems are located all over the world, including locations in the Netherlands, Malaysia, Philippines, Austria, China, Switzerland and the United States. Some of Besi's facilities are in locations that have experienced severe weather conditions, fire, natural disasters, political unrest and terrorist incidents. If the operations at any of its facilities are damaged or destroyed as a result of any of the foregoing, or as a result of other factors, Besi could experience interruptions in its service, delays in product deliveries and the Company would likely incur additional expense in arranging new facilities, which may not be available to us on timely or commercially reasonable terms, or at all. Any interruptions in Besi's operations or delays in delivering its products would harm its customer relationships. Also, in the event of damage or interruption, Besi's insurance policies may not adequately compensate it for any losses that it may incur. These factors could damage Besi's brand and reputation, divert its employees' attention, reduce its revenue, subject it to liability and cause customers to cancel their orders, any of which could adversely affect Besi's business, financial condition and results of operations.

Besi may not be able to protect its intellectual property rights, which could make it less competitive and cause it to lose market share.

Although Besi seeks to protect its intellectual property rights through patents, trademarks, copyrights, trade secrets, confidentiality and assignment of invention agreements and other measures, it cannot assure you that it will be able to protect its technology adequately, that Besi's competitors will not be able to develop similar technology independently, that any of Besi's pending patent applications will be issued, or that intellectual property laws will protect Besi's intellectual property rights. In addition, Besi operates internationally and intellectual property protection varies among the jurisdictions in which it conducts business. Litigation may be necessary in order to enforce Besi's patents, copyrights or other intellectual property rights, to protect its trade secrets, to determine the validity and scope of the proprietary rights of others or to defend against claims of infringement. Litigation could result in substantial costs and diversion of resources, distract Besi's management from operating the business and could have a material adverse effect on its business and operating results. Due to the competitive nature of its industry, it is unlikely that Besi could increase its prices to cover such costs.

Furthermore, Besi's competitors may independently develop similar products or duplicate its products. In which case, the significant amount of technical and financial resources that Besi has expended and may continue to expend on its research and development efforts may not provide it with any competitive advantage in the market.

In addition, third parties may seek to challenge, invalidate or circumvent any patent issued to Besi, the rights granted under any patent issued to Besi may not provide competitive advantages and third parties may assert that Besi's products infringe patent, copyright or trade secrets of such parties. In addition, third parties may challenge, invalidate or circumvent technology which Besi licenses from third parties. If any party is able to successfully claim that Besi's creation or use of proprietary technology infringes upon their intellectual property rights, Besi may be forced to pay damages. In addition to any damages Besi may have to pay, a court could require Besi to stop the infringing activity or obtain a license which may not be available on terms which are favorable to Besi or may not be available at all.

Besi is subject to environmental rules and regulations in a variety of jurisdictions.

Besi is subject to a variety of governmental regulations relating to the use, storage, discharge and disposal of chemical by-products of, and water used in, Besi's manufacturing processes. Environmental claims or the failure to comply with any present or future regulations could result in the assessment of damages or imposition of fines against Besi, suspension of production or a cessation of operations. New regulations could require Besi to acquire costly equipment or to incur other significant expenses. Any failure by Besi to control the use or adequately restrict the discharge of hazardous substances could subject it to future liabilities.

Anti-takeover provisions could delay or prevent a change of control, including a takeover attempt that might result in a premium over the market price for Besi's Ordinary Shares.

Besi's articles of association provide for the possible issuance of Preference Shares. In April 2000, Besi established the foundation "Stichting Continuïteit BE Semiconductor Industries", which it refers to as the Foundation, whose board consists of five members, four of whom are independent of Besi. Besi has granted the Foundation a call option pursuant to which the Foundation may purchase Preference Shares up to a maximum amount equal to the total number of outstanding Ordinary Shares. If the Foundation were to exercise the call option, it may result in delaying or preventing a takeover attempt, including a takeover attempt that might result in a premium over the market price for Besi's Ordinary Shares.

Price volatility of the Ordinary Shares.

The current market price of Besi's Ordinary Shares may not be indicative of prices that will prevail in the trading market in the future. In particular, since Besi's initial public offering in December 1995, the market price of its Ordinary Shares has experienced significant volatility, as have price levels for equity securities generally and price levels for equity securities of companies associated with the semiconductor industry and other high-technology fields. In addition, since Besi's initial public offering, the market price of the Ordinary Shares has experienced significant fluctuations, including fluctuations that are unrelated to its performance. Besi expects that market price fluctuations will continue in the future.



In today's business world social responsibility and sustainability are factors of growing importance and are responsibilities Besi considers seriously in its business operations. For management, entrepeneurship does not only mean earning a profit but also involves corporate social responsibility. Besi also considers values such as the impact of its actions on the environment, the utilization of energy sources and consideration of its co-workers and the environment in developing its long term strategy.

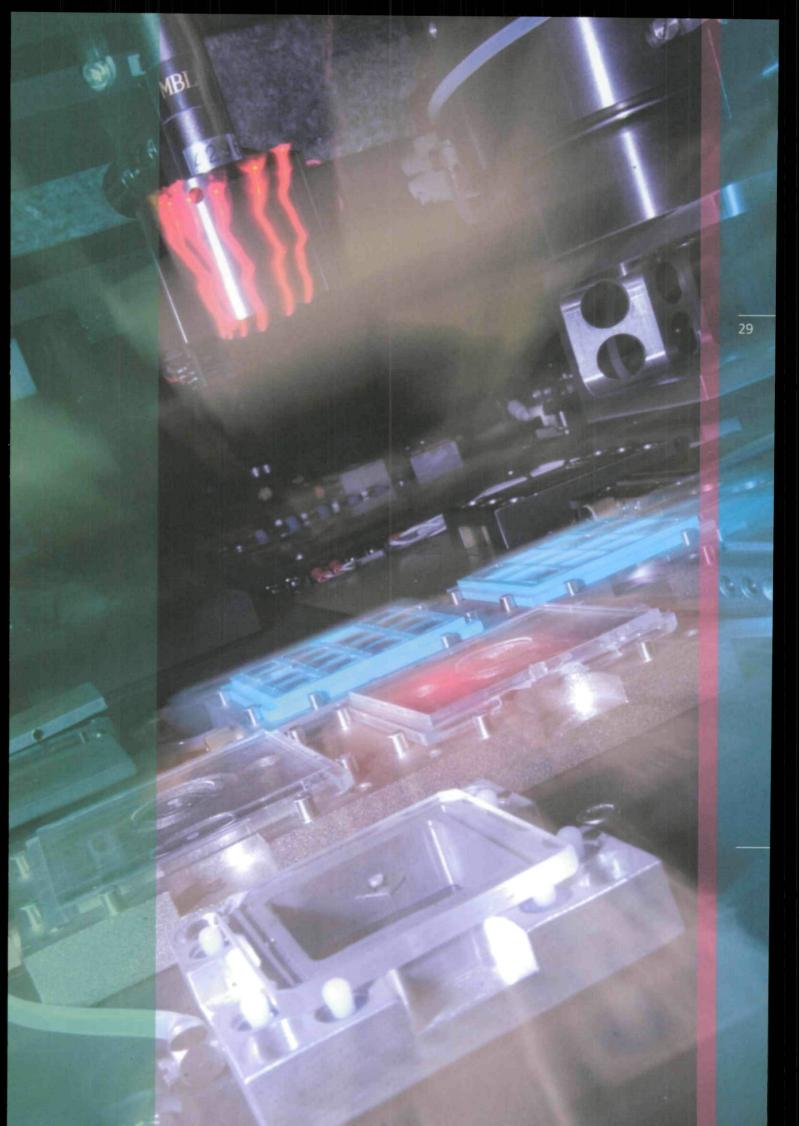
Environment

Besi bears a social responsibility as a company that requires it to pay attention to environmental issues when assessing its production processes. At all Besi companies, employees are encouraged to provide input on, and contribute to organizational and technical improvements in environmental procedures. Furthermore, six of its seven production facilities have received their ISO 14001 certification and have achieved their yearly re-certifications. The local and site specific environmental management systems according to ISO 14001 are being managed in the same manner as the Company's ISO 9001 environmental management systems. Besi's Radfeld, Austria plant is not currently certified for ISO 14001 but commenced the certification process at the end of 2009. Final certification is expected by the end of 2010.

From an environmental perspective, Besi utilizes two different types of manufacturing facilities:

- Machine assembly plants: The environmental organization here is relatively simple and basic. There are no hazardous substances to be taken into consideration. Besi's Radfeld, Austria plant belongs to this category.
- Parts manufacturing plants: This category includes plants specifically producing tools (Fico), and utilizing special chemicals (Meco). Chemicals used at Besi's parts manufacturing plants may present an immediate or delayed danger to one or more components of the environment. They require a detailed and comprehensive environmental management system, as hazardous substances as well as dangerous substances need to be purchased, transported, stored and appropriately applied during production. Such chemicals also need to be decontaminated and disposed of after usage. For these reasons, specific official controls and reporting needs to be carried out and specific rules followed to ensure operational safety at Besi's parts facilities.

It is Besi's intention to integrate all its quality, environmental and safety systems in the future into one system that can further support its position as a socially responsible corporate citizen.





From left to right: Loh Kin Wah, Douglas Dunn, Dirk Lindenbergh, Tom de Waard and Jan Vaandrager.

Tom de Waard (male, 1946)

Chairman **Dutch** nationality Member since 2000 Re-appointed 2007 - 2011

Partner Clifford Chance Amsterdam

Additional functions:

Member of the Supervisory Board of STMicroelectronics N.V., Member of the Supervisory Board of N.V. Nuon.

Douglas J. Dunn (male, 1944)

Vice Chairman British nationality Appointed 2009 - 2013

Additional functions:

Chairman of the Board of ARM Holdings plc, Member of the Supervisory Boards of STMicroelectronics N.V., Tomtom N.V. and Soitec S.A.

Dirk Lindenbergh (male, 1949)

Dutch nationality Appointed 2009 - 2013

Additional functions:

Member of the Supervisory Boards of DOCdata N.V., Midlin N.V., NedSense N.V. and Astor Participaties II.

Loh Kin Wah (male, 1954)

Malaysian nationality Appointed 2009 - 2013

Jan E. Vaandrager (male, 1943)

Dutch nationality Appointed 2009 - 2013

Additional function:

Member of the Supervisory Board of HITT B.V.

The Supervisory Board has formed the following committees:

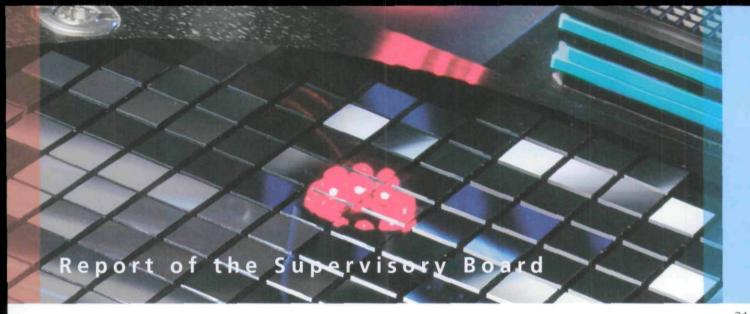
Audit Committee:

Members: Jan Vaandrager (Chairman), Douglas Dunn, Loh Kin Wah, Tom de Waard.

Remuneration and Nomination Committee:

Members: Douglas Dunn (Chairman), Dirk Lindenbergh, Tom de Waard.

The remuneration of the members of the Supervisory Board does not depend on the results of the Company. None of the members of the Supervisory Board personally maintains a business relationship with Besi other than as member of the Supervisory Board. One member of the Supervisory Board owned as of December 31, 2009, in total 1,937 options to purchase shares of the Company. Two members of the Supervisory Board owned as of December 31, 2009, in total 2,040,000 shares of the Company. One member of the Supervisory Board held as of December 31, 2009, Convertible Bonds with a nominal amount of € 1,200,000 in total.



Annual report

Besi is pleased to present its 2009 annual report prepared by the Board of Management. The annual report includes Besi's Financial Statements as prepared by the Board of Management for the financial year ended December 31, 2009. At its meeting on February 24, 2010, the Supervisory Board approved these Financial Statements. KPMG, independent external auditors, duly examined the 2009 Besi Financial Statements and issued an unqualified opinion.

The Supervisory Board recommends that the General Meeting of Shareholders adopts the 2009 Financial Statements as submitted by the Board of Management and approved by the Supervisory Board. The Board of Management has also submitted a proposal stating that a dividend will not be declared for the year ended December 31, 2009.

Supervision

Besi has a two-tier board structure consisting of a Board of Management and a Supervisory Board that is responsible for supervising and guiding the Board of Management. The Board of Management is currently comprised of two members, Mr R.W. Blickman and Mr J.W. Ruinemans. The Supervisory Board is currently comprised of five members, of which Mr D. Dunn, Mr Loh Kin Wah, Mr D. Lindenbergh and Mr J. Vaandrager were elected during the Annual General Meeting of Shareholders held on May 12, 2009 for a four year term. The Supervisory Board considers all members independent. At the same date, Mr W.D. Maris, former chairman of the Supervisory Board, and Mr E.B. Polak resigned from Besi's Supervisory Board.

The Supervisory Board has established a retirement schedule, whereby most Supervisory Board members will retire in 2013. It is the Supervisory Board's intention to establish in 2013 a retirement schedule by rotation so that one Supervisory Board member will retire every year. The current schedule is:

Name	Year elected	Term end
Mr Tom de Waard, Chairman	2007	2011
Mr Douglas Dunn, Vice Chairman	2009	2013
Mr Loh Kin Wah	2009	2013
Mr Jan Vaandrager	2009	2013
Mr Dirk Lindenbergh	2009	2013

The Supervisory Board considers the current composition of the Supervisory Board in line with its' aim to have sufficient business, financial, legal and other experience in the Supervisory Board. In terms of gender and age, all Supervisory Board members have significant experience required to carry out supervision over Besi in such areas. Gender diversity will be considered after the terms of the current Supervisory Board members end.

In 2007, Besi commenced a project under the name "Dragon" to return to profitability. The Dragon project has led to several restructuring actions and portfolio decisions that have entailed significant charges in 2007, 2008 and 2009. The project has also involved the Company's gradual transfer of production and other operations to Asia. The acquisition of Esec in 2009 increased the complexity of Besi's organization, its restructuring activities and its Asian production strategy.

Since September 1, 2009 the Supervisory Board has met with the Board of Management once per month in order to support the Board of Management with the available experience and expertise of its members in the ongoing restructuring and integration programs of Besi. The Supervisory Board and the Board of Management agreed to evaluate this intensified collaboration in February 2010 and, if assessed positively, to propose to the shareholders a one tier board structure at the Annual General Meeting of Shareholders to be held on April 29, 2010.

The Supervisory Board and the Board of Management believe that Besi will benefit from the increased involvement of the members of the Supervisory Board through a one tier board structure for the foreseeable future.

The Supervisory Board met thirteen times during 2009 in view of the ongoing restructuring and integration projects at Besi. No members have been absent frequently from meetings of the Supervisory Board. Topics of the meetings included, among other items:

- The Esec acquisition and the purchase price accounting related thereto.
- · Besi's general strategy.
- Monthly business reviews with the Board of Management, certain members of senior management and key Besi staff.
- · The operational integration of Esec.



- The proposal of the Remuneration Committee for the Besi Incentive Plan 2010 - 2011. The plan has a term of two years and incentivizes management to achieve return to profitability not later than 2010.
- The Company's restructuring program, including a further headcount reduction plan and realignment of Besi's packaging systems business in December 2009.
- Consideration of the composition of the Board of Management, including the termination of the contract with the chief operating officer, Mr Lichtenberg, and the resignation of Mr Rutterschmidt, Besi's head of marketing, sales and customer support.
- Adoption of the 2009 Dutch corporate governance code and proposal to the Annual General Meeting of Shareholders to be held on April 29, 2010 to abolish the previous Besi Code.
- The performance and internal division of tasks of the Board of Management.
- · Approval of filings with the Autoriteit Financiële Markten.
- · Further potential strategic alliances and acquisitions.
- · The general risks associated with Besi's operations.
- The Supervisory Board's own performance, composition and succession.
- The assessment and review provided by the Board of Management of the structure and operation of Besi's internal risk management and control systems, as well as any significant changes thereto.
- The start of the first phase of the gradual operational alignment of all Besi's processes, procedures and ERP systems.
- The remuneration of the Board of Management and the remuneration report.

As four of five Supervisory Board members were newly elected in May 2009, it was decided to perform the 2009 self-evaluation of the functioning of the Supervisory Board as a whole and as per individual member in the first half of 2010.

Furthermore, the functioning of the Board of Management as a whole and the performance of its individual members were also discussed. Members of the Board of Management were not present at these meetings.

Supervisory Board committees

The Supervisory Board had established three committees, the Audit Committee, the Remuneration Committee and the Selection, Appointment and Governance Committee. After the election of four new Supervisory Board members in 2009, the Supervisory Board decided to merge the Remuneration Committee and the Selection, Appointment and Governance Committee into one committee in order to simplify its governance structure. These committees operate under charters that have been approved by the Supervisory Board. Members of these committees are appointed from and among the Supervisory Board members.

Audit Committee

The Audit Committee consists of four independent members. The Chairman is Mr Jan Vaandrager and members include Mr Douglas Dunn, Mr Loh Kin Wah and Mr Tom de Waard.

The Audit Committee fulfills its responsibilities by carrying out the activities enumerated in its charter including:

Assisting the Supervisory Board in fulfilling its oversight responsibilities by:

- Reviewing the design and effectiveness of internal risk management and control systems as described under "Risks and Risk Management" on page 21 of this annual report as well as the result of the assessment and review provided by the Board of Management of the structure and operation of Besi's internal risk management and control systems and any significant changes thereto.
- Reviewing Besi's systems of internal controls regarding finance, accounting and compliance.
- Reviewing Besi's capital structure and financing, Besi's tax position and treasury operations.
- Reviewing auditing, accounting and financial reporting processes generally and critical accounting policies, new accounting pronouncements and the further development of International Financial Reporting Standards ("IFRS").
- Being directly responsible for the oversight of Besi's independent auditor including advice and recommendation
 to the Supervisory Board as to the independent auditor's
 selection (subject to appointment by the General Meeting
 of Shareholders), termination and compensation.

- Recommending to the Supervisory Board all audit fees and terms and all non-audit services provided by the independent auditor, and considering whether the auditor is independent.
- Monitoring Besi's financial reporting process and internal control system.
- Establishing and maintaining procedures for (i) the receipt, retention and treatment of complaints and (ii) the anonymous submission of confidential concerns by employees, regarding accounting matters.
- · Reviewing the need of an internal audit function.

In 2009, the Audit Committee met four times to discuss the items above as well as (i) the scope and results of the audit of the financial statements by Besi's independent external auditor, KPMG, which issued an unqualified opinion for the year 2009, (ii) to review Besi's relevant periodic filings with the Autoriteit Financiële Markten and (iii) to review the Company's quarterly financial statements prior to issuance of its quarterly earnings releases. Besi's independent external auditor, KPMG, attended two meetings of the Audit Committee. Also, the Audit Committee separately met with KPMG twice without the presence of Management.

The Audit Committee proposed to the Supervisory Board that the creation of a formal internal audit function is not appropriate for Besi based upon its size and the presence of an internal control function that operates under the responsibility of the Board of Management. Reference is made to the chapter "Internal Risk Management and Control" under Corporate Governance.

Frequent contact took place between the Chairman of the Audit Committee and the Company's management. The Audit Committee Charter is posted on Besi's website at **www.besi.com**.

Remuneration Committee

The Remuneration Committee consisted of three Supervisory Board members before the establishment of the Remuneration and Nomination committee (please see below). The Chairman of the Remuneration Committee was Mr T. de Waard until April 2009.

In 2004, the Supervisory Board adopted regulations governing the Remuneration Committee in which the tasks and responsibilities of the Remuneration Committee were laid down (the "Regulations Remuneration Committee"). The responsibilities of the Remuneration Committee include:

- Annually reviewing and proposing the corporate goals and objectives relevant to the compensation of senior management.
- Issuing the annual remuneration report to the Supervisory Board.
- · Overseeing Besi's equity incentive plans.
- Determining the compensation of the members of the Board of Management and reviewing and approving, or making recommendations, to the Supervisory Board with respect to the compensation of other executive officers.

The Remuneration Committee met once in 2009. The Remuneration Committee reviewed, discussed and made a proposal to the Supervisory Board to determine the remuneration of the individual members of the Board of Management, including adjustments to their base salary, payment of an appropriate performance cash bonus, the grant of Annual PSA Units (as defined below), pension arrangements and other benefits. The Remuneration Committee also discussed and reviewed the application of Besi's remuneration policy in its remuneration report as described in detail on page 36 of this annual report. The Regulations Remuneration Committee are posted on Besi's website at www.besi.com.

Selection, Appointment and Governance Committee

Until the establishment of the Remuneration and Nomination Committee (please see below), the Selection, Appointment and Governance Committee consisted of all Supervisory Board members. The Chairman of the Selection, Appointment and Governance Committee was Mr E.B. Polak until his retirement as of May 12, 2009.

In 2004, the Supervisory Board adopted regulations governing the Selection, Appointment and Governance Committee ("the Regulations Selection, Appointment and Governance Committee"). The Selection, Appointment and Governance Committee is responsible for, among other things:

- Establishing the profile, selection criteria and appointment procedures for members of the Supervisory Board and Board of Management.
- Periodically assessing the size and composition of the Supervisory Board and the Board of Management, and making a proposal for a composition profile of the Supervisory Board.
- Periodically assessing the functioning of individual members of the Supervisory Board and Board of Management, and reporting on such matters to the Supervisory Board.
- Making proposals for appointments and reappointments to the Supervisory Board and Board of Management.
- Implementing the policy of the Board of Management with respect to the selection criteria and appointment procedures for senior management.

In 2009, the Selection, Appointment and Governance Committee met once in a formal meeting and discussed the following:

- · Proposal to appoint new Supervisory Board members.
- · Updating the profile of the Supervisory Board.
- Assessment of the size and composition of the Supervisory Board and Board of Management, and making a proposal as to the composition of the Supervisory Board.
- Assessment as to the functioning of individual members of the Supervisory Board and Board of Management, and reporting on such matters to the Supervisory Board.

The Regulations Selection, Appointment and Governance Committee are posted on Besi's website at www.besi.com.



Remuneration and Nomination Committee

Directly after the Annual General Meeting of Shareholders in May 2009 the Supervisory Board decided to merge the Remuneration Committee and the Selection, Appointment and Governance Committee into one Committee, the Remuneration and Nomination Committee in order to simplify the governance structure of Besi. The Chairman of this Committee is Mr D. Dunn and its members are Mr T. de Waard and Mr D. Lindenbergh.

The Remuneration and Nomination Committee assumed the joint responsibilities of the Remuneration Committee and the Selection, Appointment and Governance Committee as set out above. Until the adoption of formal regulations governing the Remuneration and Nomination Committee by the Supervisory Board, which is expected to take place before the upcoming Annual General Meeting of Shareholders, the Remuneration and Nomination Committee is governed by the Regulations Remuneration Committee and the Regulations Selection, Appointment and Governance Committee. The Committee met once in 2009 and reviewed Mr Ruinemans' salary as per his contract. The Committee may make use of the services of a remuneration consultant in carrying out its duties. In such case, it shall verify that the consultant concerned does not similarly provide advice to Besi's Board of Management.

Corporate governance

The Supervisory Board acknowledges the importance of good corporate governance, the most important elements of which are transparency, independence and accountability. The Supervisory Board continuously reviews important corporate governance developments. Reference is made to the corporate governance section in this annual report on page 35. The Supervisory Board reviewed the development of the Dutch Corporate Governance Code that came into effect on January 1, 2004. The Dutch Corporate Governance Code is based on the "apply-or-explain" principle. In 2004, the Supervisory Board reviewed the proposal for the Besi Code and those instances where the Besi Code deviated from the Dutch Corporate Governance Code and after careful consideration recommended the Besi Code to the Company's shareholders. The Besi Code was approved by shareholders at the Annual General Meeting of Shareholders held on March 25, 2004.

Amendments to the Besi Code were approved at the Annual General Meetings of Shareholders held on March 24, 2005 and March 22, 2007, respectively.

Upon introduction of the revised Dutch Corporate Governance Code in 2009, the Supervisory Board determined that there is no longer added benefit in maintaining the Besi Code and decided instead to implement the new Dutch Corporate Governance Code 2009. The Supervisory Board will propose to resolve to abolish the Besi Code at the Annual General Meeting of Shareholders on April 29, 2010. The deviations from the Dutch Corporate Governance Code are explained elsewhere in this annual report under Corporate Governance.

The Supervisory Board would like to express its thanks and appreciation to all involved for their hard work and dedication to the Company in 2009.

March 2, 2010

The Supervisory Board

Tom de Waard, Chairman



Besi acknowledges the importance of good corporate governance, the most important elements of which are transparency, independence and accountability. Important corporate governance developments in applicable jurisdictions are followed closely and rules are implemented where appropriate.

Besi's Ordinary Shares (the "Shares") are listed on Euronext Amsterdam by NYSE Euronext. Accordingly, Besi complies with all applicable listing rules of Euronext Amsterdam.

In 2009, Besi implemented the Dutch Corporate Governance Code 2009 ("The Code"). The Code replaces the Besi Code which was approved by the Annual General Meeting of Shareholders held on March 25, 2004 and amended in 2005 and 2007. Due to the implementation of the Code, Besi will propose to the shareholders to abolish the Besi Code at the Annual General Meeting of Shareholders to be held on April 29, 2010 in Duiven, the Netherlands. Deviations from the Code 2009 are explained below under "Explanation of Deviations from the Code".

Board of Management

The role of the Board of Management is to manage the Company, which means, among other things, that it is responsible for ensuring that Besi is achieving its aims, strategy and associated risk profile, policy results and corporate social responsibility issues that are relevant to the Company's business. The Board of Management is accountable to the Supervisory Board and to the shareholders of Besi.

The Board of Management is also responsible for (i) overseeing the Company's compliance with all applicable rules and regulations that govern the Company, (ii) managing the risks associated with its business activities and (iii) ensuring that the Company is properly capitalized. The Board of Management informs the Supervisory Board and its Audit Committee regarding Besi's internal risk management and control systems and any updates or developments related thereto.

The Board of Management takes into account the interests of the Company and its affiliated enterprises as well as the interests of Besi's shareholders and other stakeholders when making decisions about the operation of the business. Members of the Board of Management are required to put

the interests of the Company ahead of their own interests and to act critically and independently when carrying out their responsibilities. The Board of Management is also charged with providing the Supervisory Board all material information required to permit the Supervisory Board to exercise its duties. The articles of association of the Company provide that certain resolutions of the Board of Management require prior approval of the Supervisory Board. Pursuant to Dutch law and the articles of association of the Company, decisions of the Board of Management involving a major change in the Company's identity or character are subject to the approval of the General Meeting of Shareholders.

Appointment and replacement of members of the Board of Management

Members of the Board of Management are appointed by the General Meeting of Shareholders. A resolution of the General Meeting of Shareholders to appoint a member of the Board of Management requires an absolute majority of the votes validly cast, in the event and to the extent the appointment occurs pursuant to, and in accordance with, a proposal of the Supervisory Board. Such resolution requires at least two thirds of the votes validly cast representing more than one third of the issued capital, in the event and to the extent the appointment does not occur pursuant to a proposal thereto of the Supervisory Board.

Members of the Board of Management may at any time be suspended or dismissed by the General Meeting of Shareholders. A resolution for suspension or dismissal of a member of the Board of Management requires an absolute majority of the votes validly cast in the event and to the extent that the suspension or dismissal occurs pursuant to, and in accordance with, a proposal of the Supervisory Board.

A resolution for suspension or dismissal requires at least two thirds of the votes validly cast representing more than one third of the issued capital in the event and to the extent that the suspension or dismissal does not occur pursuant to, and in accordance with, a proposal thereto of the Supervisory Board. Members of the Board of Management may also be suspended by the Supervisory Board.

Remuneration report

This remuneration report is issued by the Supervisory Board and it reports an overview of the remuneration policy, application of the remuneration policy and the components of the remuneration of the Besi Board of Management.

Remuneration policy

Besi's remuneration policy was adopted by the shareholders at the Annual General Meeting of Shareholders held on March 24, 2005. Every material change in Besi's remuneration policy that occurs after this adoption date will also be submitted to the General Meeting of Shareholders for approval. The remuneration policy is posted on Besi's website www.besi.com.

Remuneration plan

The total remuneration package of the members of the Board of Management includes the following items, whereby the annual cash bonus and the grant of Performance Stock Award Units are defined in the Besi Incentive Plan that is approved by the Annual General Meeting of Shareholders in 2009:

- · Base salary.
- · Annual cash bonus.
- · Performance Stock Award Units.
- · Pension provisions.
- · Other benefits like company car or car allowance.

Remuneration Board of Management 2009

(in euro, except for PSAs)	R.W. Blickman	J.W. Ruinemans*	H. Rutterschmidt**	C.K. Lichtenberg***
Base salary	396,550	161,250	267,602	103,125
Annual cash bonus	-			9
Pension provisions	94,096	23,906	70,879	18,750
Other benefits	19,974	8,818	10,631	14,656
Severance payment****			460,889	364,775
Total in cash	510,620	193,974	810,001	501,306
Number of PSAs	30,000	20,000		

^{*}appointed May 12, 2009 **resigned September 1, 2009 ***contract terminated as of May 11, 2009 ****including non-service period

The policy is designed to ensure that Besi can recruit and retain qualified and expert managers for a publicly listed company of Besi's size and industry. The components of the compensation package are periodically measured against market and industry trends by an external expert. The remuneration structure aims at maintaining both short and long term goals of Besi.

Application of the remuneration policy

The remuneration in 2009 is in line with the 2005 remuneration policy whereby the long term incentive is replaced by a short term incentive, as adopted by the Annual General Meeting of Shareholders in 2009. As reported in the Report of the Supervisory Board, Besi is fully focused on return to profitability during the course of 2010. Therefore, it was decided to replace the long term incentive in Besi's 2005 remuneration policy with only short term incentives to focus primarily on return to profitability. It is anticipated that a revised remuneration policy will be drawn up by the Remuneration Committee in 2011 and proposed to shareholders in the Annual General Meeting of Shareholders in 2011 for approval.

The Remuneration Committee has analysed the possible outcomes of the variable remuneration components of the individual members of the Board of Management by means of a scenario analysis. The level and structure of the remuneration of the Board of Management is determined based on this scenario analysis.

Base salary

Each year, the Remuneration Committee considers whether to adjust the base salary for members of the Board of Management. The base salary of the CEO was not increased as of January 1, 2009 as compared to 2008 based on the global economic outlook and Besi's loss position. The salary of the CFO was contractually reviewed as of October 1, 2009 and in order to align his salary with what is customary in the market, his salary was increased by 8% as compared to 2008.

Besi Incentive Plan 2010 - 2011

The Besi Incentive Plan governs the annual cash bonus for the Board of Management and the grant of Performance Stock Award Units for the Board of Management and certain key staff of Besi. Due to the current short term profit focus, the new Besi Incentive Plan that was adopted by the Annual General Meeting of Shareholders in 2009 consists of only a two year term as opposed to a five year term previously.

Annual cash bonus

The total amount of cash bonuses per annum that may be granted to individual members of the Board of Management shall in no event exceed 60% of the individual's gross Annual Base Salary ("Base Annual Salary"). The total annual cash bonus per person depends for (i) a maximum of 30% based on Besi's net income in percentage of revenue according to the grid included in the Besi Incentive Plan, (ii) a maximum of 20% based on personal performance and at discretion of the Supervisory Board, and (iii) a maximum of 10% based on the relative development of Besi's share price compared to a peer group.

Besi considers return to profitability as the main target for the period 2009 - 2010. Therefore, a maximum of 50% of the maximum of the annual cash bonus relates to net income. The personal performance component is entirely at the discretion of the Supervisory Board in order to be able to fully incentivize the Company's return to profitability. Finally, Besi considers the development of its share price relative to its peers as an important criterion indicating the development of shareholder value. The peer group consists of a group of 18 companies, including Besi, as defined as peers by VLSI, a leading independent market research firm covering the semiconductor and semiconductor equipment industries (www.vlsiresearch.com). Peer group companies include Advantest, Applied Materials, ASM International, ASML, KLA-Tencor, Kulicke & Soffa, Lam Research, Nikon, Novellus, Oerlikon, Semitool, TEL (Tokyo Electron), Teradyne, Ultratech, Varian Semiconductor, Veeco and Verigy.

Based on the Besi net income realized in 2009, the Board of Management is entitled to a 12% cash bonus. However, in view of the current difficult economic circumstances and the ongoing restructuring at Besi, the members of the Board of Management have agreed to convert their cash bonus in an equivalent amount in PSAs emphasizing their long term commitment and confidence towards Besi.

The basis for the bonus calculation is presented in the following table:

	si's net income % of revenue	Personal performance	Relative share price development	Total
R.W. Blickma	n 12%	0%	0%	12%
J.W. Ruinema	ins 12%	0%	0%	12%

Performance Stock Award Units

The total amount of Performance Stock Award Units per annum that may be granted to individual members of the Board of Management shall in no event exceed 60% of the individual's Base Annual Salary. Under the Incentive Plan 2010 - 2011, Besi may grant annual awards in the form of rights to receive Ordinary Shares of the Company ("Annual PSA Units"). The awarded Annual PSA Units will vest and be delivered in the year of grant. Immediate sale of a portion of the delivered shares is allowed for the sole purpose of facilitating payment of income taxes in connection with delivery of shares, when applicable. Any remaining shares must be retained until the earlier of (i) three years after the date of release or (ii) the date of the individual's termination of employment.

Based on the net income realized by Besi in 2009, the Board of Management is entitled to a 12% grant of PSAs. In view of the successful Esec acquisition, the Supervisory Board has taken into account the personal performance of the members of the Board of Management and has granted 8,000 PSAs to Richard Blickman and 5,000 PSAs to Jan Willem Ruinemans. In view of the current economic circumstances and the ongoing restructuring at Besi the members of the Board of

Management have agreed to convert their cash bonus entitlement into an equivalent amount in PSAs emphasizing their long term commitment and confidence towards Besi. Taking the foregoing in account the Supervisory Board has granted Richard Blickman a total number of 30,000 PSAs and Jan Willem Ruinemans a total number of 20,000 PSAs.

The basis for the PSA grant is presented in the following table:

	net income of revenue	Personal performance	Relative share price development	Total
R.W. Blickman	12%	At discretion	0%	pm
J.W. Ruinemans	12%	At discretion	0%	pm

No conditionally granted shares were granted in 2009. The following table presents the number of shares granted and delivered to the current Board of Management under the Besi Incentive Plan over which the members of the Board of Management had not yet unrestricted control at the beginning of the financial year:

	Number of shares	Year granted	End of lock up
R.W. Blickman	39,000	2007	2010
	15,000	2008	2011
J.W. Ruinemans	35,000	2008	2011
	16,000	2009	2012

Pensions

Besi has provided different pension plans to members of the Board of Management based on the salaries, local customs and rules applicable in the countries of their employment. The pension arrangements for the Board of Management are defined contribution plans that are 100% paid by Besi. Reference is made to page 75 to the Statutory Financial Statements 2009.

Loans

In 2004, in accordance with the Code, Besi adopted a policy to not provide loans to members of the Board of Management. Current loans outstanding, all relating to the granting of stock options prior to the year 2001, to members of the Board of Management amount to € 286,795. The principal amount and other loan conditions have not changed since the inception of such loan agreements in 1999 and 2000. Under their terms, these loans must be repaid immediately upon exercise of the relevant stock options.

Remuneration in 2010

The remuneration structure and application of the remuneration policy in 2010 will not change as compared to 2009 as the Company's full focus will be on return to profitability in the course of 2010. It is anticipated that Besi will propose a new remuneration policy to shareholders at the Annual General Meeting of Shareholders in 2011 for approval.

Conflicts of interest - members of the Board of Management

Any conflicts of interest or apparent conflicts of interest between the Company and members of the Board of Management shall be avoided. Any transaction that would give rise to a conflict of interest or appearance of a conflict of interest requires the approval of the Supervisory Board. No conflict of interest that was of material significance to Besi and/or the members of the Board of Management was reported in 2009.

Supervisory Board

The role of the Supervisory Board is to supervise the Board of Management, oversee the general affairs of the Company and its affiliated enterprises and assist the Board of Management by providing advice. In discharging its role, the Supervisory Board is guided by the interests of Besi and its affiliated enterprises, and takes into account the relevant interests of Besi's stakeholders. The Supervisory Board also has due regard for corporate social responsibility issues that are relevant to Besi. The Supervisory Board annually evaluates its own performance. Supervisory Board members are required to put the best interests of Besi ahead of their own interests and to act critically and independently when carrying out their responsibilities as Supervisory Board members.

The Code allows one Supervisory Board member not to be independent. However, each member of the Supervisory Board currently qualifies as an "independent director" as defined by provision III.2.2 of the Code.

Each Supervisory Board member has the expertise required to fulfill the duties assigned to the role designated to him within the framework of the Supervisory Board profile. The composition of the Supervisory Board shall be such that it is able to carry out its duties properly. The Supervisory Board aims for a diverse composition in terms of such factors as gender and age. A Supervisory Board member shall be reappointed only after careful consideration. The profile criteria referred to above shall also be fulfilled in the event of a reappointment.

Regulations governing Supervisory Board members ("Regulations Supervisory Board") are posted on our website at **www.besi.com**.

Appointment and replacement of members of the Supervisory Board

Members of the Supervisory Board are appointed with due observance of the requisite profile for the size and the composition of the Supervisory Board as adopted by the Supervisory Board from time to time, subject to provisions of Dutch law and Besi's articles of association.

Members of the Supervisory Board are appointed by the General Meeting of Shareholders. A resolution for appointment requires an absolute majority of the votes validly cast in the event and to the extent the appointment occurs pursuant to,

and in accordance with, a proposal of the Supervisory Board. Such resolution requires at least two thirds of the votes validly cast representing more than one third of the issued capital in the event and to the extent that the appointment does not occur pursuant to a proposal thereto of the Supervisory Board.

Members of the Supervisory Board may be suspended or dismissed by the General Meeting of Shareholders at all times. A resolution for suspension or dismissal requires an absolute majority of the votes validly cast in the event and to the extent the suspension or dismissal occurs pursuant to, and in accordance with, a proposal of the Supervisory Board. A resolution for suspension or dismissal requires at least two thirds of the votes validly cast representing more than one third of the issued capital in the event and to the extent the suspension or dismissal does not occur pursuant to a proposal thereto of the Supervisory Board.

Supervisory Board committees

The Supervisory Board has two committees: the Audit Committee and the Remuneration and Nomination Committee. The function of the committees is to prepare and facilitate the decision-making of the Supervisory Board. In its report, the Supervisory Board comments on how the duties of the committees have been carried out in the most recent financial year.

The charters of the Committees are posted on Besi's website at www.besi.com.

Remuneration Supervisory Board 2009

The General Meeting of Shareholders shall determine the remuneration of Supervisory Board members. The notes to the annual accounts on pages 75 and 76 contain the information prescribed by applicable law on the level and structure of the remuneration of individual Supervisory Board members. Besi does not grant the Supervisory Board any personal loans or guarantees.

Conflict of interests - members of the Supervisory Board

Any conflicts of interest or apparent conflicts of interest between the Company and Supervisory Board members shall be avoided. The Supervisory Board must approve any arrangement that would give rise to a conflict of interest or the appearance of a conflict of interest, provided that a member of the Supervisory Board with an interest in such matter shall not participate in determining or granting such approval. The Supervisory Board is responsible for deciding how to resolve conflicts of interest between members of the Board of Management, members of the Supervisory Board, major shareholders or the external auditor on the one hand and the Company on the other hand.

No conflict of interest that was of material significance to Besi and/ or the members of the Supervisory Board was reported in 2009.

Director's and Officer's insurance policy

Members of the Board of Management and the Supervisory Board, as well as certain senior management members, are covered under Besi's Directors and Officers insurance policy. Although the insurance policy provides for broad coverage, our directors and certain senior management members may be subject to uninsured liabilities. Besi has agreed to indemnify members of the Board of Management and the Supervisory Board and certain senior management members against certain claims brought against them in connection with their position with the Company, provided that such individual acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of Besi and, with respect to any criminal action or proceedings, such individual had no reasonable cause to believe his conduct was unlawful.

Shareholders and the General Meeting of Shareholders

Good corporate governance requires the full participation of shareholders. It is in the interest of the Company that as many shareholders as possible participate in Besi's decision-making at the General Meeting of Shareholders or any Extraordinary General Meeting of Shareholders. Pursuant to applicable law, any decisions of the Board of Management on a major change in the identity or character of the Company or its enterprise shall be subject to the approval of the General Meeting of Shareholders.

The Board of Management or, where appropriate, the Supervisory Board provides shareholders and other parties in the financial markets with equal and simultaneous information about matters that may influence Besi's share price. Contacts between the Board of Management on the one hand and the press, analysts and shareholders on the other hand are carefully handled and structured, and Besi is prohibited from engaging in any acts that compromise the independence of analysts in relation to the Company and vice versa.

The Board of Management and the Supervisory Board shall provide the General Meeting of Shareholders with the information that it requires for the exercise of its powers, subject to such limitations as are allowed under applicable law. If price-sensitive information is provided during a General Meeting of Shareholders or if a response to shareholders' questions has resulted in the disclosure of price-sensitive information, then such information will be made public without delay.

Good corporate governance requires significant attendance by shareholders at Besi's General Meeting of Shareholders. Therefore, Besi is actively involved in proxy solicitation as a means of increasing the attendance and participation of its shareholders at its General Meeting of Shareholders.

Amendment of Besi's articles of association

The articles of association of Besi may be amended by a resolution of the General Meeting of Shareholders. A resolution of

the General Meeting of Shareholders to amend the articles of association may only be adopted at the proposal of the Board of Management, which proposal requires the approval of the Supervisory Board. Those who have convened a General Meeting of Shareholders at which a proposal to amend the articles of association will be brought up for discussion, must deposit simultaneously with the convocation a copy of the proposal in which the proposed amendment has been included at Besi's office for inspection by every person entitled to attend the General Meetings of Shareholders until the end of the relevant meeting. The persons entitled to attend meetings must be given the opportunity to obtain a copy of the proposal free of charge.

External audit

The Board of Management is primarily responsible for the quality and completeness of publicly disclosed financial reports. The Supervisory Board oversees the Board of Management as it fulfills this responsibility.

The General Meeting of Shareholders appoints the external auditor after recommendation for appointment by the Audit Committee and the Board of Management to the Supervisory Board and nomination of the Supervisory Board to the shareholders. The Supervisory Board approves the remuneration of the external auditor, on recommendation of the Audit Committee and after consultation with the Board of Management. The Audit Committee acts as the principal contact for the auditor if he discovers irregularities in the content of financial reporting.

The external auditor attends meetings of the Audit Committee of the Supervisory Board, at which the annual accounts and semi-annual results are reviewed for subsequent approval by the Supervisory Board. The external auditor reports its findings from the audit of the annual accounts and its review of the semi-annual results to the Supervisory Board and the Board of Management simultaneously.

Internal risk management and control

Besi has an internal risk management and control system that is suitable for the Company. The form and structure of this system is outlined under "Risks and Risk Management" on page 21 of this annual report.

The Company's internal control function operates under the responsibility of the Board of Management. Besi's internal control framework consists of a formal framework defining key risks and key controls over financial reporting. Its internal control system over financial reporting contains clear accounting rules. The system, as implemented in all significant companies, supports common accounting and regular financial reporting in standard forms. Besi finance staff carries out internal control activities and reported its findings to the Audit Committee in 2009.

Besi has no formal internal audit function as Besi considers this not appropriate for a company of its size. The Audit Committee reviews every year the need for an internal auditor. Considering the above, Besi's risk management and control system over financial reporting is adequately designed and worked effectively in the year under review in providing reasonable assurance that the 2009 financial statements do not contain any material inaccuracies. At this moment, there are no indications that this system will not function properly in 2010.

Explanation of deviations from the Dutch Corporate Governance Code

The Annual General Meeting of Shareholders held on March 25, 2004, approved the Besi Code, which follows all principles of the Dutch Corporate Governance Code and applies almost all best practice rules. Amendments to the Besi Code were approved by the shareholders at the Annual General Meeting of Shareholders on March 24, 2005 and March 22, 2007. In 2009 Besi implemented the Code. Therefore, Besi will propose to abolish the Besi Code to the Annual General Meeting of Shareholders to be held on April 29, 2010 in Duiven, the Netherlands.

Deviations from the Code are listed and explained in the sections below.

Provision II.1.1

The Company respects the rights of the member of the Board of Management who was member at the time of the first implementation of the Dutch Corporate Governance Code. For that reason, there was no adjustment of his employment agreement.

Provision II.2.5

On March 24, 2005, March 22, 2006 and March 22, 2007, Besi granted the members of the Board of Management Annual PSA Units. Once the shares related to such Annual PSA Units have been delivered to the member of the Board of Management, they must be retained until the earlier of (i) three years after the date of release or (ii) the date of the individual's termination of employment, provided, however, that the member of the Board of Management will be allowed to sell shares equal to the amount of tax due as a result of the vesting of the Annual PSA Units.

Provision II.2.8

The Company respects the rights of members of the Board of Management who were members at the time of implementation of the Code. For that reason, it did not adjust the employment agreements of members of the Board of Management that were signed prior to the implementation of the Code.

Provision II.2.9

The Company does not grant members of the Board of Management any personal loans or guarantees, but will not amend or cancel existing loan agreements that relate to the granting of stock options prior to the year 2001.

Provision II.2.10 and II.2.11

As reported in the Report from the Supervisory Board, currently the remuneration package only focuses on Besi's return to profitability. Therefore, provisions II.2.10 and II.2.11 are not implemented yet. They will be considered when revising the remuneration policy that is anticipated in 2011.

Provision III.5

In order to simplify the governance structure of Besi, the Supervisory Board decided to reduce the number of Committees to two committees: the Audit Committee and the Remuneration and Nomination Committee.

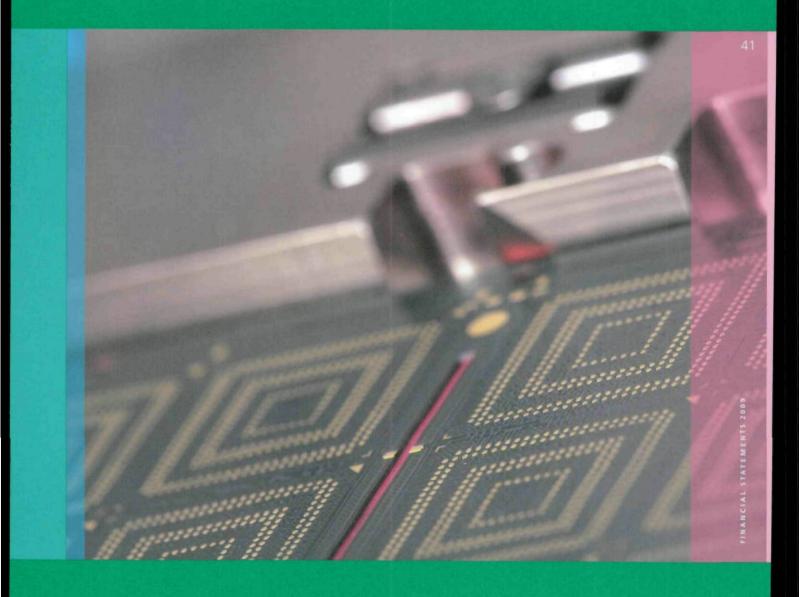
Provision IV.3.1

The Company acknowledges the importance of disclosing material information to all shareholders similarly at the same moment in time. It is currently not possible to make every meeting and presentation to analysts and investors accessible to all shareholders. As far as practicably possible, meetings and presentations will be announced and posted on Besi's website www.besi.com.

Provision IV.3.10

The Company considers it important that the minutes of the General Meeting of Shareholders are made available to shareholders in a correct and timely manner. These minutes are prepared by a Dutch civil law notary or a lawyer and are therefore prepared by a person independent from the Company. Besi believes that having the minutes available within three months after the General Meeting of Shareholders qualifies as being made available in a timely manner.

Financial Statements 2009



Consolidated Statement of Financial Position

(euro in thousands)	Note	December 31, 2009	December 31, 2008
Assets			
Cash and cash equivalents	3	73,125	74,008
Trade receivables	4	36,341	23,824
Inventories	5	55,133	47,053
Income tax receivable		487	598
Other receivables	6	7,714	5,773
Total current assets		172,800	151,256
Property, plant and equipment	7	24,312	27,307
Goodwill	9	43,162	43,394
Other intangible assets	10	19,696	12,965
Deferred tax assets	11	8,429	5,677
Other non-current assets	12	1,141	2,280
Total non-current assets		96,740	91,623
Total assets		269,540	242,879
Liabilities and equity			
Notes payable to banks	13	13,908	16,711
Current portion of long-term debt and financial leases	17	1,911	4,591
Trade payables	15	27,290	11,028
Income tax payable		742	855
Provisions	14	8,900	5,132
Other payables	16	20,605	14,712
Total current liabilities		73,356	53,029
Convertible Notes	17	35,068	34,492
Long-term debt and financial leases	17	2,570	5,830
Deferred tax liabilities	11	530	622
Other non-current liabilities	18, 19	1,740	2,622
Total non-current liabilities		39,908	43,566
Issued capital	20	30,693	30,693
Share premium	20	181,026	176,420
Retained earnings (deficit)	20	(55,214)	(60,465)
Accumulated other comprehensive income (loss)	20	(722)	(768)
Equity attributable to equity holders of the parent		155,783	145,880
Non-controlling interest		493	404
Total equity		156,276	146,284
Total liabilities and equity		269,540	242,879

The financial presentation has been prepared in accordance with IFRS, as adopted by the EU.

Consolidated Statement of Comprehensive Income

(euro in thousands, except share and per share data) Note		Year ende	Year ended December 31,	
	3 4 8 4 4 4	2009	2008	
Revenue	22	147,891	149,399	
Cost of sales	7,10	107,111	99,514	
Gross profit		40,780	49,885	
Other operating income	8	41,532		
Selling, general and administrative expenses		54,074	42,462	
Research and development expenses		19,766	16,073	
Impairment expenses		185	20,200	
Total operating expenses		74,025	78,735	
Operating income (loss)		8,287	(28,850)	
Financial income	25	1,063	3,830	
Financial expense	25	(4,413)	(4,333)	
Income (loss) before income tax		4,937	(29,353)	
Income tax (benefit)	11	(461)	4,822	
Net income (loss) for the period		5,398	(34,175)	
Other comprehensive income (loss)				
Exchange rate changes for the period		13	1,123	
Unrealized hedging results		(67)	(311)	
Actuarial gains		87	707	
Other comprehensive income (loss) for the period, net of income tax		33	1,519	
Total comprehensive income (loss) for the period		5,431	(32,656)	
Income (loss) attributable to:				
Equity holders of the parent company		5,251	(34,283)	
Non-controlling interest		147	108	
Total income (loss) for the period		5,398	(34,175)	
Total comprehensive income (loss) attributable to:				
Equity holders of the parent company		5,297	(32,766)	
Non-controlling interest		134	110	
Total comprehensive income (loss) for the period		5,431	(32,656)	
Income (loss) per share attributable to the equity holders of the parent comp	any			
Basic		0.16	(1.11)	
Diluted ¹		0.16	(1.11)	
Total comprehensive income (loss) per share attributable to the equity holder	s of the parent company			
Basic		0.16	(1.06)	
Diluted ¹		0.16	(1.06)	
Weighted average number of shares used to compute income (loss) per share				
Basic	26	32,930,523	30,740,487	
Diluted ¹	26	33,286,878	30,740,487	

¹ The calculation of the diluted income (loss) per share does not assume conversion of the Company's 5.5% Convertible Notes due 2012 as such conversion would have an anti-dilutive effect (7,082,927 Ordinary Shares).

The financial presentation has been prepared in accordance with IFRS, as adopted by the EU.

Consolidated Statement of Cash Flows

(euro in thousands)	Year ended December 3		
	2009	200	
Cash flows from operating activities			
Operating income (loss)	8,287	(28,850	
Depreciation and amortization	9,452	7,49	
mpairment	185	20,20	
Other non-cash items	(3,257)	(768	
Badwill arising on acquisition	(41,207)		
Effects on changes in assets and liabilities			
Increase (decrease) in trade receivables	(6,849)	18,06	
Decrease in inventories	16,581		
Increase (decrease) in trade payables	12,997	(2,824	
Changes in other working capital	2,656	5,48	
Income tax received (paid)	(1,336)	6,44	
Interest received	1,207	2,58	
Interest paid	(2,664)	(4,408	
Net cash provided by (used for) operating activities	(3,948)	23,43	
Cash flows from investing activities			
Capital expenditures	(2,354)	(7,519	
Capitalized development expenses	(6,958)	(3,453	
Proceeds from sale of property, plant and equipment	279	60	
Cash flow on acquisition	19,462		
Net cash provided by (used for) investing activities	10,429	(10,365	
Cash flows from financing activities			
Proceeds (payments) on bank lines of credit	(2,717)	2,06	
Payments on debts and financial leases	(5,404)	(7,560	
Repurchase of Convertible Notes		(8,198	
Other financing activities	130	(375	
Net cash used for financing activities	(7,991)	(14,065	
Net change in cash and cash equivalents	(1,510)	(996	
Effect on changes in exchange rates on cash and cash equivalents	627	22	
Cash and cash equivalents at beginning of the period	74,008	74,78	
Cash and cash equivalents at end of the period	73,125	74,00	

The financial presentation has been prepared in accordance with IFRS, as adopted by the EU.

Consolidated Statement of Changes in Equity

(euro in thousands)	Number of Ordinary Shares outstanding ¹	Issued capital	Share premium	Retained deficit	Accumulated other comprehensive income (loss) (note 20)	Total attributable to equity holders of the parent	Non- controlling Interest	Total equity
Balance at January 1, 2009	33,728,517	30,693	176,420	(60,465)	(768)	145,880	404	146,284
Total comprehensive income (loss)								
for the period				5,251	46	5,297	134	5,431
Dividend paid to non-controlling shareholder	7.1						(45)	(45)
Re-issued shares			4,368			4,368		4,368
Equity-settled share-based payments expense		-1114	238	-	-	238		238
Balance at December 31, 2009	33,728,517	30,693	181,026	(55,214)	(722)	155,783	493	156,276
Balance at January 1, 2008	33,728,517	30,693	176,153	(26,182)	(2,285)	178,379	339	178,718
Total comprehensive income (loss)								
for the period	717			(34,283)	1,517	(32,766)	110	(32,656)
Dividend paid to non-controlling shareholder			le .				(45)	(45)
Equity-settled share-based payments expense			592			592	(10)	592
Equity component repurchase convertible	T. I.		(325)			(325)	-	(325)
Balance at December 31, 2008	33,728,517	30,693	176,420	(60,465)	(768)	145,880	404	146,284

¹ The outstanding number of Ordinary Shares includes 85,456 and 2,913,206 Treasury Shares at December 31, 2009 and December 31, 2008, respectively. The financial presentation has been prepared in accordance with IFRS, as adopted by the EU.

Notes to the Consolidated Financial Statements

1. Basis of Presentation

General

BE Semiconductor Industries N.V. was incorporated in the Netherlands in May 1995 as the holding company for a worldwide business engaged in the development, production, marketing and sales of back-end equipment for the semiconductor industry. BE Semiconductor Industries N.V.'s principal operations are in the Netherlands, Austria, Switzerland, Malaysia and China. BE Semiconductor Industries N.V.'s principal executive offices are located at Ratio 6, 6921 RW Duiven, the Netherlands. Statutory seat of the Company is Amsterdam.

The Consolidated Financial Statements of BE Semiconductor Industries N.V. ("Besi" or "the Company") for the year ended December 31, 2009, were authorized for issue in accordance with a resolution of the directors on March 2, 2010. The Consolidated Financial Statements of the Company as at December 31, 2009, are presented to the Annual General Meeting of Shareholders for their adoption on April 29, 2010.

Statement of compliance

The Company's Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. They also comply with the financial reporting requirements included in section 9 of Book 2 of the Netherlands Civil Code, as far as applicable.

In accordance with Article 2:402 of the Civil Code, an abbreviated version of the statement of operations is prepared in the parent company Financial Statements.

2. Summary of significant accounting principles

Change in accounting principles

IAS 19 Employee Benefits

In the preparation of the accompanying Consolidated Financial Statements for the year ended December 31, 2009 the accounting policy with respect to IAS 19 Employee Benefits differs from previous accounting periods. After the acquisition of the Esec business unit from OC Oerlikon AG the Company evaluated the accounting policies and the Company adopted the better practice accounting policies of Esec with respect to IAS 19 Employee Benefits. In order to enhance the comparability of financial information, the Consolidated Financial Statements of 2008 have been restated and consequently the accompanying statements are different from those presented in the annual report of 2008. The Company changed its accounting policy with respect to IAS 19 Employee Benefits from immediate recognition of actuarial gains and losses in the Consolidated Statement of Comprehensive Income to recognition of actuarial gains and losses in the Consolidated Statement of Changes in Equity, without applying the "corridor" approach.

The change in accounting policies is recorded as a reallocation from income for the period to other comprehensive income and did therefore not effect the opening equity as at January 1, 2008. The impact on the net income for the period in 2008 amounts to a loss of € 0.7 million.

Presentation

The accompanying Consolidated Financial Statements include the accounts of BE Semiconductor Industries N.V. and its consolidated subsidiaries (collectively, "the Company"). The Financial Statements are presented in thousands of euro, rounded to the nearest thousand. The accounting principles the Company uses to prepare the Consolidated Financial Statements are based on historical cost, unless stated otherwise. Exceptions to the historical cost basis include derivative financial instruments, share based compensation and cash and cash equivalents which are based on fair value. In addition, for pensions and other post-retirement benefits, actuarial present value calculations are used.

Principles of consolidation

The Consolidated Financial Statements comprise the financial statements of BE Semiconductor Industries N.V. and its subsidiaries as at December 31, 2009. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Accounting policies, as set out below, have been applied consistently for all periods presented in these Consolidated Financial Statements and by all subsidiaries.

Non-controlling interests represent the portion of Consolidated Statement of Comprehensive Income and net assets that is not held by the Company and are presented separately in the Consolidated Statement of Comprehensive Income and within equity in the Consolidated Statement of Financial Position, separately from parent shareholders' equity. Acquisitions of non-controlling interests are accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired is recognised in goodwill.

As of December 31, 2009, the following subsidiaries are included in the accompanying Consolidated Financial Statements:

Name	Location and	Percentage of ownership	
	country of incorporation		
BE Semiconductor Industries USA, Inc.	Londonderry, New Hampshire, USA	100%	
Besi Austria Holding GmbH	Vienna, Austria	100%	
Besi USA, Inc.	Londonderry, New Hampshire, USA	100%	
Besi Singapore Pte. Ltd.	Singapore	100%	
Besi Korea Ltd.	Seoul, Korea	100%	
Besi Japan Co. Ltd.	Tokyo, Japan	100%	
Besi Taiwan Ltd.	Taipei, Taiwan	100%	
Besi Asia Pacific Holding B.V.	Duiven, the Netherlands	100%	
Besi Philippines, Inc.	Muntinlupa City, Philippines	100%	
Fico B.V.	Duiven, the Netherlands	100% 1	
Fico International B.V.	Duiven, the Netherlands	100%	
Fico Tooling Leshan Company Ltd.	Leshan, China	87%	
Besi (Shanghai) Trading Co.Ltd.	Shanghai, China	100%	
Besi APac Sdn. Bhd.	Shah Alam, Malaysia	100% 2/5	
ASM Fico (F.E.) Sdn. Bhd.	Shah Alam, Malaysia	99.9% 3	
ico Hong Kong Ltd.	Hong Kong, China	100%	
ico Sales & Service Pte. Ltd.	Singapore	100%	
Meco International B.V.	Drunen, the Netherlands	100%	
Meco Equipment Engineers B.V.	Drunen, the Netherlands	100%	
Meco Equipment Engineers (Far East) Pte. Ltd.	Singapore	100%	
Besi North America, Inc.	Londonderry, New Hampshire, USA	100% 4	
Datacon Eurotec GmbH	Berlin, Germany	100%	
Datacon Beteiligungs GmbH	Vienna, Austria	100%	
Datacon Technology GmbH	Radfeld, Austria	100%	
Datacon Switzerland AG	Baar, Switzerland	100%	
Datacon Hungary Termelö Kft.	Györ, Hungary	100% 2/6	
Esec International B.V.	Duiven, the Netherlands	100% 7	
Esec AG	Cham, Switzerland	100% 7	
Esec China Financial Ltd.	Hong Kong, China	100% 7	
Esec (Shanghai) Trading Co., Ltd.	Shanghai, China	100% 7	
Esec (Taiwan) Ltd.	Hsinchu, Taiwan	100% 7	
Esec (Singapore) Pte. Ltd.	Singapore	100% 7	

- Fico B.V. and Fico Singulation B.V. merged effective December 19, 2007. The name of the combined company is Fico B.V.
- 2 In order to comply with local corporate law, a minority shareholding (less than 0.1%) is held by the management of these respective companies.
- 3 In order to comply with local corporate law, a minority shareholding is held by Company management.
- Company formerly known as Laurier Inc. and merged with Datacon North America Inc. in January 2008.
- 5 Company formerly known as Fico Asia Sdn. Bhd.
- Datacon Hungary Termelö Kft. was successfully sold on August 14, 2009.
- Acquired as of April 1, 2009.

All intercompany profit, transactions and balances have been eliminated in consolidation.

Foreign currency translation

The Consolidated Financial Statements are presented in euros, which is the parent company's functional and presentation currency. Each entity in the group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The principal exchange rates against the euro used in preparing the Consolidated Statement of Financial Position and the Consolidated Statement of Comprehensive Income are:

	Consolidated Statement of Financial Position		Consolidated Statement of Comprehensive	
	2009	2008	2009	2008
US dollar	1.44	1.40	1.40	1.48
Swiss franc	1.49	1.49	1.51	1.58
Malaysian ringgit	4.93	4.83	4.91	4.90
Chinese Yuan	9.80	9.55	9.52	10.21

Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken into the Consolidated Statement of Comprehensive Income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Any goodwill arising on the acquisition of a foreign operation and any fair-value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate. The assets and liabilities of foreign operations are translated into euros at the rate of exchange ruling at the balance sheet date and their Consolidated Statement of Comprehensive Income is translated at the weighted average exchange rates for the year. The exchange differences arising on the translation of assets and liabilities are taken directly to a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognized in equity relating to that particular foreign operation is recognized in the Consolidated Statement of Comprehensive Income.

Cash and cash equivalents

Cash and cash equivalents consist of highly liquid investments with an original maturity date at the date of acquisition of three months or less. Cash and cash equivalents are measured at fair value.

Trade receivables and other receivables

Trade and other receivables are initially measured at fair value and subsequently at amortized cost, using the effective interest method, less any impairment loss. An allowance for impairment of trade and other receivables is established if the collection of a receivable becomes doubtful. Such receivable becomes doubtful when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. An impairment loss is recognized in the Consolidated Statement of Comprehensive Income, as are subsequent recoveries of previous impairments.

Inventories

Inventories are stated at the lower of cost (using first-in, first-out method) and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Cost includes net prices paid for materials purchased and all expenses to bring the inventory to its current location, charges for freight and custom duties, production labor costs and factory overhead.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment charges. Costs include expenditures that are directly attributable to the acquisition of the asset, including financing expenses of capital investment projects under construction. Depreciation is calculated using the straight-line method, based on the following estimated useful lives:

Category	Estimated useful life
Land	Not depreciated
Buildings	15–30 years
Leasehold improvements	15–10 years
Machinery and equipment	2–10 years
Office furniture and equipment	3–10 years

¹ Leasehold improvements are depreciated over the shorter of the lease term or economic life of the asset.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment. The residual value, if not insignificant, is reassessed annually.

The Company recognizes 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 benefit relating to that subsequent expenditure will flow to the Company and the cost can be measured reliably. Other costs are recognized in the Consolidated Statement of Comprehensive Income as expense, as incurred.

Leased assets

Assets acquired under financial leases are included in the balance sheet at the present value of the minimum future lease payments and are depreciated over the shorter of the lease term or their estimated economic lives. A corresponding liability is recorded at the inception of the financial lease and the interest element of financial leases is charged to interest expense. Operating lease payments are recognized as an expense in the Consolidated Statement of Comprehensive Income on a straight-line basis over the lease term.

Intangible assets

Intangible assets are valued at cost less accumulated amortization and impairment charges. All intangible assets are tested for impairment whenever there is an indication that the intangible asset may be impaired. In addition, intangible assets with an indefinite useful life, such as goodwill and certain global brands, are not amortized, but tested for impairment annually. In cases where the carrying value of the intangibles exceeds the recoverable amount, an impairment charge is recognized in the Consolidated Statement of Comprehensive Income.

Business combinations and goodwill

Business combinations are accounted for using the purchase method. Goodwill represents the excess of the costs of purchased businesses over the fair value of their net identifiable assets, liabilities and contingent liabilities at date of acquisition. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. If the cost of an acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the Consolidated Statement of Comprehensive Income. Goodwill is allocated to cash-generating units and is tested annually for impairment. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Capitalized development expenses

Expenditures for research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, are recognized in the Consolidated Statement of Comprehensive Income as an expense, as incurred. Expenditure for development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalized if the product or process is technically and commercially feasible, the Company has the intention and sufficient resources to complete development, the Company has the ability to use or sell the development and the ability to measure reliable the expenditure attributable to the development during its process. The expenditure capitalized includes the cost of materials, direct labour, borrowing costs and other directly attributable costs. Other development expenditures are recognized in the Consolidated Statement of Comprehensive Income as an expense, as incurred. Capitalized development expenditures are stated at cost less accumulated amortization and impairment losses.

Other identifiable intangible assets

Other intangible assets that are acquired by the Company are stated at cost (i.e. fair value of the consideration given) at the date of acquisition less accumulated amortization and impairment losses.

Amortization

Amortization is charged to the Consolidated Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Acquired order backlog is amortized based on revenue from the associated backlog. Other intangible assets are amortized from the date they are available for use. The estimated useful lives are as follows:

Category	Estimated useful life
Patents and trademarks	8–16 years
Customer relationships	12 years
Development expenses	2–5 years

The Company does not have any other intangible assets with indefinite lives.

The amortization is recognized in the Consolidated Statement of Comprehensive Income in cost of sales, selling, general and administrative expenses and research and development expenses.

Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each year's end balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the Consolidated Statement of Comprehensive Income. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

Calculation of recoverable amount

The recoverable amount of other assets is the higher of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Impairment losses in respect of goodwill are not reversed. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Other non-current assets

Other non-current assets are stated at fair value.

Other current liabilities

Other current liabilities consist of notes payable to banks, trade payables and other payables and are initially measured at fair value and subsequently at amortized cost, using the effective interest method.

Convertible Notes

Convertible Notes that can be converted to share capital at the option of the holder, where the number of shares issued does not vary with changes in their fair value, are accounted for as compound financial instruments. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds. The equity component of the Convertible Notes is calculated as the excess of the issue proceeds over the present value of the future interest and principal payments, discounted at the market rate of interest applicable to similar liabilities that do not have a conversion option. The interest expense recognized in the Consolidated Statement of Comprehensive Income is calculated using the effective interest rate method.

Financial assets and liabilities

All financial assets and liabilities have been valued in accordance with the loans and receivable category as defined in IAS 39 unless indicated otherwise.

Financial assets

Financial assets are recognized initially at fair value plus, in the case of investments not at fair value through the Consolidated Statement of Comprehensive Income, directly attributable transaction costs.

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired.
- The Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement.
- The Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.
- When the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace are recognized on the trade date, i.e. the date that the Company commits to purchase or sell the asset.

Derivative financial instruments

The Company uses derivative financial instruments to hedge its exposure to foreign currency exchange rate fluctuations relating to operational activities denominated in foreign currencies. In accordance with its treasury policy, the Company does not hold or issue derivative financial instruments for trading purposes. The Company uses hedge accounting. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

The Company recognizes derivative financial instruments initially at fair value. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on remeasurement to fair value is recognized immediately in the Consolidated Statement of Comprehensive Income. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

The Company applies the cash flow hedge accounting model. In this hedging model, the effective part of a hedge transaction is reported as a component of other comprehensive income, which is reclassified to earnings in the same period(s) in which the hedged forecasted transaction affects earnings. The ineffective part of the hedge is recognized directly in the Consolidated Statement of Comprehensive Income in financial income (expense).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are carried at amortized costs using the effective interest rate method. Gains and losses are recognized in the Consolidated Statement of Comprehensive Income when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Financial liabilities

Financial liabilities are initially measured at fair value and subsequently at amortized cost, using the effective interest method. The Company's financial liabilities include trade and other payables, bank overdraft, loans and borrowings and derivative financial instruments.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are

substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the Consolidated Statement of Comprehensive Income.

Employee benefits

Pension plans

Obligations for contributions to defined contribution plans are recognized as an expense in the Consolidated Statement of Comprehensive Income, as incurred.

The Company's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The calculation is performed by a qualified actuary using the projected unit credit method.

A majority of the Company's Dutch employees participate in a multi-employer plan, which consists of defined benefits determined in accordance with the respective collective bargaining agreements. The Company accounts for this defined benefit plan as if it were a defined contribution plan as the pension fund managing the plan is not able to provide sufficient information to account for the plan as a defined benefit plan. The Company's Management requested the pension fund to provide the Company with adequate and sufficient information to disclose this plan in accordance with disclosure requirements for defined benefit plans. However, the pension fund confirmed in writing that they could not provide the Company with such information.

Severance provisions

A provision for severance obligations is recognized in the balance sheet if the Company is obligated to severance payments, even if future termination of the contract is initiated by the employee.

Share-based payments

Under the Incentive Plan 1995 and the Incentive Plan 2001, the Company granted both cash and equity-settled share-based payments to its employees.

The fair value of equity-settled options granted is recognized as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and expensed over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using a binomial model, taking into account the terms and conditions upon which the options were granted. The amount recognized as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

The fair value of the cash-settled options is recognized as an expense with a corresponding increase in liabilities. The fair value is initially measured at grant date and spread over the period during which the employees become unconditionally entitled to payment. The fair value of the cash-settled options is measured based on a binomial model, taking into account the terms and conditions upon which the instruments were granted. The liability is remeasured at each balance sheet date and at settlement date. Any changes in the fair value of the liability are recognized in the Consolidated Statement of Comprehensive Income.

Under the Incentive Plan 2005, the Company granted non-performance-related stock awards to its Supervisory Board and performance-related stock awards to members of its Board of Management, executive officers and senior officers of the Company. All granted stock awards in 2005 and 2006 have vested on November 30, 2007, in accordance with the allocation agreements. The Company granted 81,875 stock awards in 2009 of which 16,000 have vested in 2009, in accordance with the allocation agreements. All non-vested stock awards vest in 2010. The expense recognized in the Consolidated Statement of Comprehensive Income is based on the market value of the Company's Ordinary Shares on the date of grant.

Provisions

A provision is recognized in the balance sheet when the Company has a present legal or constructive obligation as a result of 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.

Warranties

A provision for warranties is recognized when the underlying products or services are sold. The provision is based on historical warranty data and a weighing of all possible outcomes against their associated probabilities.

Restructuring

A provision for restructuring is recognized when the Company has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly and irrevocable. The restructuring plan includes workforce reduction, asset write-offs and building closure costs. Future operating costs are not provided for.

Revenue recognition

Revenue from the sale of products in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net returns, trade discounts and volume rebates. Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliable, there is no continuing management involvement with the products and the amount of revenue can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized. The timing of the transfers of risks and rewards varies depending on the individual terms of the contract of sale. Revenue related to training and technical support is recognized when the service is rendered. Revenue from the sale of spare parts and materials is recognized when the goods are shipped.

Subsidies and their governmental credits

Subsidies and other governmental credits to cover research and development costs relating to approved projects are recorded as research and development credits in the period when the research and development costs to which such subsidy or credit relates occurs. If the related development costs are capitalized, the subsidies and other governmental credits will be offset against capitalization. Technical development credits ("Technische Ontwikkelingskredieten" or "TOK") received from the Netherlands government to offset the costs of certain research and development projects are contingently repayable to the extent that sales of equipment developed in such projects occur. Such repayments are calculated as a percentage of sales revenue and are charged to research and development expenses. No repayment is required if such sales do not occur.

Net financing expenses/borrowing costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method, foreign exchange gains and losses and gains and losses on hedging instruments that are recognized in the Consolidated Statement of Comprehensive Income. Interest income is recognized in the Consolidated Statement of Comprehensive Income as it accrues, using the effective interest method. The interest expense component of finance lease payments is recognized in the Consolidated Statement of Comprehensive Income using the effective interest rate method. Borrowing costs that are not directly attributable to the acquisition or production of a qualifying asset are recognized in the Consolidated Statement of Comprehensive Income using the effective interest method.

The Company applies the liability method of accounting for taxes. Under the liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years which these temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the Consolidated Statement of Comprehensive Income in the period that includes the enactment date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred

tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Segment reporting

The Company has changed its internal organizational structure and the management structure in 2009. The Company identifies four operating segments (Product Groups). Each Product Group is engaged in business activities from which it may earn revenues. Consequently, the Company has defined each Product Group as individual cash-generating unit. The four Product Groups are aggregated into a single reporting segment, the development, manufacturing, marketing and servicing of assembly equipment for the semiconductor's back-end segment. Since the Company operates in one segment and in one group of similar products and services, all financial segment information can be found in the Consolidated Financial Statements.

Significant accounting judgements, estimates and assumptions

The preparation of the Company's Consolidated Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgement, apart from those involving estimations, which has the most significant effect on the amounts recognized in the Consolidated Financial Statements:

Impairment of non-financial assets

The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Good-will and other indefinite life intangibles are tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are contained in Note 9.

Share-based payments

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility and dividend yield and making assumptions about them. Further details are contained in Note 19.

Deferred tax assets

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in Note 11.

Pension and other post employment benefits

The cost of defined benefit pension plans and other post-employment medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. Further details are given in Note 19.

Development costs

Development costs are capitalized in accordance with the accounting policy as reflected before. Initial capitalization of costs is

based on management's judgement that technological and economical feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalized, management makes assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits. Further details are contained in Note 10.

New IFRS standards

The Company has analysed all new and amended IFRS Guidelines during the year and adopted the below mentioned new and amended IFRS Guidelines during the year. Adoption of these revised standards did not have any effect on the Financial Statements of the Company, nor did they give rise to major additional disclosures. Other changes in accounting principles have no impact on the Company.

IFRS 2 share-based payments

Clarifies the definitions of vesting conditions and cancellations and became effective in 2009. The amendment did not affect the accounting for the Company's stock option and performance shares plans. A second amendment was issued in June 2009 and clarified how an individual subsidiary in a group should account for share-based payment arrangements in its own financial statements. This amendment is not applicable to the Company's Consolidated Financial Statements.

IFRS 7 financial instruments: disclosures

Introduces a fair value hierarchy and additional disclosures for measurement of financial instruments. The amendment became effective in 2009 and resulted in limited additional disclosures in the Company's financial statements.

IFRS 8 operating segments

Requires an entity to adopt the "management approach" to reporting on the financial performance of its operating segments. Generally, the information to be reported is what management uses internally for evaluating segment performance and deciding how to allocate resources to operating segments. The Company adopted this standard in 2009, which did not result in presentation changes.

The revised IAS 1 presentation of financial statements

Mainly introduces a statement of comprehensive income. The Company adopted this standard in 2009 and changed the presentation of the Company's financial statements accordingly.

IAS 23 borrowing costs

Removes the option of immediately recognizing as an expense borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale. This amendment became effective in 2009 and has not impacted the Company's Consolidated Financial Statements, as the Company already capitalized borrowing cost.

Future changes in accounting principles

The Company has not applied the following IFRS Guidelines, which have been issued but have not yet entered into force:

IFRS 3 business combinations and IAS 27 consolidated and separate financial statements

Were revised and will be effective as from 2010. These standards will bring significant changes to the accounting policies related to business combinations and changed ownership interests. The Company does not expect a material impact on presented figures, as the carrying amounts of any assets and liabilities that arose under business combinations prior to the application of the revised standard are not adjusted.

IFRS 9 financial instruments (replacement of IAS 39)

Will become effective as from 2013, with earlier adoption permitted, including for 2009. IFRS 9 introduced new requirements for classifying and measuring financial assets. This standard encompasses an overall change of accounting principles in that standard and will eventually replace IAS 39 – the current standard on financial instruments. As its scope will be expanded during 2010, the

Company will review the effects of a comprehensive standard on financial instruments and consider adoption when appropriate.

IAS 24 related party disclosures

Clarifies the definition of a related party and provided a partial exemption from the disclosure requirements for government-related entities. The revised standard also clarifies that disclosure is required of any commitments of a related party to do something if a particular event occurs or does not occur in the future. The revised standard is effective as from 2011, with earlier application permitted.

IAS 39 financial instruments: recognition and measurement

Addresses two separate hedge accounting issues. It clarifies the requirements when options are used for hedging and it regulates inflation-linked hedge relationships. The amendment to IAS 39 will be effective as from 2010. As the Company commonly uses forward contracts for hedges, the Company does not expect a material impact from adopting this amendment.

3. Cash and cash equivalents

(euro in thousands)	December 31,	December 31, 2008	
	2009		
Short-term deposits	33,973	41,786	
Cash on hand at banks	39,152	32,222	
Total cash and cash equivalents	73,125	74,008	

Cash and cash equivalents in the balance sheet comprise cash at banks. Interest rates are variable, except for some short-term deposits, which bear a fixed interest rate with an original maturity of three months or less depending on the immediate cash requirements of the Company. At December 31, 2009, an amount of \leq 2.4 million in cash and cash equivalents was restricted (in 2008 no restrictions). The fair value of cash and short-term deposits is \leq 73,125 (2008: \leq 74,008).

4. Trade receivables

Trade receivables, generally with payment terms of 30 to 90 days, with impairment losses amounting to € 1,503 and € 850 at December 31, 2009 and 2008, respectively are shown as follows:

(euro in thousands) Total	pas	Neither past due nor impaired				Past du		
4.7		5		< 30 days	30-60 days	60-90 days	90-120 days	> 120 days
2009	36,341	(1,503)	20,578	7,950	1,629	3,688	699	3,300
2008	23,824	(850)	9,192	4,458	4,763	1,640	640	3,981

The movements in the allowance for doubtful accounts are as follows:

(euro in thousands)	2009	2008	
Balance at January 1,	850	393	
Additions	260	481	
Acquisition Esec	485		
Utilized	(90)	(25)	
Foreign currency translation	(2)	1	
Balance at December 31,	1,503	850	

5. Inventories

Inventories consist of the following:

(euro in thousands)	December 31,	December 31,	
	2009	2008	
Raw materials	28,360	23,695	
Work in progress	20,997	19,318	
Finished goods	5,776	4,040	
Total inventories, net	55,133	47,053	

The amount of write-down of inventories recognized as an expense in 2009 is € 6,129 (2008: € 1,978) which is recognized in cost of sales.

6. Other receivables

Other receivables consist of the following:

(euro in thousands)	December 31,	December 31, 2008	
	2009		
VAT		4 700	
VAT receivables	2,033	1,729	
Subsidies and development credits receivable	176	398	
Interest receivable	135	280	
Deposits	687	172	
Prepaid expenses	884	1,102	
Insurance	2,114	896	
Other	1,685	1,196	
Total other receivables	7,714	5,773	

Other receivables do not include any amounts with expected remaining terms of more than one year.

7. Property, plant and equipment

Property, plant and equipment, net consist of the following:

(euro in thousands)	Land,	Machinery	Office	Assets	Total
	buildings and	and	furniture and equipment	under	
	leasehold	equipment			
	improvements				
Balance at January 1, 2009					
Cost	21,547	26,826	18,055	1,940	68,368
Accumulated depreciation	(4,632)	(20,975)	(15,454)	11/1/2014	(41,061)
Property, plant and equipment, net	16,915	5,851	2,601	1,940	27,307
Changes in book value in 2009					
Additions	97	1,085	1,412	(730)	1,864
Disposals	(88)	83	(665)		(670)
Depreciation	(1,442)	(2,308)	(2,237)		(5,987)
Acquisition Esec	729	212	1,066		2,007
Foreign currency translation	(106)	(58)	(31)	(14)	(209)
Total changes	(810)	(986)	(455)	(744)	(2,995)
Balance at December 31, 2009					
Cost	19,199	23,924	19,022	1,196	63,341
Accumulated depreciation	(3,094)	(19,059)	(16,876)		(39,029)
Property, plant and equipment, net	16,105	4,865	2,146	1,196	24,312

(euro in thousands)	Land, buildings and	Machinery	Office furniture and	Assets under	Total
	leasehold improvements	equipment	equipment	construction	
Balance at January 1, 2008	73 11		ne se	Principal	
Cost	14,680	22,660	16,627	635	54,602
Accumulated depreciation	(1,654)	(17,394)	(14,344)		(33,392)
Property, plant and equipment, net	13,026	5,266	2,283	635	21,210
Changes in book value in 2008					
Additions	3,104	2,433	835	1,147	7,519
Assets formerly held for sale 1	1,342	122			1,464
Financial leases ²	181	91	728	-	1,000
Disposals	(9)	(104)	(5)		(118)
Depreciation	(781)	(2,036)	(1,260)		(4,077)
Foreign currency translation	52	79	20	158	309
Total changes	3,889	585	318	1,305	6,097
Balance at December 31, 2008					
Cost	21,547	26,826	18,055	1,940	68,368
Accumulated depreciation	(4,632)	(20,975)	(15,454)		(41,061)
Property, plant and equipment, net	16,915	5,851	2,601	1,940	27,307

¹ Included in assets formerly held for sale is an amount of € 6,892 related to cost and € 5,428 related to accumulated depreciation.

The Company has obligations under various financial and operating leases, primarily for land and buildings, manufacturing and office facilities and equipment. Assets under financial leases included in property, plant and equipment consist of the following:

(euro in thousands)	December 31,	December 31,
	2009	2008
5 7 8 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1		- 101
Buildings and leasehold improvements	181	181
Machinery and equipment		91
Office furniture and equipment	728	728
Accumulated depreciation	(404)	(89)
Total	505	911

Depreciation

The depreciation is recognized in the following line items in the Consolidated Statement of Comprehensive Income:

(euro in thousands)	December 31,	December 31,
	2009	
Cost of sales	1,937	1,658
Selling, general and administrative expenses	3,451	1,924
Research and development expenses	599	495
Total	5,987	4,077

8. Business combinations

On April 1, 2009, the Company announced the closing of its acquisition of 100% of the shares of Oerlikon Assembly Equipment AG and certain assets and affiliates related thereto which comprise the Esec business unit from OC Oerlikon Corporation AG ("Oerlikon"). Based in Cham, Switzerland, Esec is a leading global manufacturer of die bonding and wire bonding equipment with sales of approximately € 80 million in 2008 and an estimated installed base in excess of 9,000 systems worldwide.

² The Company re-financed an operational lease which was concluded in 2007. As a result of this transaction, the amount of € 1,000 is reported under financial leases in 2008.

In the nine months to December 31, 2009 the subsidiary contributed a net loss of approximately € 1 million. If the acquisition had occurred on January 1, 2009, management estimates that consolidated revenue over 2009 would have been approximately € 154 million and consolidated net loss would have been approximately € 7 million for the year ended December 31, 2009.

As consideration for the acquisition, Besi transferred to Oerlikon 2.8 million of its Ordinary Shares held in treasury, representing 8.3% of its total shares outstanding. The total consideration for the purchase was approximately € 4.8 million (including acquisition costs related thereto) based on a closing price of € 1.56 per Besi share on the date of acquisition.

The fair value of the identifiable assets and liabilities of Esec as at the date of acquisition and the corresponding carrying amounts immediately before the acquisition were:

(euro in thousands)	Fair value	Previous	
	on acquisition	carrying value	
Cash and cash equivalents	19,462	19,46	
Trade receivables	5,362	5,36.	
Inventories	24,984	24,78	
Receivable OC Oerlikon (seller)	8,196	8,19	
Other receivables	4,102	4,10	
Total current assets	62,106	61,91	
Property, plant and equipment	2,007	2,00	
In process research & development	2,891	2,89	
Deferred tax assets	1,053	1,05	
Total non-current assets	5,951	5,95	
Trade payables	(2,993)	(2,993	
Provisions	(11,765)	(10,580	
Other payables	(7,278)	(7,278	
Total liabilities	(22,036)	(20,851	
Total net assets acquired	46,021	47,01	
Badwill arising on acquisition	(41,207)		
Total consideration	4,814		
Cost			
(euro in thousands)			
Shares issued, at fair value		4,360	
Cost associated with the acquisition		44	
Total cost of acquisition		4,81	
Cash inflow on acquisition			
(euro in thousands)			
Net cash acquired		19,46	
Cash paid for cost associated with the acquisition		(446	
cash paid for cost associated with the acquisition		(440	

9. Goodwill

Goodwill consists of the following:

(euro in thousands)	2009	2008	
Balance at January 1,			
Cost	63,594	63,218	
Accumulated impairment	(20,200)		
Goodwill, net	43,394	63,218	
Changes in book value			
Impairment		(20,200)	
Foreign currency translation	(232)	376	
Total changes	(232)	(19,824)	
Balance at December 31,			
Cost	63,362	63,594	
Accumulated impairment	(20,200)	(20,200)	
Goodwill	43,162	43,394	

Impairment tests for cash-generating units containing goodwill

The Company annually carries out impairment tests on capitalized goodwill, based on the cash-generating units.

The aggregate carrying amounts of goodwill with indefinite lives allocated to each cash-generating unit are as follows:

(euro in thousands)	December 31,	December 31,	
	2009	2008	
Die Attach	41,182	41,414	
Plating	1,980	1,980	
Total	43,162	43,394	

The fair value of the cash generating units subject to impairment testing is calculated based on the discounted cash flow method (income approach). The fair value calculations use after-tax discounted cash flow projections based on the budget for the year 2010 and financial projections per Product Group approved by Management for the projection period (2011-2014).

The material assumptions used by management underlying the fair value calculation per cash generating unit are as follows:

- Cash flows per cash generating unit for the five year projection period are based on:
 - . The Company's budget for 2010.
 - Revenue forecasts for 2011-2014 as per market growth estimates from VLSI, a leading analyst for the semiconductor and semiconductor equipment industries, and the Company's estimated market shares.
 - Bottom-up estimates for gross profit and research & development and selling, general and administrative expenses as per management's strategic planning, including its current restructuring efforts and Esec integration activities.
- A discount rate of 11.7% (pre-tax rate of 11.8%) to 11.8% (pre-tax rate of 11.9%) representing the weighted average cost of
 capital (WACC) is determined using the Capital Asset Pricing Model (in 2008 between 12.6% and 13.1%).
- Residual value is based on a 1.0% perpetual growth rate (in 2008: 1.0%).
- The risk free rate of 3.40% and market risk premium (in 2008: 3.66%).

Total

All assumptions used reflect the current market assessment and are based on published indices and management estimates which are challenged by a third party financial advisor. Based on this analysis, Management believes that the fair value of the cash generating units subject to impairment testing substantially exceeded their carrying values and that, therefore, goodwill was not impaired as of December 31, 2009.

The outcome of a sensitivity analysis was that reasonably possible adverse changes in key assumptions of 100 basispoints (lower growth rates and higher discount rates respectively) would not result in significant other conclusions for the impairment test performed.

Software

Patents

Customer

Development

10. Other intangible assets

(euro in thousands)

Other intangible assets, net consist of the following:

SHEET SHE				relationships	expenses	
Balance at January 1, 2009						
Cost		2,730	34,303	6,083	10,525	53,641
Accumulated amortization		(309)	(31,783)	(2,028)	(5,482)	(39,602)
Accumulated impairment			(855)		(219)	(1,074)
Other intangible assets, net		2,421	1,665	4,055	4,824	12,965
Changes in book value in 2009						
Capitalized development expenses		200			6,978	6,978
Acquisition Esec		fra Di	- 11		2,891	2,891
Financial leases		490	1 1 4			490
Amortization		(900)	(959)	(507)	(1,099)	(3,465)
Impairments				-	(185)	(185)
Foreign currency differences			(9)	-	31	22
Total changes		(410)	(968)	(507)	8,616	6,731
Balance at December 31, 2009						
Cost		3,220	34,270	6,083	20,347	63,920
Accumulated amortization		(1,209)	(32,750)	(2,535)	(6,505)	(42,999)
Accumulated impairment			(823)		(402)	(1,225)
Other intangible assets, net		2,011	697	3,548	13,440	19,696
(euro in thousands)	Software	Patents	Trademarks	Customer	Development	Total
				relationships	expenses	
Balance at January 1, 2008						
Cost		34,247	501	6,083	7,045	47,876
Accumulated amortization		(30,581)	(240)	(1,521)	(4,167)	(36,509)
Accumulated impairment		(725)	(261)		(219)	(1,205)
Other intangible assets, net		2,941		4,562	2,659	10,162
Changes in book value in 2008						
Capitalized development expenses					3,453	3,453
Financial leases 1	2,730					2,730
Amortization	(309)	(1,291)		(507)	(1,315)	(3,422)
Foreign currency differences		15	The second		27	42
Total changes	2,421	(1,276)		(507)	2,165	2,803
Balance at December 31, 2008				,		
Cost	2,730	34,303		6,083	10,525	53,641
Accumulated amortization	(309)	(31,783)		(2,028)	(5,482)	(39,602)
Accumulated amortization Accumulated impairment	(309)	(31,783) (855)		(2,028)	(5,482)	(39,602)

¹ The Company re-financed an operational lease which was concluded in 2008. As a result of this transaction, the amount of € 2,730 is reported under financial leases in 2008.

Amortization and impairment charge

The amortization and impairment (charge) is recognized in the following line items in the Consolidated Statement of Comprehensive Income:

(euro in thousands)	December 31,	December 31,
	2009	2008
Cost of sales	970	1,287
Selling, general and administrative expenses	1,396	816
Research and development expenses	1,099	1,319
Subtotal amortization	3,465	3,422
Impairment expenses	185	20,200
Total	3,650	23,622

The Company has obligations under various financial and operating leases, primarily for land and buildings, manufacturing and office facilities and equipment. Assets under financial leases included in other intangible assets consist of the following:

(euro in thousands)	December 31,	December 31,
	2009	2008
Software	3,220	2,730
Accumulated depreciation	(1,209)	(309)
Total	2,011	2,421

11. Income taxes

The items giving rise to the deferred tax assets (liabilities), net were as follows:

(euro in thousands)	December 31,	December 31,
	2009	2008
Deferred tax assets (liabilities)		
- Operating loss carry forwards	8,041	3,940
- Intangible assets	(708)	468
- Inventories	656	1,141
- Provisions	907	988
- Debt issuance costs Convertible Notes	(180)	(198)
- Equity component Convertible Notes	(134)	(263)
- Other items	(683)	(1,021)
Total deferred tax assets (liabilities), net	7,899	5,055
Deferred tax asset to be recovered after more than twelve months	7,261	3,954
Deferred tax asset to be recovered within twelve months	1,168	1,723
Total deferred tax assets, net	8,429	5,677
Deferred tax liability to be settled after more than twelve months	(530)	(622)
Deferred tax liability to be settled within twelve months		
Total deferred tax liabilities, net	(530)	(622)
Total deferred tax assets (liabilities), net	7,899	5,055

The deferred tax assets for operating loss carry forwards are related to the US, German, Austrian, Swiss and Dutch operations of the Company. Under applicable US tax law, the carry forwards related to the US operating losses of \in 17.1 million expire during the periods of 2010 through 2028. The carry forwards related to the Dutch operating losses amount to approximately \in 72.2 million and expire during the periods of 2013 through 2018. The carry forwards related to the German operating losses amount to approximately \in 0.9 million, and have no expiration terms. The carry forwards related to the Swiss operating losses amount to approximately \in 102.4 million, and have various expiration terms. The carry forwards related to the Austrian operating losses amount to approximately \in 15.1 million, and can be carried forward indefinitely.

In assessing the realizability of deferred tax assets, the Company considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. The Company considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment.

In 2009, the Company determined that future taxable income would be sufficient to cover the Dutch deferred tax asset of \leqslant 3.4 million related to the tax loss carry forwards. Taxable losses in 2009 are fully provided for (\leqslant 8.4 million).

The Dutch domestic statutory tax rate is 25.5% for the year ended December 31, 2009, and 25.5% for the year ended December 31, 2008. The reconciliation between the actual income taxes (benefit) shown in the Consolidated Statement of Comprehensive Income and the expense (benefit) that would be expected based on the application of the domestic tax rate to income (loss) before taxes and related goodwill adjustment, is as follows:

(euro in thousands)		d December 31,	Year ended December 31	
	2009	2009 in % of	2008	2008 in % of
		loss before		loss before
		taxes		taxes
"Expected" income tax expense (benefit) based on domestic rate	1,259	25.5%	(7,485)	25.5%
Non-deductible expenses	194	3.9%	173	(0.6%)
Foreign tax rate differential	(6)	(0.1%)	68	(0.2%)
Impairment goodwill			5,087	(17.3%)
Result on acquisition	(10,589)	(214.5%)		
Net operating losses not recognized	7,902	160.1%	6,618	(22.5%)
Other	779	15.8%	361	(1.3%)
Income tax (benefit) shown in Consolidated Statement of Comprehensive Income	(461)	(9.3%)	4,822	(16.4%)

The provision for income tax (benefit) shown in the Consolidated Statement of Comprehensive Income consisted of the following:

(euro in thousands)	December 31,	December 31,	
	2009	2008	
Current	990	2,418	
Deferred	(1,451)	2,404	
Total	(461)	4,822	

Tax risk

Given the international business structure of the Company and the increasing number and amounts of intercompany transactions, certain tax risks hereto may exist.

12. Other non-current assets

Other non-current assets consist of the following, with respect to more details the Company refers to Note 19:

(euro in thousands)	December 31,	December 31,	
	2009	2008	
Funds with insurance companies for pension liability	940	2,094	
Other	201	186	
Total other non-current assets	1,141	2,280	

13. Borrowing facilities

At December 31, 2009, the Company and its subsidiaries had available credit facilities amounting to an aggregate of € 21.1 million, under which € 13.9 million of short-term borrowings were outstanding. Furthermore, amounts available to be drawn under the lines were reduced by € 1.3 million in outstanding bank guarantees. Interest is charged at the bank's base lending rates or Euribor plus an increment between 0.30% and 1.0%. The credit facility agreements include covenants requiring the Company to maintain certain financial ratios. The Company and all of its applicable subsidiaries were in compliance with all loan covenants at December 31, 2009. € 8.0 million of Besi's credit lines relate to its Dutch subsidiaries and are secured by a pledge of inventories and accounts receivables and a parent company guarantee. All borrowing facilities have no contractual maturity date. For security arrangements with respect to all loans the Company refers to Note 17.

14. Provisions

(euro in thousands)	December 31,	December 31,
	2009	2008
Warranty provision	3,324	2,671
Restructuring provision	5,199	2,461
Provision for purchase obligations	377	
Total provisions	8,900	5,132

Warranty Provision

A summary of activity in the warranty provision is as follows:

(euro in thousands)	2009	2008
Balance at January 1,	2,671	2,668
Acquisition Esec	1,322	
Additions	1,792	2,628
Cost for warranty usage	(2,480)	(2,642)
Foreign currency translation	19	17
Balance at December 31,	3,324	2,671

Restructuring provision

In December 2009, the Company announced an operational restructuring focused on the realignment of the packaging systems portfolio and sales and service activities in order to streamline its operations, reduce subsidiary overhead and improve profitability. Restructuring charges recorded by the Company in 2009 amount to \in 6.9 million, whereof approximately \in 2.9 million relates to severance payments and approximately \in 3.4 million relates to onerous contract of the building in Duiven.

Changes in the restructuring provision were as follows:

(euro in thousands)	2009	2008
Balance at January 1,	2,461	553
Additions (releases)	6,857	2,461
Acquisition Esec	1,414	
Cash payments	(5,108)	(553)
Non cash items	(425)	
Balance at December 31,	5,199	2,461

The additions mainly relate to severance payments and the onerous contract of the building in Duiven. The restructuring charges (releases) are recognized in the following line items in the Consolidated Statement of Comprehensive Income:

(euro in thousands)	December 31,	December 31, 2008	
	2009		
Cost of sales	690	314	
Selling, general and administrative expenses	5,955	3,835	
Research and development expenses	212	75	
Total	6,857	4,224	

Provision for purchase obligations

The Company systematically evaluates its outstanding commitments for the purchase of materials and subcontracting for obsolescence. At December 31, 2009, the Company provided a provision on its outstanding commitments equal to € 377.

15. Trade payables

Trade payables are non-interest bearing and are normally settled on 30-60 day terms.

16. Other payables

(euro in thousands)	December 31,	December 31,
PART NO.	2009	2008
Advances from customers	1,122	1,881
Other taxes and social security	2,598	2,017
Salaries and payroll-related items	8,029	4,888
Accrued project costs	1,095	819
Accrued commissions	108	142
Interest	894	1,000
Accrued advisory expenses	609	
Other	6,150	3,965
Total other payables	20,605	14,712

- Other payables are non-interest-bearing and have an average term of 3 months.
- Interest payable is normally settled quarterly throughout the year. Interest payables of the convertible loan are semi-annually.

17. Long-term debt and financial leases

euro in thousands)	December 31,	December 31,
	2009	2008
Convertible Notes, interest rate at 5.5%	35,068	34,492
Other long-term debt:		
A. Long-term loan from Bank für Tirol und Vorarlberg, Radfeld, Austria		
(Interest rate is 5.5% at December 31, 2008)		971
B Research and development loan from Österreichische Forschungsförderungsgesellschaft, Wien, Austria		
(Interest rates between 2.0% and 2.5% at December 31, 2009)	1,284	940
C. Long-term loan from Fortis Bank, the Netherlands (Interest rates at 4.72% at December 31, 2008)		1,000
D. Long-term loan from Fortis Bank, the Netherlands (Interest rate at 4.08% at December 31, 2008)		500
E. Long-term loan Fortis Bank, Austria (Interest rate at 5.88% at December 31, 2008)	THE FEEL STATES	2,671
F. Long-term loan Royal Bank of Scotland, Malaysia (Interest rate at 5.25% at December 31, 2009)	548	807
G. Long-term loan ERP fund (Interest rates at 2.95% at December 31, 2008)		200
H. Financial lease of IT investments	2,112	3,332
Financial leases at various interest rates	537	
Sub Total	39,549	44,913
Less: current portion	(1,911)	(4,591)
Total long-term debt and financial leases	37,638	40,322

Aggregate required principal payments due on long-term debt and financial leases for the next five years and thereafter, assuming no conversions of the Company's Convertible Notes occur, are as follows:

(euro in thousands)	Convertible Notes	Long-term debt	Financial leases
2010		489	1,422
2011		877	1,067
2012	36,300	133	159
2013		334	
2014 and thereafter			
Total	36,300	1,833	2,648
Less: imputed interest	(708)		
Less: unamortized debt issuance cost	(524)		
Less: current portion of long-term debt and financial leases		(489)	(1,422)
Non-current portion of long-term debt and financial leases	35,068	1,344	1,226

Convertible Notes

In January 2005, the Company issued € 46 million principal amount of Convertible Notes due 2012 (the "Notes"). The Notes carry an interest rate of 5.5% per annum, payable semi-annually, with the first payment made on July 28, 2005. The Notes initially convert into Ordinary Shares at a conversion price of € 5.1250. The Notes will be repaid at maturity at a price of 100% of their principal amount plus accrued and unpaid interest. If not converted, on the date beginning four years from the issue date, the Company may redeem the outstanding Notes at their par value provided that on the date of conversion the market value of the Company's Ordinary Shares exceeds 130% of the then effective conversion price.

The Notes were offered to institutional investors in the Netherlands and internationally to professional investors through an international private placement, in reliance on Regulation S of the US Securities Act of 1933, as amended. Listing of the Notes on the official segment of the Stock Market of Euronext Amsterdam N.V. took place on January 28, 2005.

In August 2008, the Company repurchased \leq 9.7 million of its 5.5% Convertible Notes due January 2012 in open market purchases through Morgan Stanley & Co. The Notes were purchased in two transactions from institutional investors at a price of approximately \leq 8.2 million (84.5% of original principal amount). The Note repurchase resulted in a one-time pre tax gain of \leq 1.4 million recorded in the Consolidated Statement of Comprehensive Income under financial income and expense and \leq 0.4 million was recorded in equity in the third quarter ended September 30, 2008.

The fair value of the Convertible Notes as of December 31, 2009 represents 85% of its nominal value of € 36.3 million.

Other long-term debt

The carrying value of the pledges related to long term debt does not exceed the value of the outstanding long term debt as of December 31, 2009.

- A. Represented a loan at December 31, 2008 totaling € 971 for the financing of the Company's Datacon subsidiary. The interest rate at December 31, 2008, was 5.5%. Loan has been fully repaid in 2009. The loan was secured by a bill of exchange, a pledge of securities and by land and fire insurance. The short-term portion of the loan was secured by outstanding trade receivables.
- B. Represents nine loans aggregating € 1,284 for the financing of the research and development projects at the Company's Datacon subsidiary. The fixed interest rates at December 31, 2009 vary from 2% to 2.5% for all loans. Loan repayments are due between January 2009 and June 2013.
- C. Represented a loan at December 31, 2008 of € 1,000 for the financing of the Company's Meco subsidiary. The interest rate at December 31, 2008 was 4.72%. Loan has been fully repaid in 2009. The loan was secured by a positive/negative pledge of registered claims, inventory and equipment.
- D. Represented a loan at December 31, 2008 of € 500 for the financing of the Company's Fico subsidiary. The interest rate at December 31, 2008 was 4.08%. Loan has been fully repaid in 2009. The loan was secured by a positive/negative pledge of registered claims, inventory and equipment.
- E. Represented a loan at December 31, 2008 of € 2,671 for the financing of the Company's Datacon subsidiary. The interest rate

- at December 31, 2008 was 5.88%. Loan has been fully repaid in 2009. The loan was secured by a bill of exchange, a pledge of securities and by land and fire insurance. The short portion of such loans was secured by outstanding trade receivables.
- F. Represents a loan of € 548 for the financing of the Company's Besi APac subsidiary. The fixed interest rate at December 31, 2009 was 5.25%. Loan repayments are due between January 2010 and March 2012. The loan is secured by a mortgage on the land and buildings of Besi APac Sdn. Bhd. and certain other fixed and floating present and future assets of Besi APac Sdn. Bhd.
- G. Represented a loan at December 31, 2008 of € 200 for the financing of the research and development projects at the Company's Datacon subsidiary. The interest rate at December 31, 2008 was 2.95%. Loan has been fully repaid in 2009. The loan was secured by a bank guarantee and investment funds held by the Datacon subsidiary.
- H. Represents a financial lease primarily related to IT investments held by the Company's Datacon subsidiary. Financial lease payments are due between January 2010 and August 31, 2011.

The Company has obligations under various financial leases, primarily for hardware and software. Future minimum lease payments under financial leases with the present value of the net minimum lease payments are as follows:

(euro in thousands)	Minimum	December 31, 2009 Present value of
	payments	payments
Within one year	1,342	1,238
After one year but not more than five years	896	874
Total minimum lease payments	2,238	
Less amounts representing financial charges	(126)	
Present value of minimum lease payments	2,112	2,112

18. Other non-current liabilities

Other non-current liabilities consist of the following:

(euro in thousands)	December 31,	December 31,
	2009	2008
Pension liabilities Austria	222	1,301
Pension liabilities Switzerland	460	
Severance obligations	1,058	1,321
Other non-current liabilities	1,740	2,622

19. Employee benefits

Pension plans

The employees of the Company's Dutch subsidiaries participate in a multi-employer union plan. This plan is a defined benefit plan that is managed by Bedrijfstakpensioenfonds Metalektro. This industry pension fund is unable to provide the information needed in order to account for pension commitments as a defined benefit plan in the Consolidated Financial Statements. For that reason, the plan is accounted for as a defined contribution plan in accordance with IAS 19 "Employee Benefits". The Company has no continuing obligations other than the annual payments. Contributions under this plan were € 2.8 million in 2009 and € 3.0 million in 2008, respectively. Based on public information posted on the website of the Industry Pension Fund, the funding increased from 90% as of December 31, 2008 to 100% as of December 31, 2009.

The Company's US, Malaysian, Korean, Japanese and Chinese subsidiaries have defined contribution plans that supplement the governmental benefits provided in the laws of the US, Malaysia, Korea, Japan and China, respectively.

The Company's Austrian subsidiaries operate a voluntary defined benefit plan for guaranteed pension payments covering key personnel only, as well as a defined benefit plan for severance payment in accordance with Austrian Labour Law. The pension assets

related to this defined benefit plan do not qualify as plan assets and are therefore presented separately, not netted with the pension liability. The cost of providing benefits under the defined benefit plans is determined separately for each plan using the project unit cost method. The corridor method is not applied. Actuarial gains and losses are recognized in the Consolidated Statement of Changes in Equity. The discount rate was assumed at 5.25% (2008: 5.75%). The discount rate was derived by reference to appropriate benchmark yields on high quality corporate bonds. For the severance payments a salary increase rate of 3% (2008: 3.5%) was assumed. For contractually granted director's pensions the contractual 1.5% (2008: 1.5%) increase was taken into account. For other employees, pensions and salary increases are not foreseen in the contract.

Changes in the liability for defined benefit and severance obligations recognized in the Consolidated Statement of Financial Position are as follows:

(euro in thousands)	Pension	Severance	2009
	liabilities	obligations	Total
		1	
Liability for defined benefit and severance obligations at January 1,	1,301	1,321	2,622
Service cost	82	99	181
Interest cost	53	73	126
Net actuarial loss (gain) recognized	123	(67)	56
Benefits paid	(1,337)	(368)	(1,705)
Liability for defined benefit and severance obligations at December 31,	222	1,058	1,280
(euro in thousands)	Pension	Severance	2008
	liabilities	obligations	Total
Liability for defined benefit and severance obligations at January 1,	1,536	1,581	3,117
Service cost	322	138	460
Interest cost	65	70	135
Net actuarial gain loss recognized	(246)	(461)	(707)
Benefits paid	(376)	(7)	(383)
Liability for defined benefit and severance obligations at December 31,	1,301	1,321	2,622

The accumulated defined benefit obligation amounts to € 1.3 million at December 31, 2009. Future expected benefit payments to (former) employees regarding pensions over the next ten years are immaterial. Future expected payments regarding severance over the next ten years cannot be estimated.

A summary of the components of total expense recognized in the net income (loss) for the period and the weighted average assumptions used for net periodic pension cost and benefit obligation calculations for 2009 and 2008 is presented below:

(euro in thousands)	Year ended December 31,	
	2009	2008
Components of total expense recognized in net income (loss) for the period		
Service cost	82	322
Interest cost	53	65
Total expense recognized in net income loss for the period	135	387

Changes in plan assets related to the liability for defined benefit and severance obligations recognized in the Consolidated Statement of Financial Position are as follows:

(euro in thousands)	2009	2008
Plan assets at January 1,	2,094	1,950
Actual return on plan assets	35	61
Employer contribution/additions to plan assets		171
Transfer/disposal of plan assets due to resignation of employees	(1,189)	(88)
Plan assets at December 31,	940	2,094

Expected contribution related to employer contribution in 2010 is expected to be in line with prior years.

The Company's Swiss subsidiary operates a defined benefit plan for guaranteed pension payments. The pension assets related to this defined benefit plan are netted with the pension liability. The cost of providing benefits under the defined benefit plan is calculated using the project unit cost method. Actuarial gains and losses are reported through Consolidated Statement of Changes in Equity. The corridor method is not applied. For 2009 the discount rate was assumed at 3.3%. Salary increases are assumed at 1.5%. Pension increases are assumed at 0.1%. The valuation of assets and liabilities pertaining to defined benefit plans is based on complex actuarial calculations. These, in turn, are based on assumptions, such as the expected inflation rate, salary progression, personnel fluctuation, life expectancy of the insured, discount factors used, and the return on invested plan assets. Significant variations in the actual developments of such factors from the assumptions made can have far-reaching effects on the Company's eventual obligations on the related funding.

Changes in the defined benefit obligation:

(euro in thousands)	2009
Liability for defined benefit obligations at January 1,	
Acquisition Esec	28,752
Current service cost	995
Interest cost	624
Actuarial gain recognized	(166)
Plan participants' contribution	657
Termination benefits	690
Benefits paid through pension assets	(7,028)
Foreign currency differences	504
Liability for defined benefit obligations at December 31,	25,028

Net benefit expense:

Year ended	
	2009
Current service cost	995
Interest cost	624
Expected return on plan assets	(787)
Termination benefits	690
Net benefit expense	1,522

Changes in the fair value of plan assets:

(euro in thousands)	2009
Fair value of plan assets at January 1,	
Acquisition Esec	28,005
Expected return on plan assets	787
Losses on assets	(23)
Plan participants contribution	657
Company contributions	1,677
Benefits paid through pension assets	(7,028)
Foreign currency differences	493
Fair value of plan assets at December 31,	24,568

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

(in percentage)	December 31,
	2009
Qualified insurance policies	96%
Others	4%
Total	100%

Net benefit liability:

(euro in thousands)	December 31,
	2009
Defined benefit obligation	25,028
Fair value of plan assets	(24,568)
Net liability	460

Changes in net benefit liability:

(euro in thousands)	2009
Opening net liability at January 1,	
Acquisition Esec	747
Net periodic pension cost	1,522
Company contributions	(1,677)
Net actuarial gain reported through equity	(143)
Foreign currency differences	11
Net liability at December 31,	460

Share-based compensation plans

Description of share-based compensation plans

In 1995, the Company established the BE Semiconductor Industries Incentive Plan 1995 (the "Incentive Plan 1995"). The Company granted 1,101,236 equity-settled options to purchase Ordinary Shares ("1995 Plan Shares") under the Incentive Plan 1995. During the years from 1995 to 2001, the Company made these awards under the Incentive Plan 1995 to its executive officers and senior employees. Options granted between 1999 and 2001 are fully vested and have exercise prices that were equal to the market price of the Company's Ordinary Shares on the date of grant. The Incentive Plan 1995 expired in 2001.

In 2001, the Company established the BE Semiconductor Industries Incentive Plan 2001–2005 (the "Incentive Plan 2001"). The Company granted 700,183 equity-settled options to purchase Ordinary Shares ("2001 Plan Shares") under the Incentive Plan 2001. Until 2004, the Company made awards under the Incentive Plan 2001 to its executive officers and employees. Options granted from 2002 through 2004 are fully vested and have exercise prices that were equal to the market price of the Company's Ordinary Shares on the date of grant. The Incentive Plan 2001 expired in 2005.

In the years 2000 through 2001, the Company granted equity-settled stock options to all of its employees under the Incentive Plan 1995 and in the years 2001 through 2004, the Company granted cash-settled stock options to all of its employees under the Incentive Plan 2001. These options are fully vested and have exercise prices equal to the market price of the parent company's Ordinary Shares on the date of grant.

The fair value of the cash-settled options is recognized as an expense with a corresponding increase in liabilities. The fair value is initially measured at grant date and expensed over the period during which the employees become unconditionally entitled to payment. The fair value of the cash-settled options is measured based on a binomial model, taking into account the terms and conditions upon which the instruments were granted. The liability is remeasured at each balance sheet date and at settlement date. Any changes in the fair value of the liability are recognized in the Consolidated Statement of Comprehensive Income.

The fair value of equity-settled options granted is recognized as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and expensed over the period during which the employees become unconditionally entitled to the options. For the cash stock options granted between 2003 and 2004, a benefit of € 0, net of tax, was recognized as compensation based on the market value of the Company's Ordinary Shares for the year ended December 31, 2009.

At March 24, 2005, the Supervisory Board approved the vesting acceleration of 551,783 unvested cash and equity-settled options outstanding under the Company's employee stock options plans. Furthermore, the Supervisory Board approved to extend the exercise period of 316,866 out-of-the-money equity-settled stock options outstanding under the Company's employee stock options plans. In connection with the modification of the terms of the options to accelerate their vesting and to extend the exercise period, approximately € 0.8 million was recorded as compensation expense.

In 2005, the Company established the BE Semiconductor Industries Incentive Plan 2005–2009 (the "Incentive Plan 2005"). The total number of Ordinary Shares ("2005 Plan Shares") that the Company may issue under the Incentive Plan 2005 may not exceed 1.5% of the total number of Ordinary Shares outstanding in the applicable fiscal year, subject to adjustments for share splits, share dividends, recapitalizations and similar events. The 2005 Plan Shares may consist, in whole or in part, of unauthorized and unissued Ordinary Shares or Treasury Shares. The Company has made Annual Performance Stock Awards under the Incentive Plan 2005 to members of the Board of Management, executive officers and senior employees of the Company. Furthermore, the Company has granted Annual Stock Awards under the Incentive Plan 2005 to members of the Supervisory Board. The PSA Units will vest according to the allocation agreement. The SA Units granted to the Supervisory Board vested in 2007 and as of 2008 no SA Units were granted to the Supervisory Board anymore.

In March 2008, the General Meeting of Shareholders decided to vest all remaining (Performance) Stock Awards granted in 2005 and 2006 at November 30, 2008, instead of one third in each of the following three years. The Company granted 495,373 Stock Awards in 2007 of which 198,062 have vested in 2007, in accordance with the allocation agreements. The Company granted 460,518 Stock Awards in 2008 of which 76,950 have vested in 2008, in accordance with the allocation agreements. All nonvested Stock Awards vest in 2010. The expense recognized in the Consolidated Statement of Comprehensive Income is based on the market value of the Company's Ordinary Shares on the date of grant. In December 2009 the Company decided a partial cash settlement in order to offset income tax effects of participating employees as allowed under the Plan.

In 2009, the Company established the BE Semiconductor Industries Incentive Plan 2010-2011 (the "Incentive Plan 2010"). The total number of Ordinary Shares ("2010 Plan Shares") that the Company may issue under the Incentive Plan 2010 may not exceed 1.5% of the total number of Ordinary Shares outstanding in the applicable fiscal year, subject to adjustments for share splits, share dividends, recapitalizations and similar events. The 2010 Plan Shares may consist, in whole or in part, of unauthorized and unissued Ordinary Shares or Treasury Shares. The Company has made Annual Performance Stock Awards under the Incentive Plan 2010 to members of the Board of Management, executive officers and senior employees of the Company. Furthermore, the Company anticipates, that it will continue, on an annual basis to make Annual Stock awards under the Incentive Plan 2010 to members of the Board of Management, executive officers and senior employees of the Company.

Financing of stock option plans

Option plans that were issued in 1999 and 2000 contained a financing arrangement pursuant to which the Company financed the fiscal value of the options granted to employees subject to the Dutch tax-regime. The loans issued under this arrangement are repayable to the Company on the exercise date of the respective option, provided that the option was actually exercised. If the options expire unexercised, the respective loans are forgiven. Besi accrues a liability for the respective fiscal implication of this arrangement.

Summary of outstanding stock options

Following is a summary of changes in Besi options:

	Number of options	2009 Weighted average exercise price (in euro)	Number of options	2008 Weighted average exercise price (in euro)
Equity-settled option plans				
Outstanding, beginning of year	424,038	9.56	564,652	9.27
Options expired	(85,627)	3.22	(114,276)	8.94
Options exercised				
Options forfeited	(35,597)	11.47	(26,338)	6.08
Outstanding and exercisable, end of year Cash-settled option plans	302,814	11.13	424,038	9.56
Outstanding, beginning of year	55,317	4.96	101,496	6.52
Options expired	(20,119)	3.22	(38,855)	8.94
Options exercised				
Options forfeited	(2,025)	6.03	(7,324)	5.49
Outstanding and exercisable, end of year	33,173	5.95	55,317	4.96

Stock options outstanding and exercisable at December 31, 2009:

Range of exercise price	Number	Weighted average	Weighted average
	of options	remaining contractual	exercise price
		life (years)	(in euro)
Equity-settled option plans			
€ 4.35	24,000	0.33	4.35
€ 5.95	48,128	0.25	5.95
€ 9.80	142,000	1.92	9.80
€ 17.90	88,686	1.29	17.90
Total equity-settled option plans	302,814		
Cash-settled option plans			
€ 5.95	33,173	0.25	5.95
Total cash-settled option plans	33,173		

Summary of outstanding PSA Units

Following is a summary of changes in Besi Performance Stock Award Units:

	2009 Annual PSA units	2008 Annual PSA units
Outstanding, beginning of year	612,042	282,987
PSA units granted	81,875	460,518
PSA units forfeited	(140,917)	(25,516)
Shares reissued by the Company upon vesting	(16,000)	(105,947)
Outstanding, end of year	537,000	612,042

The market prices of the Company's Ordinary Shares at the date of grants in 2009 were € 1.58 and € 2.39, respectively, € 3.42 and € 1.57 for the grants in 2008.

The expenses related to share-based payment plans are as follows:

(euro in thousands)	Year ended December 31,	
	2009	2008
Performance Stock Awards	743	592
Effect of changes in the fair value of cash-settled shares	199	(28)
Total expense recognized as employee costs	942	564

(euro in thousands)	Year ended December 31,	
	2009	2008
Total carrying amount of cash-settled transaction liabilities	700	

20. Share capital

At December 31, 2009 and December 31, 2008, the parent company's authorized capital consisted of 80,000,000 Ordinary Shares, nominal value \in 0.91 per share, and 80,000,000 Preference Shares, nominal value \in 0.91 per share.

At December 31, 2009 and December 31, 2008, 33,643,061 and 30,815,311 Ordinary Shares were outstanding, excluding Treasury Shares of 85,456 and 2,913,206, respectively. No Preference Shares were outstanding at each of December 31, 2009 and December 31, 2008. All issued shares have been paid in full.

Accumulated other comprehensive income (loss) consists of:

(euro in thousands)	December 31,	December 31,
	2009	2008
Foreign currency translation adjustments	(1,491)	(1,517)
Minimum pension liability, net of taxes	40	40
Actuarial gains	794	707
Cash flow hedging reserve	(65)	2
Accumulated other comprehensive income (loss)	(722)	(768)

21. Commitments and contingencies

The Company leases certain facilities and equipment under operating leases. The required minimum lease commitments were as follows:

(euro in thousands)	December 31,	December 31,	
	2009	2008	
Within one year	5,095	2,813	
After one year but not more than five years	12,042	9,185	
After five years	2,155	4,595	
Total	19,292	16,593	

Committed rental expense was \in 18.3 million and \in 15.6 million as of December 31, 2009 and 2008, respectively. In addition, the Company has an unconditional obligation related to the purchase of equipment and materials totaling \in 29.8 million and \in 8.9 million as of December 31, 2009 and 2008, respectively. Lease and rental expenses amounted to \in 3.8 million and \in 3.1 million for the years ended December 31, 2009 and 2008, respectively.

Research and development subsidies and credits available to offset research and development expenses were € 1.8 million in 2009 and € 2.0 million in 2008.

22. Segment, geographic and customer information

The following table summarizes revenue, non-financial assets and total assets of the Company's operations in the Netherlands, Other Europe, the US and Asia Pacific, the significant geographic areas in which the Company operates. Intra-area revenues are based on the sales price to unaffiliated customers:

(euro in thousands)	The Netherlands	Other Europe	United States	Asia/Pacific	Elimination	Total
Year ended December 31, 2009						
Revenue	33,332	116,713	3,331	42,715	(48,200)	147,891
Non-financial assets	12,829	56,345	8,547	9,449		87,170
Capital expenditures	703	392	526	733		2,354
Total assets	89,052	157,346	31,727	45,574	(54,159)	269,540
Year ended December 31, 2008						
Revenue	66,293	80,198	7,913	42,075	(47,080)	149,399
Non-financial assets	11,232	53,926	8,735	9,773		83,666
Capital expenditures	910	1,136	397	5,076		7,519
Total assets	114,102	106,907	25,744	38,431	(42,305)	242,879

The following table represents the geographical distribution of the Company's revenue to unaffiliated companies:

(euro in thousands)	Year end	ded December 31,
	2009	2008
China	33,620	23,508
Taiwan	21,403	14,380
Malaysia	15,371	22,984
United States	14,100	11,236
Korea	13,942	14,676
Germany	6,594	18,649
Other Asia Pacific	24,837	17,040
Other Europe	17,242	25,441
Rest of the World	782	1,485
Total revenue	147,891	149,399

The Company's revenue is generated by shipments to Asian manufacturing operations of leading US, European and Asian semi-conductor manufacturers and subcontractors.

23. Remuneration Board of Management and Supervisory Board

Remuneration of the Board of Management

The remuneration of the members of the Board of Management is determined by the Supervisory Board, all with due observance of the remuneration policy adopted by the General Meeting of Shareholders at March 24, 2005. The Supervisory Board is required to present any scheme providing for the remuneration of the members of the Board of Management in the form of shares or options to the General Meeting of Shareholders for adoption.

The total cash remuneration and related costs of the individual members of the Board of Management for the years ended December 31, 2009 and 2008 was as follows:

(in euro)	Year end	ded December 31,
	2009	2008
R.W. Blickman		
Salaries	396,550	396,550
Other benefits 1	19,974	20,036
Bonus ²		
Pension ³	94,096	94,096
J.W. Ruinemans ⁴		
Salaries	161,250	
Other benefits 1	8,818	
Bonus ²		4445 - P .
Pension ³	23,906	
H. Rutterschmidt ⁵		
Salaries	267,602	387,454
Other benefits 1	10,631	15,672
Bonus ²		
Pension ³	70,879	106,319
Severance	460,889	
C.K. Lichtenberg ⁶		
Salaries	103,125	206,250
Other benefits 1	14,656	22,278
Pension ³	18,750	37,500
Severance	364,775	

¹ Other benefits include expense compensation, medical insurance and social security premiums.

Remuneration of the Supervisory Board

The aggregate remuneration paid to current members of the Supervisory Board was € 212 in 2009. The remuneration of the Supervisory Board is determined by the General Meeting of Shareholders.

The total cash remuneration of the individual members of the Supervisory Board for the years ended December 31, 2009 and 2008 was as follows:

(in euro)	Year end	led December 31,
	2009	2008
W.D. Maris ¹	22,875	57,000
E.B. Polak ²	15,250	43,250
D. Sinninghe Damsté ³		8,000
T. de Waard	57,969	55,750
D.J. Dunn ⁴	34,625	
D. Lindenbergh ⁴	26,031	
K.W. Loh 4	26,813	
J.E. Vaandrager ⁴	28,375	

¹ Member of the Supervisory Board from May 25, 2000 until his departure on May 12, 2009

² This amount represents a bonus earned over the applicable year, which will be payable in the first quarter of the year thereafter.

³ The pension arrangements for members of the Board of Management are defined contribution plans. The Company does not have further pension obligations beyond an annual contribution.

Member of the Board of Management from May 12, 2009: remuneration relates to the period from May 12, 2009 until December 31, 2009.

⁵ Member of the Board of Management from March 24, 2005; remuneration relates to the period from January 1, 2009 until his departure on September 1, 2009.

⁶ Member of the Board of Management from April 3, 2008: remuneration relates to the period from January 1, 2009 until his departure on May 11, 2009.

² Member of the Supervisory Board from November 22, 2000 until his departure on May 12, 2009

Member of the Supervisory Board from November 22, 2000 until his departure on April 3, 2008

⁴ Member of the Supervisory Board from May 12, 2009

In the Annual General Meeting of Shareholders of May 12, 2009, the remuneration for the Supervisory Board members changed as follows:

- (i) Cash base pay: for the chairman of the Supervisory Board € 45,000 per annum, for the vice chairman of the Supervisory Board € 40,000 per annum and for the other members € 30,000 per annum.
- (ii) Cash base pay for the chairman of the Audit Committee of € 5,000 per annum and for the other members of € 2,500 per annum.
- (iii) Cash base pay for the chairman of the Remuneration and Nomination Committee of € 2,500 per annum and for the other members € 1,250 per annum.
- (iv) Cash payment of € 1,000 for each board or committee per meeting attended.
- (v) Cash payment of € 500 for each board or committee per conference call attended.

Ordinary Shares, options and PSA Units held by members of the Board of Management

The aggregate number of Ordinary Shares, the aggregate number of options to purchase Ordinary Shares and the aggregate number of PSA Units owned by the current members of the Board of Management as of December 31, 2009, are as follows:

Ordinary Shares	Number of shares
R.W. Blickman	368,653
J.W. Ruinemans	66,000
Total	434,653

Options	Year of grant	Expiration	Year of grant Expiration Exercise price	Exercise price	Number of options
		date	(in euro)	outstanding	
R.W. Blickman	1999	2010	4.35	8,500	
	2000	2011	17.90	20,000	
	2000	2011	9.80	142,000	
	2004	2010	5.95	15,000	
Total				185,500	

At December 31, 2009, there was € 287 of loans outstanding relating to the stock options granted to the members of the Board of Management. The principal amount and other loan conditions have not changed since the inception of the loan agreements in 1999 and 2000.

The number of Performance Stock Awards granted in 2010 in relation to performance achievements in 2009 of the current members of the Board of Management, in accordance with the Besi Incentive Plan 2010-2011, is as follows:

PSA Units	Year of grant	Number of Annual Performance Stock Award Units
R.W. Blickman	2010	30,000
J.W. Ruinemans	2010	20,000
Total		50,000

Ordinary Shares, Convertible Bond and options held by members of the Supervisory Board

The aggregate number of Ordinary Shares, Convertible Bond and the aggregate number of options to purchase Ordinary Shares held by the current members of the Supervisory Board as of December 31, 2009, were as follows:

Ordinary Shares	Number of shares
T. de Waard	40,000
D. Lindenbergh	2,000,000
Total	2,040,000

(in euro)				
Convertible Bond			Ne' -	Nominal amount
D. Lindenbergh				1,200,000
Total	Land Market			1,200,000
Options	Year of grant	Expiration	Exercise price	Number of options
		date	(în euro)	outstanding
T. de Waard	2004	2010	5.95	1,937
Total				1,937

Options held by former members of the Board of Management

The aggregate number of options to purchase Ordinary Shares held by a former member of the Board of Management as of December 31, 2009, is as follows:

Options	Year of grant	Expiration date	Exercise price (in euro)	Number of options outstanding
J.W. Rischke	1999	2010	4.35	8,500
	2000	2011	17.90	16,000
Total				24,500

At December 31, 2009, there was € 78 of loans outstanding relating to the stock options granted to the former member of the Board of Management. The principal amount and other loan conditions have not changed since the inception of the loan agreement in 1999.

24. Selected operating expenses and additional information

Personnel expenses for all employees were as follows:

(euro in thousands)		Year ended December 31,
	2009	2008
Wages and salaries	54,314	42,515
Social security expenses	7,360	6,276
Pension and retirement expenses	3,880	3,701
Share-based compensation plans	934	564
Total personnel expenses	66,488	53,056

The average number of employees during 2009 and 2008 was 1,294 and 1,171, respectively. For pension and retirement expenses, reference is made to Note 19.

The total number of personnel employed per department was:

	December 31,	December 31,
	2009	2008
Sales and Marketing	386	246
Manufacturing and Assembly	496	595
Research and Development	351	225
General and Administrative	151	116
Total number of personnel	1,384	1,182

As of December 31, 2009 and 2008, a total of 288 and 325 persons, respectively, were employed in the Netherlands.

25. Financial income and expense

The components of financial income and expense were as follows:

(euro in thousands)	Year end	led December 31,
	2009	2008
Interest income	1,063	2,457
Gain on repurchase convertible		1,373
Subtotal financial income	1,063	3,830
Interest expense	(1,240)	(1,058)
Interest Convertible Notes	(1,997)	(2,992)
Net foreign exchange gain (loss)	(1,176)	(283)
Subtotal financial expense	(4,413)	(4,333)
Financial income (expense), net	(3,350)	(503)

26. Earnings per share

The following table reconciles Ordinary Shares outstanding at the beginning of the year to average shares outstanding used to compute income (loss) per share:

	2009	2008
Phone and the state of the same	20.045.244	20 700 254
Shares outstanding at beginning of the year	30,815,311	30,709,364
Weighted average shares reissued from Treasury Shares for the vesting of Performance Stock Awards	20,966	31,123
Weighted average shares reissued from Treasury Shares for the acquisition of Esec	2,094,246	
Average shares outstanding - basic	32,930,523	30,740,487

For purposes of computing diluted earnings per share, weighted average Ordinary Share equivalents do not include stock options with an exercise price that exceeds the average fair market value of the Company's Ordinary Shares for the period, because the impact on earnings (loss) would be anti-dilutive.

27. Financial instruments, financial risk management objectives and policies

Foreign exchange

Due to the international scope of the Company's operations, the Company is exposed to the risk of adverse movements in foreign currency exchange rates. The Company is primarily exposed to fluctuations in the value of the euro against the US dollar and US dollar-linked currencies, since approximately 70% of its sales in 2009 are denominated in US dollar and US dollar-linked currencies.

The Company seeks to protect itself from adverse movements in foreign currency exchange rates by hedging firmly committed sales contracts, which are denominated in US dollars or Japanese yen through the use of forward foreign currency exchange contracts. In addition, the Company also uses forward foreign currency exchange contracts to hedge trade receivables that are denominated in a foreign currency. During 2009 and 2008, the Company did not have any derivative financial instruments that were held for trading or speculative purposes. Furthermore, the Company does not use financial instruments to hedge the translation risk related to equity, intercompany loans of a permanent nature and earnings of foreign subsidiaries. The Company has adopted the cash flow hedge model. In this hedging model, the effective part of a hedge transaction is reported as a component of other comprehensive income, which is reclassified to earnings in the same period(s) in which the hedged forecasted transaction affects earnings. Due to cash flow hedge transactions € 115 was reported in 2009 as other comprehensive income at December 31, 2009. The amount in 2009 released from equity in revenue in the Consolidated Statement of Comprehensive Income was € 221. The ineffective part of the hedges recognized, in 2009, directly in the Consolidated Statement of Comprehensive Income was a gain of € 100 (2008: a loss of € 97).

The Company has exposure to credit risk to the extent that the counterparty to the transaction fails to perform according to the term of the contract. The amount of such credit risk, measured as the fair value of all forward foreign currency exchange contracts that have a positive fair value position, was \leq 263 and \leq 80 at December 31, 2009 and 2008, respectively. The Company believes that the risk of significant loss from credit risk is remote, because it deals with credit-worthy financial institutions. The Company does not, in the normal course of business, demand collateral from the counterparties.

The following is a summary of the Company's forward foreign currency exchange contracts at foreign currency contract rate:

(euro in thousands)	Year ended December 31,		
	2009	2008	
To sell US dollars for euros	20,852	13,459	
To sell US dollars for Swiss francs	23,649		
To buy Swiss francs for US dollars	2,783		
To sell Japanese yen for euros		169	

At December 31, 2009, the unrealized loss on forward foreign currency exchange contracts that were designated as a hedge of firmly committed transactions amounted to \leq 333. At December 31, 2008, the unrealized gain on forward foreign currency exchange contracts amounted to \leq 939.

Fair value of financial instruments

The Company assumes that the book value of the Company's financial instruments, which consist of cash and cash equivalents, trade receivables, accounts payable and long-term debt, including the Notes, does not significantly differs from their fair value due to the short maturity of those instruments and to the fact that interest rates are floating or approximate the rates currently available to the Company.

As of December 31, 2009 the Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The fair value of the Company's forward foreign currency exchange contracts, which has been determined based on quoted market rates (Level 1) for similar contracts is as follows:

(euro in thousands)	2009		THE STREET	2008
	Positive	Negative	Positive	Negative
Forward exchange contracts				
Fair value	263	596	80	1,056

For the years ended December 31, 2009 and 2008, a foreign currency loss of € 100 and loss of € 97, respectively, is included in the Company's results of operations relating to the Company's foreign currency contracts. Cash flows related to foreign currency contracts are expected to occur as follows:

(euro in thousands)	2009	2008
0–3 months	31,619	7,165
3–6 months	15,242	5,097
6–9 months	423	1,366
Thereafter		
Total	47,284	13,628

The Company's principal financial liabilities, other than derivatives, comprise bank loans and overdrafts, Convertible Notes, financial leases, trade payables and hire purchase contracts. The main purpose of these financial liabilities is to finance the Company's operations. The Company has various financial assets such as trade receivables and cash and short-term deposits, which arise directly from its operations. The Company also enters into derivative transactions, primarily forward currency contracts. The purpose of these transactions is to manage the currency risks arising from the Company's operations.

It is, and has been throughout 2009 and 2008, the Company's policy that no trading in derivatives shall be undertaken. The main risks arising from the Company's financial instruments are foreign currency risk, interest rate risk, credit risk and liquidity risk.

Foreign currency risk

As a consequence of the global nature of Besi's businesses, its operations and reported financial results and cash flows are exposed to the risks associated with fluctuations in exchange rates between the euro and other major world currencies. Currency exchange rate movements typically also affect economic growth, inflation, interest rates, government actions and other factors. These changes can cause the Company to adjust its financing and operating strategies. The discussion below of changes in currency exchange rates does not incorporate these other economic factors. For example, the sensitivity analysis presented in the foreign exchange rate risk discussion below does not take into account the possibility that rates can move in opposite directions and that gains from one category may or may not be offset by losses from another category. As currency exchange rates change, translation of the statements of operations of Besi's international business into euro affects year-over-year comparability. The Company historically has not hedged translation risks, because cash flows from international operations have generally been reinvested locally.

The following table presents a sensitivity analysis of the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Company's equity (due to changes in the fair value of forward exchange contracts) related to reasonable potential changes in the US dollar exchange rate, with all other variables held constant.

(euro in thousands)	Increase/decrease in US dollar rate	Effect on profit before tax	Effect on equity
2009	+10 %	700	(900)
	-10 %	(700)	900
2008	+10 %	300	(100)
	-10 %	(300)	100

The current outstanding forward exchange contracts have been included in this calculation.

Besi's currency risk exposure primarily occurs because the Company generates a portion of its revenue in currencies other than the euro while the major share of the corresponding cost of sales is incurred in euro. The percentage of its consolidated net sales which is denominated in euro amounted to approximately 30% of total revenue in the year ended December 31, 2009, whereas revenue represented by US dollars or US dollar-linked currencies amounted to approximately 70%. Approximately 40% of its costs and expenses were denominated in euro and the remaining 60% in various currencies, principally the US dollar and US dollar-linked currencies. In order to mitigate the impact of currency exchange rate fluctuations, Besi continually assesses its remaining exposure to currency risks and hedge such risks through the use of derivative financial instruments. The principal derivative financial instruments currently used by us to cover foreign currency exposures are forward foreign currency exchange contracts that qualify for hedge accounting.

Interest rate risk

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. The Company's policy is to manage its interest exposure using a mix of fixed and variable rate debt financing. The Company's long-term capital lease obligations, long-term debt and lines of credit currently bear fixed and variable rates of interest. An immediate increase of 100 basis points, or 1%, in interest rates would negatively affect the Company's results of operations over the next fiscal year by approximately € 0.4 million, net of tax (2008: € 0.3 million). An immediate decrease of 100 basis points, or 1%, in interest rates would positively affect the Company's results of operations over the next fiscal year by approximately € 0.4 million, net of tax (2008: € 0.3 million). No derivative interest rate related swaps have been entered into.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments. Management has a credit policy in place and monitors exposure to credit risk on an ongoing basis. Credit evaluations are performed on all customers requiring credit over specified thresholds. Transactions involving derivative financial instruments are with counterparties that have high credit ratings. Currently, the Company does not expect any counterparty to fail to meet its obligations. Management of the Company is managing the credit risk from balances with banks in accordance with the Company's policy. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by the Company.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company monitors its risk to a shortage of funds by reviewing cash flows of all entities throughout the year. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, Convertible Notes and financial leases.

The table below summarizes the maturity profile of the Company's financial liabilities at December 31, 2009 and 2008, based on contractual undiscounted payments:

Maturity profile	On	Less than	3 to 12	1 to 5	>5 years	Total
(euro in thousands)	demand	3 months	months	years		
Year ended December 31, 2009						
Long-term debt and financial leases		601	1,310	2,570	5 6 7 5	4,481
Interest payable long term debt and financial leases	4	44	131	102		277
Convertible Notes				36,300		36,300
Interest payable Convertible Notes		999	998	2,995		4,992
Accounts payable	7,520	19,364	263	141	2	27,290
Other payables 1	3,466	6,910	8,033	1,074		19,483
Total	10,986	27,918	10,735	43,182	2	92,823
Maturity profile	On	Less than	3 to 12	1 to 5	>5 years	Total
(euro in thousands)	demand	3 months	months	years		
Year ended December 31, 2008						
Long-term debt and financial leases		1,139	3,451	5,588	243	10,421
Interest payable long term debt and financial leases		105	316	434	5	860
Convertible Notes			-	36,300	500	36,300
Interest payable Convertible Notes	- 47	1,020	998	4,991	AUTO A	7,009
Accounts payable	1,000	10,028		4 1 .	33.7 2	11,028
Other payables 1	670	9,802	2,171	188	7 3 45 8	12,831
Total	1,670	22,094	6,936	47,501	248	78,449

[†] Does not include advances from customers and income taxes.

Capital management

The primary objective of the Company's capital management is to ensure healthy capital ratios in order to support its business and maximize shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may make a dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ending December 31, 2009 and December 31, 2008. The Company only regards equity as capital. This capital is managed using solvency ratio (excluding intangible assets) and return on investment.

	2009	2008
Equity (euro in thousands)	156,276	146,284
Solvency ratio	58.0%	60.2%
Solvency ratio (excluding intangible fixed assets)	45.2%	48.2%
Return on average investment (ROI)	3.6%	(21.0%)

28. Events after the balance sheet date

On March 1, 2010 The Company repurchased approximately \leqslant 2.0 million of its 5.5% Convertible Notes due January 2012 ("the Notes) in an open market transaction through Morgan Stanley & Co. as agent. The Notes were purchased from an institutional investor at a net price of approximately \leqslant 1.7 million (88.0% of original principal amount). The Note repurchase will result in a one-time pre-tax gain of approximately \leqslant 0.2 million in the first quarter ending March 31, 2010. The principal balance of the Notes is now currently \leqslant 34.3 million as compared to an initial principal amount of \leqslant 46 million upon issuance in January 2005.

Parent Company Balance Sheet

(Before appropriation of the result)

(euro in thousands)	Note	December 31,	December 31,
		2009	2008
Assets			
Property, plant and equipment	2	3	18
Other intangible assets	3	490	
Investments in subsidiaries	4	104,592	86,939
Subordinated loans due from subsidiary	4	8,000	8,000
Loans due from subsidiaries	4	24,333	25,105
Deferred tax assets		3,429	3,097
Financial fixed assets		140,354	123,141
Total fixed assets		140,847	123,159
Amounts due from subsidiaries		33,924	21,779
Other receivables		237	680
Receivables		34,161	22,459
Cash and cash equivalents		32,678	38,757
Total current assets		66,839	61,216
Total assets		207,686	184,375
Shareholder's equity, provisions and liabilities			
Issued capital	5	30,693	30,693
Share premium	5	181,026	176,420
Foreign currency translation adjustment	5	(1,491)	(1,517)
Accumulated other comprehensive income (loss)	5	769	749
Retained deficit	5	(60,465)	(26,182)
Undistributed result	5	5,251	(34,283)
Shareholder's equity		155,783	145,880
Convertible Notes		35,068	34,492
Long term debt and financial leases		293	
Loans due to subsidiaries		13,282	
Non-current liabilities		48,643	34,492
Trade payables		328	1,940
Current portion of long term debt		159	
Amounts due to subsidiaries		51	509
Other payables		2,722	1,554
Current liabilities		3,260	4,003
Total shareholder's equity, provisions and liabilities		207,686	184,375

Parent Company Statement of Income and Expense

(Before appropriation of the result)

(euro in thousands)	Year end	Year ended December 31,		
	2009	2008		
Income (loss) from subsidiaries, after taxes	12,140	(24,241)		
Other income and expenses	(6,889)	(10,042)		
Net income (loss)	5,251	(34,283)		

Notes to the Parent Company Financial Statements

1. Summary of significant accounting policies

The financial statements of the parent company have been prepared using the option of section 362 of Book 2 of the Netherlands Civil Code, meaning that the accounting principles used are the same as for the Consolidated Financial Statements. Foreign currency amounts have been translated, assets and liabilities have been valued, and net income has been determined, in accordance with the principles of valuation and determination of income presented in the summary of significant accounting policies included in the notes to the Consolidated Financial Statements. Subsidiaries of the parent company are accounted for using the equity method. As the financial data of the parent company are included in the Consolidated Financial Statements, the statements of income of the parent company are condensed in conformity with section 402 of Book 2 of the Netherlands Civil Code. The remuneration paragraph is included in Note 23 of the Consolidated Financial Statements.

2. Property, plant and equipment

(
(euro in thousands)	Office furniture and equipment
Balance at January 1, 2009	
Cost	171
Depreciation	(153)
Property, plant and equipment, net	18
Movement	
Investment	
Depreciation	(15)
Total changes	(15)
Balance at December 31, 2009	
Cost	131
Depreciation	(128)
Property, plant and equipment, net	3

3. Other intangible assets

Other intangible assets, net consist of the following:

(euro in thousands)	Software
Palance at January 1, 2000	
Balance at January 1, 2009	
Cost	
Accumulated amortization	
Accumulated impairment	
Other intangible assets, net	
Changes in book value in 2009	
Financial leases	490
Total changes	490
Balance at December 31, 2009	
Cost	490
Accumulated amortization	
Other intangible assets, net	490

4. Financial fixed assets

Investments in subsidiaries

The movement was as follows:

(euro in thousands)	Investment in subsidiaries	Subordinated loans due from subsidiaries	Loans due from subsidiaries	Total
Balance at January 1, 2009	86,939	8,000	25,105	120,044
Income for the period	12,140	15		12,140
Investment Esec International	4,386	*	超指电压 *	4,386
Investment Besi Asia Pacific Holding	140	*		140
Disposal Besi Taiwan	(22)			(22)
Actuarial gain (loss)	87	· · · · · · · · · · · · · · · · · · ·	*	87
Unrealized hedging result	(67)	* -		(67)
Currency translation adjustment	989	****	(772)	217
Balance at December 31, 2009	104,592	8,000	24,333	136,925

Subordinated loan due from subsidiary

The subordinated loan represents a loan granted by BE Semiconductor Industries N.V. to its subsidiary Fico International B.V. and is subordinated to the loan and credit line between Fico International B.V. and its subsidiaries and Fortis Bank N.V.

5. Shareholder's equity

(euro in thousands)	Ordinary Shares outstanding ¹	Share capital	Share premium ²	Retained deficit	Foreign currency translation adjustment	Accumulated other comprehensive income (loss)	Undistributed result	Total shareholder's equity ³
Balance at January 1, 2009	33,728,517	30,693	176,420	(26,182)	(1,517)	749	(34,283)	145,880
Total comprehensive Income								
(loss) for the period	1			-	26	20	5,251	5,297
Appropriation of the result		-	-	(34,283)			34,283	
Re-issued shares			4,368		-			4,368
Equity-settled share-based								
payments expense		-	238		-			238
Balance at December 31, 2009	33,728,517	30,693	181,026	(60,465)	(1,491)	769	5,251	155,783
Balance at January 1, 2008	33,728,517	30,693	176,153	(20,582)	(2,638)	353	(5,600)	178,379
Total comprehensive Income								
(loss) for the period	-				1,121	396	(34,283)	(32,766)
Appropriation of the result	-		1	(5,600)		-	5,600	
Equity-settled share-based								
payments expense	-	-	592			4 5 -		592
Equity component convertible		-	(325)	-	-	-		(325)
Balance at December 31, 2008	33,728,517	30,693	176,420	(26, 182)	(1,517)	749	(34,283)	145,880

¹ The outstanding number of Ordinary Shares includes 85,456 and 2,913,206 Treasury Shares at December 31, 2009 and December 31, 2008, respectively.

In anticipation of the Annual General Meeting's adoption of the annual accounts, it is proposed that the net income for 2009, amounting to \leq 5,251 be allocated to the retained deficit.

² Included in the Share Premium is a legal reserve of €13.4 million (2008: €4.8 million) related to capitalized development expenses. The amount stated as foreign currency translation adjustment is classified as legal reserve.

³ In total an amount of € 91.4 million is classified as a restricted reserve.

Preference Shares

In April 2000, the foundation "Stichting Continuïteit BE Semiconductor Industries" was established. The board of the Foundation consists of five members, four of whom must be independent of BE Semiconductor Industries N.V. and one of whom must be a member of its Supervisory Board. The purpose of the Foundation is to safeguard the interests of the parent company, the enterprise connected therewith and all the parties having an interest therein and to exclude as much as possible influences which could threaten, among other things, the continuity, independence and identity of the parent company contrary to such interests.

By agreement of April 2002 between the parent company and the Foundation, the Foundation has been granted a call option pursuant to which it may purchase a number of Preference Shares up to a maximum of the number of Ordinary Shares issued and outstanding at the time of exercise of this option. Until the call option is exercised by the Foundation, it can be revoked by the parent company, with immediate effect. However, the parent company will not be entitled to revoke the call option until one year after the execution of the option agreement.

6. Commitments and contingencies

The parent company leases certain facilities and equipment under operating leases. The required minimum lease commitments were as follows:

(euro in thousands)	December 31,	December 31, 2008	
	2009		
Within one year	66	52	
After one year but not more than five years	136	35	
Total	202	87	

7. Additional information

The total costs related to the services provided by the external auditor within the Netherlands were:

(euro in thousands)	Year ended December 31,		
	2009	2008	
Audit costs	127	193	
Audit related costs	395	31	
Tax services			
Other services	25	13	
Total costs	547	237	

BE Semiconductor Industries N.V. is parent of the fiscal unit BE Semiconductor Industries N.V. and is therefore liable for the liabilities of the fiscal unit as a whole.

Duiven, March 2, 2010

Board of Management: Supervisory Board:

R.W. Blickman T. de Waard J.W. Ruinemans D.J. Dunn

D. Lindenbergh K.W. Loh J.E. Vaandrager

Other Information

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Transfer Agent

Ordinary Shares (euro) Fortis Bank, Amsterdam, the Netherlands

Independent Auditors

KPMG Accountants N.V., Eindhoven, the Netherlands

Legal Counsel

Freshfields Bruckhaus Deringer, Amsterdam, the Netherlands

Trade Register

Chamber of Commerce, Arnhem, the Netherlands Number 09092395

Statutory Financial Statements

The statutory financial statements of BE Semiconductor Industries N.V. will be filed with the Chamber of Commerce, Arnhem, the Netherlands.

Annual General Meeting

The Annual General Meeting of Shareholders will be held at 2.00 p.m., on April 29, 2010 at Besi in Duiven.

Board of Management

Richard W. Blickman (1954) Chief Executive Officer, Chairman of the Executive Board

Jan Willem Ruinemans (1969) Chief Financial Officer, Executive Member

Other Members

Johan Hamelink (1954) Plating

Cor te Hennepe (1958) Finance

J.K. Park (1965)
APac Sales & Customer Service

Henk-Jan Jonge Poerink (1970) Global Operations

Patrick Stössel (1971) Wire Bonding

Peter Wiedner (1970) Die Attach

Hans Wunderl (1951) Packaging To: the General Meeting of shareholders of BE Semiconductor Industries N.V.

Auditor's Report

Report on the financial statements

We have audited the accompanying financial statements 2009 of BE Semiconductor Industries N.V., Amsterdam. The financial statements consist of the consolidated financial statements and the parent company financial statements. The consolidated financial statements comprise the consolidated statement of financial position as at December 31, 2009, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information. The parent company financial statements comprise the parent company balance sheet as at December 31, 2009, the parent company statement of income and expense for the year then ended and the notes.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the management board report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of BE Semiconductor Industries N.V. as at December 31, 2009, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the company financial statements

In our opinion, the parent company financial statements give a true and fair view of the financial position of BE Semiconductor Industries N.V. as at December 31, 2009, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part f of the Netherlands Civil Code, we report, to the extent of our competence, that the management board report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Eindhoven, March 2, 2010

Appropriation of the result

The Articles of Association (Article 21) provide that the Company can only distribute profits from its free distributable reserves. The Board of Management proposes to allocate the net income for the year 2009 to the retained deficit. The Supervisory Board has approved this proposal.

The General Meeting of Shareholders approved the 2008 statutory financial statements at May 12, 2009.

Events after the balance sheet date

On March 1, 2010 the Company repurchased approximately € 2.0 million of its 5.5% Convertible Notes due January 2012 ("the Notes) in an open market transaction through Morgan Stanley & Co. as agent. The Notes were purchased from an institutional investor at a net price of approximately € 1.7 million (88.0% of original principal amount). The Note repurchase will result in a one-time pre-tax gain of approximately € 0.2 million in the first quarter ending March 31, 2010. The principal balance of the Notes is now currently € 34.3 million as compared to an initial principal amount of € 46 million upon issuance in January 2005.

Preference Shares

As amended by deed executed on February 17, 2006, the Company's authorized capital was increased with 25,000,000 Preference Shares. As of December 31, 2009 and December 31, 2008, the Company's authorized capital consisted of 80,000,000 Preference Shares, nominal value € 0.91 per share.

No Preference Shares were outstanding at each of December 31, 2009 and December 31, 2008. In April 2000, the foundation "Stichting Continuïteit BE Semiconductor Industries" was established. The board of the Foundation consists of five members, four of whom must be independent of the Company and one of whom must be a member of its Supervisory Board. The purpose of the Foundation is to safeguard the interests of the Company, the enterprise connected therewith and all the parties having an interest therein and to exclude as much as possible influences which could threaten, among other things, the continuity, independence and identity of the Company contrary to such interests. The aim of the Preference Shares is, amongst other things, to provide a protective measure against unfriendly take-over bids and other possible influences which could threaten the Company's continuity, independence and identity.

By agreement of April 2002 between the Company and the Foundation, the Foundation has been granted a call option pursuant to which it may purchase a number of Preference Shares up to a maximum of the number of Ordinary Shares issued and outstanding at the time of exercise of this option. Until the call option is exercised by the Foundation, it can be revoked by the Company, with immediate effect. Under the terms of a separate agreement entered into in April 2002, the Company may force the Foundation to exercise its call option right if it has been announced (or may be expected) that an unfriendly take-over bid will be made with respect to the shares, or if (in the opinion of the Board of Management) a single shareholder (or group of shareholders) holds a substantial number of the Ordinary Shares.

The Board of Management of the Company and the Board of Stichting Continuïteit BE Semiconductor Industries declare that, in their collective judgement, relevant criteria pertaining to the independence of the Stichting Continuïteit BE Semiconductor Industries (although revoked in December 2008), have been met.

Duiven, March 2, 2010

BE Semiconductor Industries N.V.

Board of Management

Stichting Continuïteit BE Semiconductor Industries

Board of Management

The board of Management of the Stichting Continuïteit BE Semiconductor Industries comprises:

J. Ekelmans (Chairman)
P.C.W. Alberda van Ekenstein
J.N. de Blécourt
J.W. Termijtelen
T. de Waard

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