Annual Report 2010

Besi

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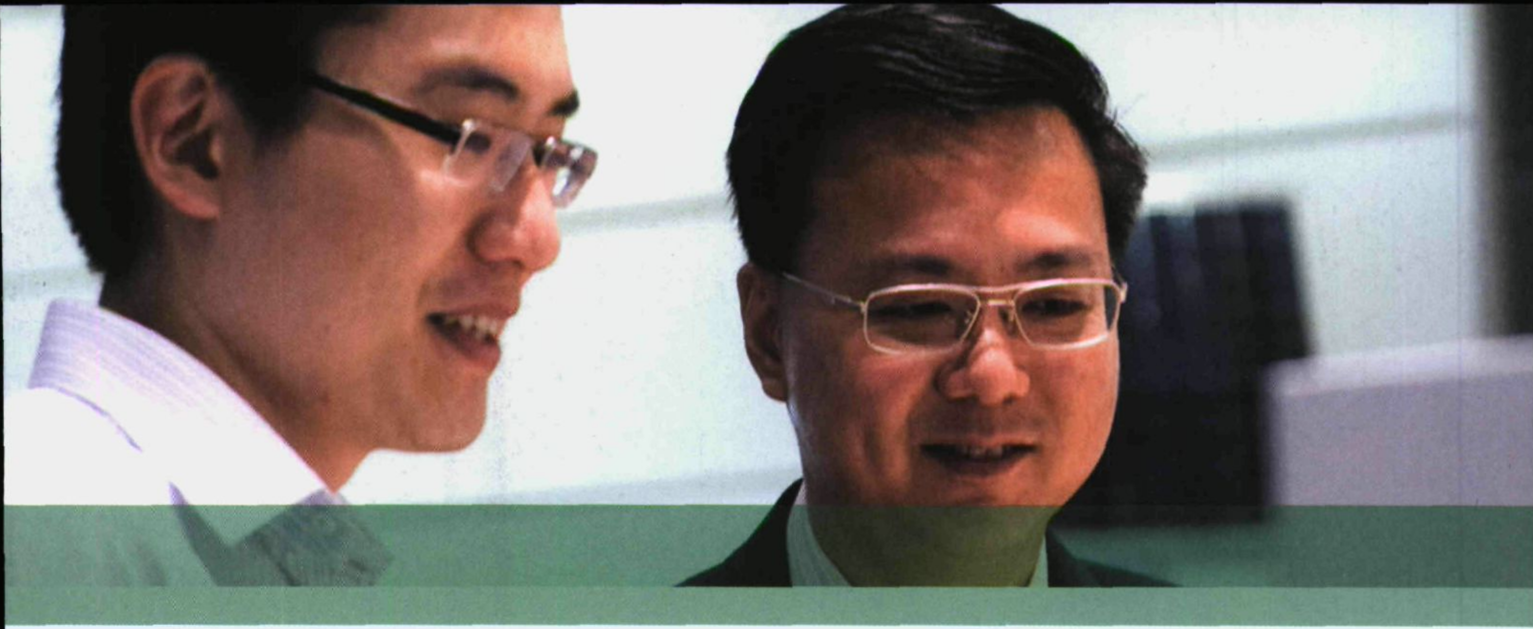
Besi is a leading supplier of semiconductor assembly equipment for the global semiconductor and electronics industries. Besi develops leading edge assembly processes and equipment for leadframe, array connect and wafer level packaging applications in a wide range of end-user markets including electronics,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

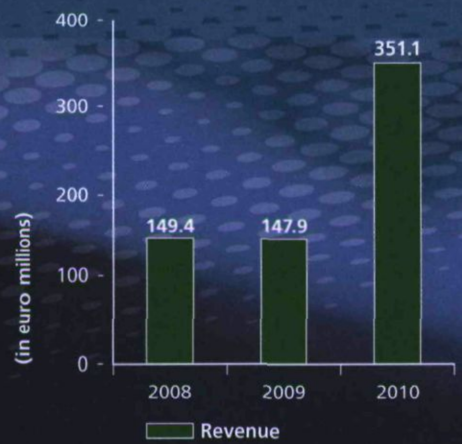
Besi's objective is to become the world's leading supplier of advanced semiconductor assembly equipment and to exceed industry average benchmarks of financial perfomance.

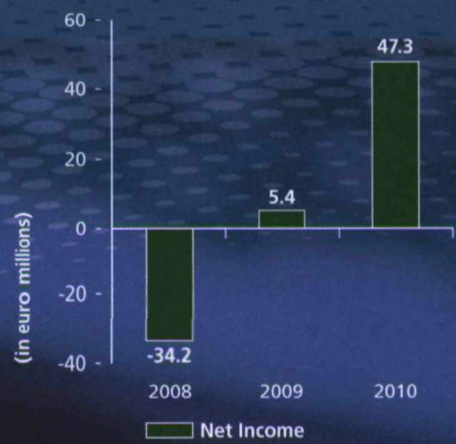


Report of the Board of Management

FROM PROCESSED WAFER TO ASSEMBLED CHIP

From processed wafer to assembled chip





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 approximately $ 4.5 billion in 2010, or 10% 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, tablets, flat panel displays, internet applications), (ii) smart phones, other 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:

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

Our customers

Our customers are primarily leading multinational chip manufacturers, assembly subcontractors and electronics and industrial companies and include Amkor, ASE, Nantong Fujitsu, Greatek, Infineon, Osram, Skyworks, STATS ChipPAC, STMicroelectronics, Samsung, SPIL, 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 1,700 fixed and temporary personnel currently, of whom approximately 46% is based in Europe and North America and 54% is 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 OTCQX International (symbol: BESIY). At December 31, 2010, Besi also had outstanding € 27.9 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**.

Key Highlights 2010

Besi Business Transformation and Financial Turnaround Continues:

Product Portfolio Development:

- Strong 2010 revenue growth aided by strategic product positioning in advanced packaging applications, particularly for smart phones, tablets and personal computing
- Esec 2100 die bonder became most successful product launch in company history
- Newly developed die sorting, singulation and foil assisted molding systems also aided revenue growth

Operational Progress:

- Successful ramp of global production to meet 5x+ increase in quarterly run rate vs. Q1-2009
- Progress in Asian production transfer:
  - Direct shipments from Besi APac doubled vs. 2009
  - Production of Esec 2100 series commenced in Malaysia in Q4
  - Tooling transfer completed from the Netherlands to China and Malaysia
- € 7.0 million annualized cost savings realized from December 2009 headcount reduction plan
- Realignment of packaging and wire bonding units significantly improved portfolio returns

Earnings Development:

- Strategic repositioning and industry upturn yield earnings turnaround
- Revenue of € 351.1 million represents € 203.2 million (137%) increase vs. 2009
- Record orders of € 376.5 million, up by € 214.0 million (132%)
- Net income of € 47.3 million vs. € 5.4 million (+ € 41.9 million)
- Record revenue combined with operating leverage from cost reduction program and integration efforts leads to record profits

Financial Position:

- Cash of € 69.3 million at year end 2010 despite € 48.3 million working capital investment to support more than two fold revenue growth
- € 22.9 million net cash at year end 2010 up from € 19.7 million at year end 2009

Shareholder Highlights:

- Stock price up 89% in 2010 vs. 14% for benchmark Philadelphia Semi (SOX) index
- Proposed dividend of € 0.20 per share, either in shares or in cash, for approval at AGM
- Liquidity and market breadth of shares enhanced by OTCQX listing upgrade in US in addition to Euronext Amsterdam primary listing

Key Financial Highlights

Year Ended December 31,	2010	2009	2008	2007	2006
Operating data					
(in euro millions, except per share data)					
Orders	376.5	162.5	126.3	160.7	188.4
Revenue	351.1	147.9	149.4	166.5	191.2
Operating income (loss)	49.9	8.3	(28.9)	(5.7)	13.1
EBITDA (loss)	60.5	17.9	(1.2)	3.8	22.3
Net income (loss)	47.3	5.4	(34.2)	(5.5)	10.8
Adjusted net income (loss)	41.6	(28.0)	(4.8)	(1.8)	10.8
Net income (loss) per share:					
Basic	1.39	0.16	(1.12)	(0.17)	0.33
Diluted	1.25	0.16	(1.12)	(0.17)	0.31
Backlog	76.4	51.0	25.4	48.3	54.0
Balance sheet data					
Cash and cash equivalents	69.3	73.1	74.0	74.8	98.0
Total debt	46.4	53.5	61.6	71.5	80.0
Total equity	219.0	156.3	146.3	178.7	194.5
Financial ratios					
Operating income (loss) as % of revenue	14.2	5.6	(19.3)	(3.4)	6.9
Net income (loss) as % of revenue	13.5	3.6	(22.9)	(3.3)	5.6
Adjusted net income (loss) as % of revenue	11.8	(18.9)	(3.2)	(1.1)	5.6
Current ratio	2.5	2.4	2.9	3.4	3.3
Solvency ratio (in %)	62.5	58.0	60.2	62.7	62.0
Return on average equity (in %)	25.2	3.6	(21.0)	(2.9)	5.7
EBITDA / interest expenses, net	25.1x	8.2x	(0.7)x	1.8x	8.0x
Headcount data					
Total headcount fixed	1,510	1,384	1,182	1,141	1,165
Total headcount temporary	185	84	72	134	101
Total headcount	1,695	1,468	1,254	1,275	1,266
Geographic data					
Revenue from Asia as % of total revenue	78.9	73.8	62.0	62.6	61.5
Headcount from Asia as % of total headcount	54.0	46.2	39.4	37.8	34.2

Letter to Shareholders

Dear Shareholders,

2010 marked the most successful year in our 15 year history as a public company. Our ability to scale our business with an expanded system portfolio in the most recent industry upturn combined with our ongoing cost reduction efforts resulted in year over year revenue and net income growth of € 203.2 million and € 41.9 million, respectively. Besi's stock price rose by 89% and outpaced the 14% growth of our benchmark industry index. In addition, we were able to finance internally our 137% year over year revenue growth and still ended the year increasing our net cash position. As such, we intend to pay a dividend of € 0.20 per share, either in shares or in cash, as we would like to return to shareholders some of the profits of our success this year.

Our growth in 2010 represents the most visible evidence of the strategic progress we have made in transforming Besi into a broad based equipment supplier efficiently serving both mainstream and niche assembly markets. The Esec acquisition has materially changed our Company by significantly increasing our market presence and leveraging our upside revenue and profit potential.

Our conscious focus over the past decade of developing or acquiring a leading edge portfolio of systems for use in array connect and wafer level packaging applications has positioned us to capitalize on opportunities resulting from increased demand currently for smart phones, tablets and other personal productivity devices. Such devices require even higher levels of miniaturization, chip density and performance at lower energy consumption which can only be provided through advanced assembly process technologies and equipment. Our restructuring efforts and ongoing transfer of production from Europe to Asia has significantly reduced our manufacturing costs and improved margins.

Business review

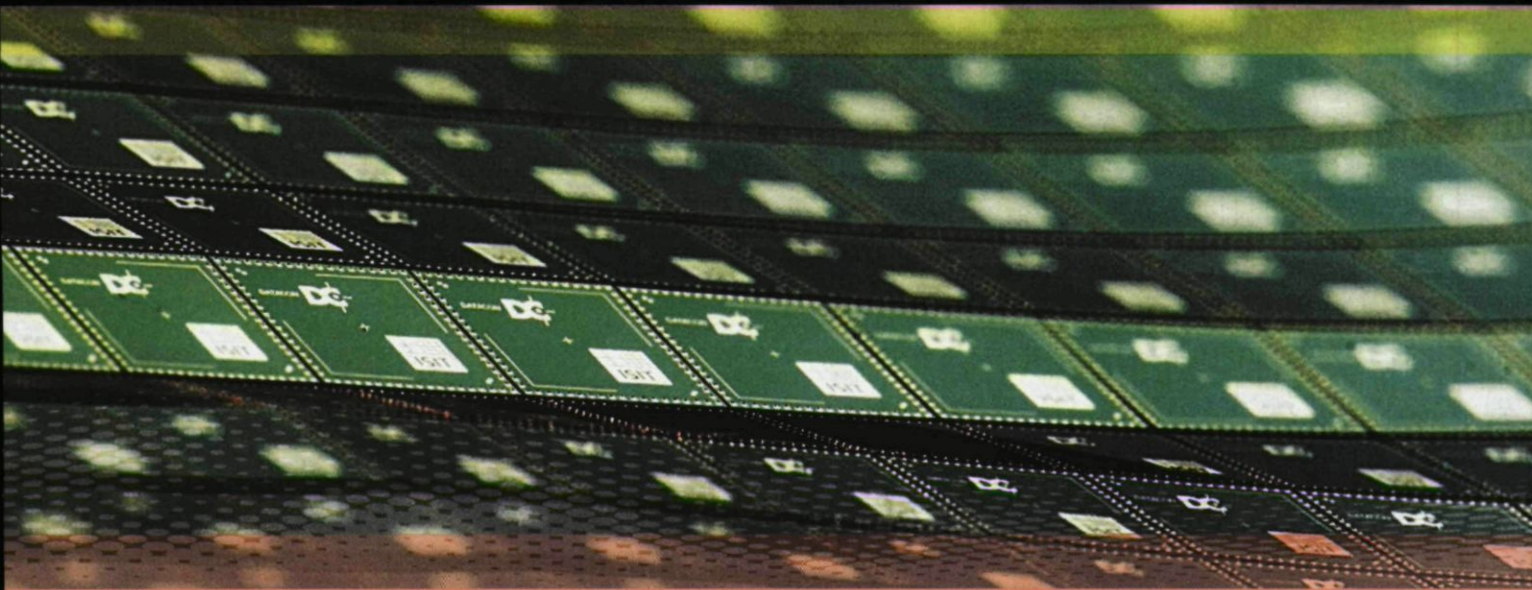
We remained highly focused on executing our business strategy in 2010. From a portfolio perspective, our product positioning in advanced packaging solutions, particularly in die attach applications, significantly aided 2010 revenue growth. Of note, our Esec 2100 die bonder series became the most successful new product launch in our Company's history at over 400 systems sold since its initial introduction in 2008. In addition, our growth this year also benefited from sales of products introduced last year such as our next generation die sorting, singulation and foil assisted molding systems. Our current development focuses primarily on next generation products utilizing common die attach and packaging platforms which will reduce unit manufacturing costs and cycle times for customers.

From an operational perspective, our primary goal this year was ramping our global production and supply chain to meet a rapid increase in industry demand, particularly during the first half of the year. To achieve this, we greatly expanded our Asian supply chain network and utilized valued European suppliers to scale production to record levels. We also improved our inventory turns and collections between 2009/2010 which helped limit our working capital investment during the industry upturn.

Another operational priority this year was cost reduction and improvements in production efficiency. In this regard, we continued to make progress in our strategy to transfer standard system production to our Asian operations. In 2010, we more than doubled year over year direct shipments from our Malaysian and Chinese facilities and commenced production of our 2100 die bonder series in Malaysia. The 2100 system is the largest product by revenue acquired in the purchase of Esec. We will continue to ramp volumes in 2011 for all our standard systems. Our objective is to have 80% of all systems manufactured in Asia by 2012. Finally, we completed the transfer of all remaining tooling operations from the Netherlands to China which is already contributing in terms of cost reduction and production flexibility.

We also controlled costs and increased our return on investment this year through a number of restructuring actions. Besi realized approximately € 7 million of annualized cost savings from a headcount transfer program announced in December 2009. In addition, we significantly improved our portfolio returns through a realignment of both our packaging and wire bonding units.

We believe that there are additional opportunities to improve profits as we complete our common platform development, continue our One Besi initiatives to streamline general and administrative and development expenses, realize our Asian production vision and benefit from efficiencies to be realized from the full deployment of our enterprise software system globally in 2012.



Financial highlights

Besi reported record revenue and profitability in 2010 while continuing to increase its overall financial strength. Revenue was € 351.1 million in 2010 versus € 147.9 million in 2009 as we benefited from a healthy semiconductor up cycle. In addition, we experienced a significant expansion of demand for our die attach systems, particularly for high volume wafer level assembly applications. We reported net income of € 47.3 million in 2010 versus net income of € 5.4 million in 2009 as we were able to ramp revenue with only a limited increase in overhead levels due to restructuring and cost reduction initiatives and Esec integration efforts. The magnitude of our earnings turnaround over the past two years can be seen in the quarterly table below which adjusts for the acquisition of Esec as if the transaction had occurred at the start of 2009:

Financial Data (in euro millions)	Q1-2009 ProForma[1]	Q2-2009	Q3-2009	Q4-2009	Q1-2010	Q2-2010	Q3-2010	Q4-2010
Revenue	21.1	30.5	48.7	53.2	56.6	89.5	100.6	104.4
Net income (loss)	(21.3)	31.5	(3.2)	(13.5)	(2.6)	15.4	15.0	19.4
Adjusted net income (loss)	(19.2)	(10.9)	(6.0)	(3.8)	1.2	11.0	15.0	14.4

[1] Including Esec results as if Esec was acquired as of January 1, 2009.

We start 2011 with a solid balance sheet with which to fund our business strategy and anticipated growth. At year end 2010, Besi had cash of € 69.3 million and net cash in excess of total debt of € 22.9 million despite a working capital investment of € 48.3 million necessary to fund a more than two fold revenue increase this year.

Management

We made a number of changes in 2010 to strengthen our Management Team. We formed an Executive Committee of Besi's Management to oversee its global operations. Members of the Executive Committee include Mr Richard W. Blickman, CEO, Mr Peter Wiedner, Senior Vice President Die Attach, Mr Cor te Hennepe, Senior Vice President Finance and Mr J.K. Park, Senior Vice President APac Sales & Customer Service. In addition, we hired Berthold Butzmann as COO effective April 2011 who will be based in Malaysia to oversee our global production activities, supply chain network and spare parts and who will join our Executive Committee. Mr Hans Wunderl resigned his position as Senior Vice President of our Packaging Product Group in December 2010 to become a Senior Vice President Strategic Development responsible for overseeing the development of our wafer level packaging efforts and plating operations. Mr Guido Slump was appointed as our new Senior Vice President Packaging Product Group. Mr Jan Willem Ruinemans, CFO, resigned September 1, 2010 and his responsibilities were reassigned within the Management Team.

Outlook 2011

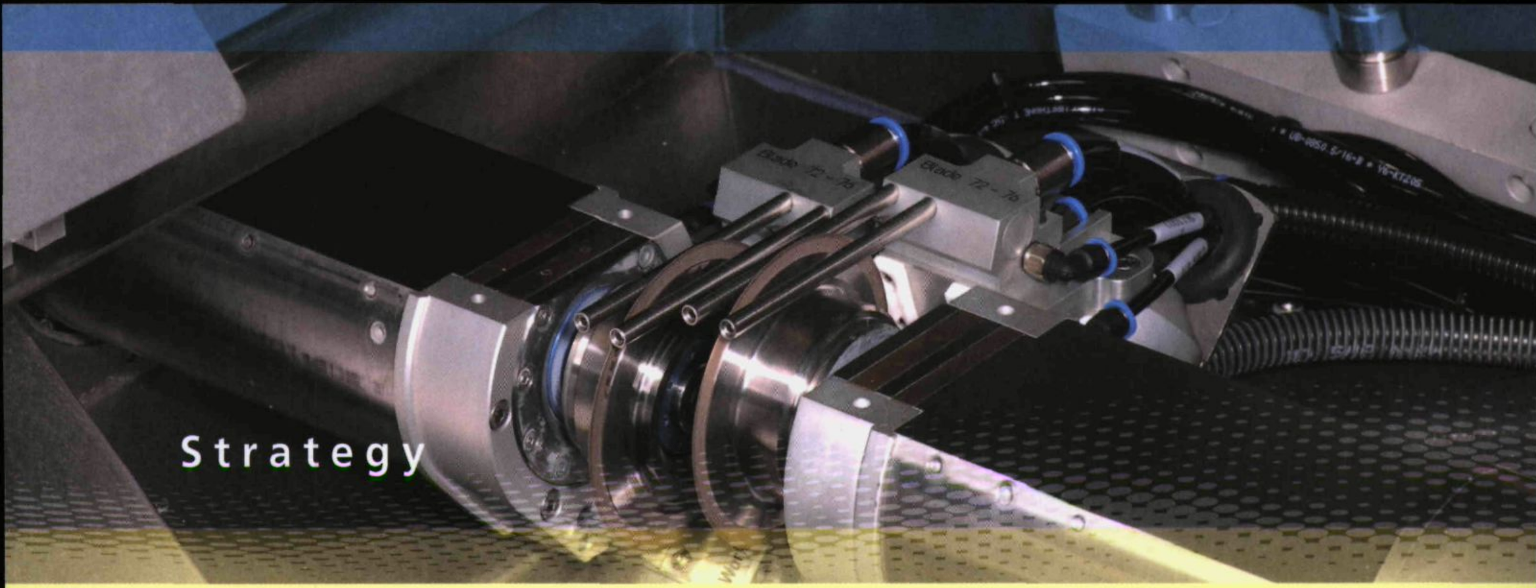
At the time of this letter, industry analysts have adopted a positive outlook for 2011. VLSI and Gartner, two leading industry experts, now expect growth of 3% and 7%, respectively, for the semiconductor assembly equipment market next year based on more optimistic capital spending forecasts by the leading semiconductor producers. From our perspective, we experienced a broad based order increase starting at the beginning of 2011 as customers sought to add incremental capacity for smart phones, tablets and personal productivity devices after a temporary slowdown in the second half of 2010. In combination with a more constructive industry outlook, we will continue our focus on controlling costs and improving productivity in order to keep Besi solidly in the black in 2011.

We have identified a number of risk factors that could affect our key operational objectives and outlook for 2011. Reference is made to page 21 of this Annual Report.

We are proud of the contributions made by all our employees last year in scaling our business to reach historic records of revenue and profitability. We would also like to thank our customers, our shareholders, our partners and our suppliers for their continued support.

Board of Management
Richard W. Blickman

February 23, 2011



Strategy

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.
2. Strengthening and expanding our strategic long term customer relationships.
3. Accelerating the growth of tooling, spares and service revenue.
4. Expanding our Asian operations and direct shipments.
5. Developing common platforms and common parts.
6. 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 investment 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 bonding products acquired in the Esec transaction and (iii) increased 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 customer base 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 2010, sales of tooling, spares and service increased significantly in absolute terms and represented approximately 13% of total revenue. Sales of tooling, spares and service represent an opportunity to increase a less cyclical component of Besi's revenue mix and help reduce the volatility of its revenue development.

4. Expand Asian operations and direct shipments

In 2010, approximately 79% 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 2011 include ramping up production of the 2100 die bonding system in Malaysia and adding a 70,000 square foot expansion of our existing production facility at our Malaysian site and doubling the capacity of our Chinese facilities to support increased production volumes. Besi's objective is to have 80% of all die attach and packaging systems directly shipped to Asian customers from its Asian operations by the end of 2012. By such efforts, Besi seeks to substantially reduce labour 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 labour cost, supply chain and working capital efficiencies.

6. 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. 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.

In order to further adopt the One Besi concept in the organization, management is deploying a new enterprise software system to help harmonize business processes and improve efficiency as much as possible through the use of "one way of working, one source of information and one set of tools". In 2011, Besi expects to extend the roll out of its enterprise software system from its Die Attach Product Group to its Asian manufacturing operations and prepare for the implementation of this system for the remainder of the Company in 2012.

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 2010, Besi successfully developed its next generation singulation platform combining both singulation and trim and form modules on one common platform, an important step in its packaging system development strategy as well as a new die sorting system with advanced optical technology for LED applications. 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 organizational restructuring 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 included a headcount reduction plan realized in 2009 which achieved € 15 million of cost savings in 2010 and the rationalization of its plating unit and the termination of its 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 which realized annualized cost savings of approximately € 7 million. In 2010, it also restructured the operations of its wire bonding unit to improve its return on investment from its product portfolio and redeploy resources to more profitable product applications. It converted its activities from a manufacturing to a paid services and upgrade model for its installed base of approximately 6,000 systems worldwide. 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, Datacon and Esec 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 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 customer demand. In 2010, Management adopted and began implementation of an enterprise software system in order to help harmonize business processes and improve efficiency and communication throughout the global organization. During the year, Besi defined, standardized and adopted a group of best practices for its Die Attach Product Group as a model for managing the entire organization and successfully deployed the ERP system by year end at the Product Group.

Expansion of Besi's Asian operations

To support its Asian production strategy, Besi has invested approximately € 12 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 all its tooling capacity to its Malaysian and Chinese facilities over the past five years. In 2009, Besi shut down its Hungarian die bonding facility and transferred its production activities to its Malaysian facility. At the end of 2010, Besi commenced production of its 2100 die bonder product from its Malaysian facility. The 2100 system was the largest product by revenue acquired in the Esec acquisition.

Completion of strategic acquisitions

Besi has made four important acquisitions over the past decade:

- In September 2000, Besi acquired RD Automation in order to advance its product strategy into the front end of the assembly process with the addition of flip chip capabilities into its product portfolio.
- In January 2002, Laurier was acquired adding intelligent die sorting capabilities into its product range.
- 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.
- In April 2009, Besi acquired Esec 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.

Financial Review

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, 2010, one customer accounted for 11.6% of Besi's revenue and its three largest customers accounted for 25.3% of revenue. In addition, Besi derives a substantial portion of its revenue from products that have an average selling price in excess of € 250,000 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 quarter to quarter.

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 an estimated installed base of 11,000 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 € 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.

Organizational restructuring activities

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 its strategic and market position, processes and structure. Initial Dragon II initiatives and actions focused on cost savings in excess of € 15 million which was achieved in 2009 by a reduction in fixed and temporary headcount, the sale of its Hungarian die bonding operations and the rationalization of its plating unit. In 2008 and 2009, Besi recorded charges of € 4.2 million and € 1.8 million, respectively, related to this restructuring plan.

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. Besi realized approximately € 7.0 million of annualized cost savings from this plan for which it incurred charges of € 9.4 million and € 4.4 million in 2009 and 2010, respectively.

In the second quarter of 2010, Besi announced a restructuring of its wire bonding group to improve its long term profitability. Charges of € 0.4 million were recorded in 2010 to provide for severance and facility costs related to these actions.

2010 compared to 2009

Besi's results of operations and financial condition greatly improved during the 2009-2010 period, particularly on a quarterly sequential basis, as a result of improved industry conditions and the profitable execution of its business strategy. Underscoring Besi's growth in 2010 as compared to 2009, revenue increased by € 203.2 million and net income increased by € 41.9 million to € 47.3 million.

One of the key factors supporting Besi's progress in 2010 was a semiconductor industry recovery that began in the spring of 2009 with the stabilization of the global economy and accelerated through the summer of 2010. In this semiconductor upcycle, customers, particularly Asian subcontractors, significantly increased their orders for incremental semiconductor assembly capacity to meet demand for memory, personal computing, smart phone and tablet applications. Besi also experienced substantially increased demand in 2010 from IDMs to support the introduction of new semiconductor products to the market. During the latter part of the third quarter and the fourth quarter of 2010, order rates slowed down as compared to elevated levels in the first half of 2010 as customers deployed the incremental capacity purchased in the latest upcycle and refined their capital spending budgets in light of moderating global economic growth in the second half of 2010.

Besi's financial performance in 2010 was also aided by the timely acquisition of Esec in 2009 which significantly contributed to its revenue and earnings growth and leveraged the Company's exposure to the most recent industry upcycle.

In addition, elevated profit levels in 2010 as compared to 2009 resulted from Besi's ability to align production to meet industry demand with only a limited increase in overhead levels due to its restructuring and cost reduction initiatives 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 € 351.1 million in 2010 as compared to € 147.9 million in 2009 (increase of 137.4%) as a result of improved industry conditions, increased revenue contributed by die attach products and the Company's ability to ramp its production in its global operations sufficiently to meet elevated industry demand.

Orders

Orders for 2010 were € 376.5 million, an increase of 131.7% as compared to € 162.5 million in 2009 due primarily to improved industry conditions generally and increased die attach system orders for advanced packaging applications. Orders by IDMs and subcontractors represented 50% and 50%, respectively, of Besi's total orders in 2010 as compared to 42% and 58% in 2009, respectively.

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.

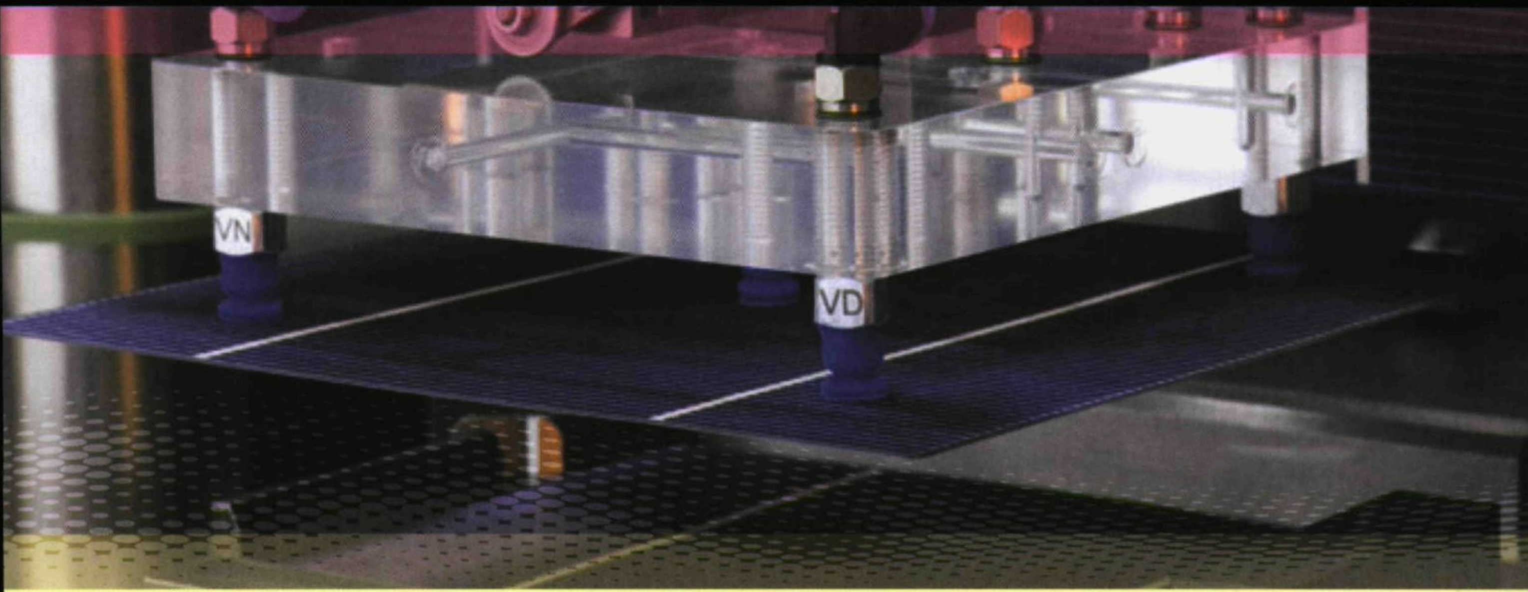
Backlog increased from € 51.0 million at December 31, 2009 to € 76.4 million at December 31, 2010 reflecting the impact of the industry recovery on Besi's business and increased orders for die attach systems. The book-to-bill ratio was 1.07 for 2010 as compared to 1.10 for 2009.

Gross profit

Besi's gross profit as a percentage of revenue for the years ended December 31, 2010 and 2009, respectively, were as follows:

(euro in millions)			**Year Ended December 31,**		**Margin Change**
		2010		**2009**	**2010/2009**[1]
		% revenue		**% revenue**	
Gross profit	138.5	39.4%	40.8	27.6%	11.8%
Amortization of intangible assets	0.5	0.1%	1.0	0.7%	(0.6%)
Release of purchase obligations/purchase accounting	-	0.0%	(5.1)	(3.5%)	3.5%
Restructuring charges	2.4	0.7%	6.1	4.1%	(3.4%)
Adjusted gross profit	**141.4**	**40.3%**	**42.8**	**28.9%**	**11.4%**

[1] Change in absolute percentage points



Gross profit increased by € 97.7 million, or 239.5% to € 138.5 million in 2010. Similarly, Besi's gross margin increased from 27.6% in 2009 to 39.4% in 2010. Gross profit in 2010 was adversely affected by € 2.4 million of severance charges related to the December 2009 headcount reduction plan. Gross profit in 2009 was influenced by the following items:

(i) € 5.4 million of inventory write-offs associated with the realignment of Besi's packaging systems business.
(ii) Severance charges of € 0.7 million for production personnel in connection with the Dragon II plan.
(iii) A net gain of € 5.1 million primarily related to the successful settlement of certain Esec purchase obligations.

On an adjusted basis, Besi's gross profit margin increased from 28.9% in 2009 to 40.3% in 2010 due to (i) significantly increased sales volume, (ii) an increased proportion of higher margin die attach systems in the Company's revenue mix, (iii) benefits realized from the restructuring of its Packaging and Wire Bonding Product Groups, (iv) reduced unit manufacturing costs as a result of increased direct shipments from Besi's Asian manufacturing operations, and (v) increased production and supply chain efficiencies at its European and Asian production facilities.

Selling, general and administrative expenses

The details of Besi's selling, general and administrative expenses for the years ended December 31, 2010 and 2009, respectively, were as follows:

Total selling, general and administrative expenses increased by 19% to € 64.1 million in 2010 and represented 18.3% of revenue as compared to € 54.1 million, or 36.6% of revenue in 2009. In 2010, Besi's selling, general and administrative expenses were adversely affected by net restructuring and other charges of € 2.1 million primarily related to headcount reductions in its packaging and sales organization, severance and facility charges, net related to the rationalization of its wire bonding unit and an impairment charge on the carrying value of land at its Dutch facility. In 2009, Besi's selling, general and administrative expenses were adversely influenced by the following items:

- € 1.8 million of charges 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 obligations for excess production capacity and severance costs.
- € 1.1 million of Esec integration charges incurred in the first quarter of 2009.

On an adjusted basis, Besi's selling, general and administrative expenses increased by € 15.0 million in 2010 (33.0%) as compared to 2009 primarily related to increased costs necessary to support its 137% year over year revenue increase. As a percentage of revenue, adjusted selling, general and administrative expenses declined to 17.3% in 2010 as compared to 30.7% in 2009 as Besi was able to ramp revenue with only a limited increase in overhead levels due to its restructuring and cost reduction initiatives and Esec integration efforts.

(euro in millions)			**Year Ended December 31,**		**% Change**
		2010		**2009**	**2010/2009**[1]
		% revenue		**% revenue**	
Selling, general and administrative expenses	64.1	18.3%	54.1	36.6%	(18.3%)
Restructuring and other charges	(2.1)	(0.6%)	(7.2)	(4.9%)	4.3%
Amortization of intangible assets	(1.5)	(0.4%)	(1.4)	(1.0%)	0.6%
Adjusted selling, general and administrative expenses	**60.5**	**17.2%**	**45.5**	**30.7%**	**(13.5%)**

[1] Change in absolute percentage points

Research and development expenses

Set forth below are the details of Besi's research and development activities for the years ended December 31, 2010 and 2009, respectively:

(euro in millions)			Year Ended December 31,		% Change
		2010		2009	2010/2009[1]
		% revenue		% revenue	
Research and development expenses	24.2	6.9%	19.8	13.4%	(6.5%)
Capitalization of development costs	6.0	1.7%	7.0	4.7%	(3.0%)
Amortization of development costs	(3.2)	(0.9%)	(1.1)	(0.8%)	(0.1%)
Restructuring charges	(0.8)	(0.2%)	(0.2)	(0.1%)	(0.1%)
Adjusted research and development expenses, net	**26.2**	**7.5%**	**25.5**	**17.2%**	**(9.7%)**

[1] Change in absolute percentage points

Besi's research and development expenses ("R&D") increased by 22.2% from € 19.8 million in 2009 to € 24.2 million in 2010. As a percentage of revenue, R&D decreased to 6.9% in 2010 from 13.4% in 2009. Adjusted R&D in 2010 was € 26.2 million, or 7.5% of revenue, as compared to € 25.5 million in 2009, or 17.2% of revenue. Increased spending was due primarily to higher spending related to Nova die bonding common platform development and a new singulation system.

Restructuring charges

Restructuring charges are recognized in the following line items in Besi's Consolidated Statement of Operations:

(euro in millions)	2010	2009
Cost of sales	2.4	0.7
Selling, general and administrative expenses	1.6	6.0
Research and development expenses	0.8	0.2
Total	**4.8**	**6.9**

Total restructuring charges declined from € 6.9 million in 2009 to € 4.8 million in 2010. Restructuring charges in 2010 primarily related to severance charges to rationalize its packaging and wire bonding equipment product lines and increase efficiencies elsewhere in its global operations. Restructuring charges in 2010 primarily related to severance payments but excluded € 0.3 million impairment of land and € 0.2 million other charges at Besi's Dutch facilities. Restructuring charges in 2009 primarily related to severance payments and to the remaining value of future lease obligations for excess capacity at its Duiven, the Netherlands plant but excluded € 5.4 million of inventory write-downs associated with the realignment of its packaging equipment business and € 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 € 0.2 million impairment charge related to the write-off of capitalized development costs for a discontinued project. No impairment charges on intangible assets were recorded in 2010.

Operating income (loss)

Besi reported operating income of € 49.9 million in 2010 as compared to € 8.3 million in 2009. Set forth below is a table presenting Besi's operating income for 2010 and 2009 and as adjusted for all special charges/income incurred during each respective period.

(euro in millions)	2010	2009
Operating income	49.9	8.3
Badwill gain/other	-	(41.5)
Impairment charges	0.3	0.2
Esec acquisition	-	(5.1)
Inventory write-down (product portfolio)	-	5.4
Esec integration charges	-	1.1
Other	0.2	-
Restructuring charges	4.8	6.9
Adjusted operating income (loss)	**55.2**	**(24.7)**

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 € 4.2 million in 2010 as compared to € 2.6 million in 2009.

Financial income (expense), net

The components of Besi's financial income (expense), net, for the years ended December 31, 2010 and 2009, respectively, were as follows:

(euro in millions)	Year ended December 31, 2010	2009	% Change 2010/2009
Interest income	0.3	1.1	(72.7%)
Interest expense	(2.8)	(3.3)	18.2%
Interest expense, net	**(2.5)**	**(2.2)**	**(9.1%)**
Foreign exchange losses, net	(0.8)	(1.2)	33.3%
Gain on repurchase of convertible debt	0.8	-	n.m.
Financial expense, net	**(2.5)**	**(3.4)**	**29.4%**

Besi's financial expense, net, decreased from € 3.4 million in 2009 to € 2.5 million in 2010 due to a gain of € 0.8 million from the retirement of € 8.5 million of its 5.5% Convertible

Notes at a discount as well as lower interest expense due to lower debt balances outstanding partially offset by lower interest income due to declining interest rates on its cash balances.

Income taxes (benefit)

Besi recorded income taxes of € 0.1 million in 2010. The 2010 effective tax rate was lower than Besi's statutory rate due primarily to a € 10.2 million net tax benefit from a reassessment of the recoverability of net operating losses at its Esec subsidiary due to its improved profitability and prospects. Besi recorded an income tax benefit of € 0.5 million in 2009 despite having positive net income as a € 41.2 million badwill gain recorded in the year was not subject to taxation.

Net income (loss)

Besi's net income for 2010 was € 47.3 million as compared to € 5.4 million in 2009. Set forth below is a table presenting Besi's reported net income for 2010 and 2009 and as adjusted for all special charges/income incurred during each respective period.

(euro in millions)	2010	2009
Net income as reported	47.3	5.4
Restructuring charges	4.8	6.9
Impairment charges	0.3	0.2
NOL revaluation	(10.2)	-
Gain on repurchase of convertible debt	(0.8)	-
Acquisition gain/other	-	(41.5)
Purchase obligations	-	(5.1)
Esec integration charges	-	1.1
Inventory write-down (product portfolio)	-	5.4
Other	0.2	-
Tax effects	-	(0.4)
Adjusted net income (loss)	**41.6**	**(28.0)**

Besi's adjusted net income increased to € 41.6 million in 2010 as compared to a loss of € 28.0 million in 2009 primarily due to:

(i) A 137% year over year revenue increase.

(ii) Significantly improved gross margins as a result of an increased % of higher margin die attach systems in the product mix, increased production and supply chain efficiencies and benefits from its product line restructuring.

(iii) Significantly reduced operating expense margins as Besi was able to ramp revenue with only a limited increase in overhead levels.

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

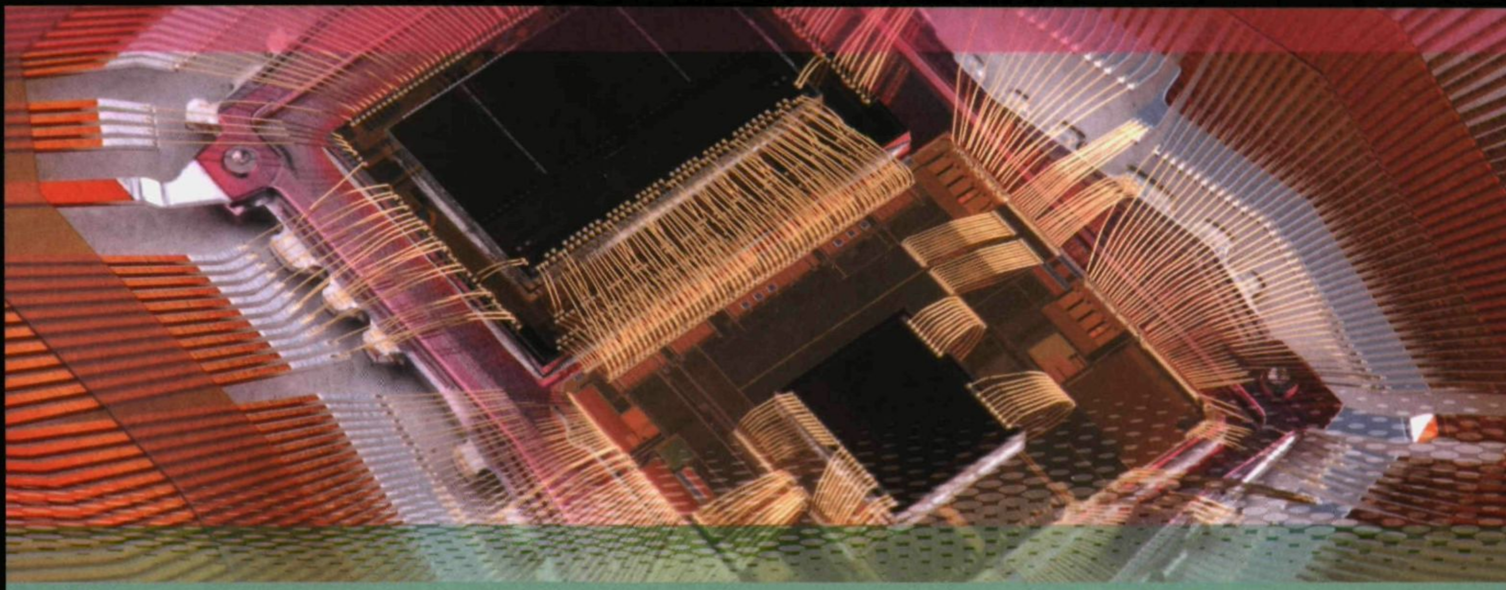
Besi's net cash position (cash and cash equivalents less total debt and capital lease obligations) increased from € 19.7 million at December 31, 2009 to € 22.9 million at December 31, 2010. Besi's net cash position improved in 2010 due primarily to € 60.5 million of cash flow from operations generated during the period plus a positive exchange rate benefit of € 4.3 million partially offset by: (i) an investment in working capital of € 48.3 million necessary to support its 137% year over year revenue growth, (ii) € 6.0 million of capitalized development costs, and (iii) net capital expenditures of € 6.6 million.

Working capital

Besi's working capital excluding cash and debt increased from € 42.1 million at December 31, 2009 to € 94.5 million at December 31, 2010 due primarily to a € 50.6 million year over year increase in accounts receivable and a € 24.2 million increase in inventories to support higher sales and order levels partially offset by increased accounts payable of € 15.3 million, other payables of € 0.6 million, and accrued liabilities of € 5.0 million in support of Besi's expanded operations as well as € 2.5 million of increased warranty provisions in support of higher sales levels.

Capital expenditures

Besi's capital expenditures, net of dispositions, were € 6.6 million and € 2.1 million in 2010 and 2009, respectively. Besi's capital expenditures in 2010 consisted primarily of production equipment for its Malaysian facilities and expenditures related to the deployment of its ERP system. Besi expects capital



expenditures in 2011 of approximately € 7 million focused primarily on continued upgrading and expansion of its Asian production capacity and IT capital spending related to the further deployment of its ERP system.

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, 2010, Besi and its subsidiaries had available lines of credit aggregating € 21.5 million, under which € 16.0 million of borrowings were outstanding. Amounts available to be drawn under the lines were further reduced by € 1.0 million in outstanding bank guarantees. Interest is charged at the banks' base lending rates or Euribor plus an increment between 0.3% 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, 2010.

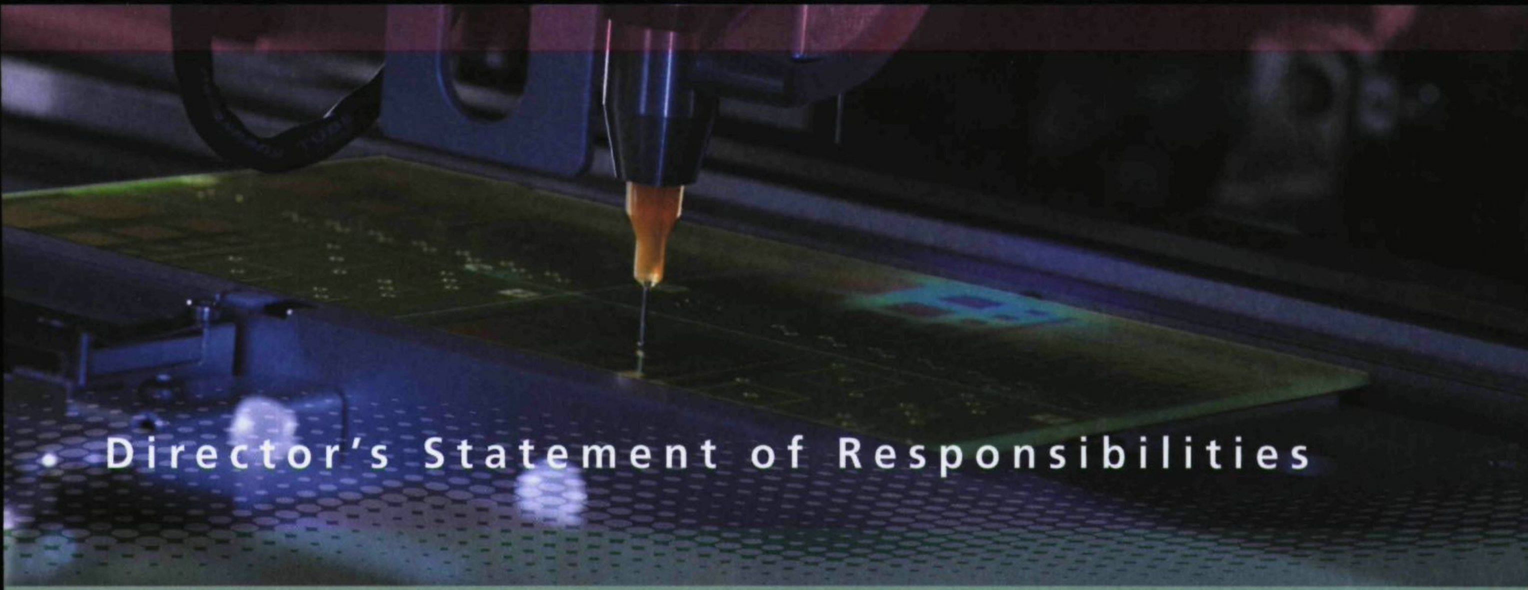
€ 8.0 million of Besi's credit lines relate to its Dutch subsidiaries and are secured by a pledge of inventories and accounts receivable and a parent company guarantee. The principal restrictive covenants contained in each Dutch line of credit include a solvency ratio, net cash to EBITDA ratio and a 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, 2010, Besi had € 27.9 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. In 2010, Besi repurchased approximately € 8.5 million of its Convertible Notes for a net price of approximately € 7.8 million.

Dividend

Historically, Besi has retained its earnings to finance its operations and growth especially in view of the cyclical and volatile nature of the industry in which it participates. Given Besi's earnings and cash flow generation in its fiscal year 2010, the Board of Management has recommended the payment of a dividend equal to € 0.20 per share, either in shares or in cash.

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, working capital and dividend for at least the next twelve months.



Director's Statement of Responsibilities

Director's Statement of Responsibilities

In accordance with statutory provisions, the director states, to the best of his knowledge that:

1. The Financial Statements 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 Report of the Board of Management 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.

Richard W. Blickman

Besi Shareholder Information

NYSE Euronext Amsterdam listing

Besi's Ordinary Shares are listed on the NYSE Euronext Amsterdam. The stock symbol is BESI and the ISIN code is NL0000339760. Besi also has outstanding € 27.9 million of 5.5% Convertible Notes due 2012 which are listed on Euronext Amsterdam (ISIN NL0000116648).

	2010	2009
Number of Ordinary Shares	34,128,517	33,728,517
Average daily turnover	105,507	20,513
Highest closing price (in euro)	5.04	2.91
Lowest closing price (in euro)	2.65	1.10

OTCQX listing

The shares also trade on NASDAQ OTCQX International (symbol: BESIY). On February 18, 2011, Besi upgraded its New York Registry Share program to the OTCQX International, the premier OTC market tier. Besi's New York Registry Shares now trade under the ticker BESIY. Investors in Besi's New York shares can find real-time quotes, disclosure and financial information about Besi at **www.otcqx.com** and **www.otcmarkets.com**. By utilizing the OTCQX, Besi hopes to significantly increase the market breadth, visibility and liquidity of its shares in North American markets. Besi's principal American liaison for the OTCQX International listing is Canaccord Genuity, Inc.

Besi's equity structure

At the end of 2010 the number of issued and outstanding ordinary shares was 34,128,517 of which Besi held 184,616 shares in treasury. The issued share capital of Besi was increased this year by 400,000 shares related to Besi's employee incentive compensation program. 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, 2012, 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, 2012. 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 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 (i) 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 (ii) 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 October 29, 2011.

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 € 27.9 million principal amount of Notes outstanding at December 31, 2010.

Dividend policy

Historically, Besi has retained its earnings to finance its operations and growth especially in view of the cyclical and volatile nature of the industry in which it participates. Besi has also retained earnings and cash reserves historically 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 prevailing market outlook, Besi's strategy, market position and liquidity situation as well as the Company's acquisition strategy. Given Besi's earnings and cash flow generation in its fiscal year 2010, the Board of Management recommends the payment of a dividend equal to € 0.20 per share, either in shares or in cash.

5% ownership interests in the Ordinary Shares

Under the Dutch Financial Supervision 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 Invest B.V.	
notification effective on June 10, 2008	5.52%
Gestion Deelnemingen V B.V.	
notification effective on May 8, 2008	5.06%
J.N.A. van Caldenborgh	
notification effective on April 29, 2010	5.00%

A list of ownership interests in the Company of 5% or more can be found on the AFM website: **www.afm.nl**.

There have been no transactions between the Company and A. Strating, who has an ownership interest exceeding 10% of the Ordinary Shares.

Liquidity providers

ING Securities Services, Rabobank N.V. and SNS Securities N.V. act as market makers for Besi's shares on NYSE Euronext Amsterdam.

Analysts

The following sell side analysts cover Besi's shares:
SNS Securities N.V. - Victor Bareno
ING Bank N.V. - Niels de Zwart

Investor relations

Besi uses a range of activities to initiate and maintain contacts with investors. After publication of its annual and quarterly results, road shows are held in the Netherlands and other countries to meet existing and potential new institutional investors. Besi is represented at these road shows by either the CEO or the Senior Vice President-Finance. Planned road shows 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 Euronext and by investor visits to Besi. A total of 35 meetings with institutional investors were held in 2010 including road shows, conference calls and broker conferences.

Important investor relations dates in 2011 that are currently planned (subject to change) are as follows:

28 April 2011	Annual General Meeting of Shareholders, to be held at Besi in Duiven at 2.00 p.m.
28 April 2011	2011 first quarter results
28 July 2011	2011 second quarter results
27 October 2011	2011 third quarter results
February 2012	2011 fourth quarter and annual results

Prevention insider trading

In view of its share listing 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 71 to 74 of this Annual Report.

Besi share price development

Source Factset as of December 31, 2010

Source Factset as of December 31, 2010

Risks and Risk Management

Risk management is becoming an increasingly important part of doing business in today's world. Over the past five years, the importance of risk management and control systems has grown substantially for Besi as result of its increased size and complexity, changing market conditions and substantial expansion of its business operations outside of Europe. In 2010, the most important components of Besi's internal risk management and control system were:

- An extensive and documented process for preparing its annual budget, quarterly estimates and reports of its monthly financial and non-financial information compared with the budgeted and quarterly estimated information.
- Monthly business reviews with local management and members of its Board of Management with respect to its monthly and quarterly bookings, revenues, backlog and results of operations, together with discussions of general market, economic, technological and competitive developments.
- Its compliance with the Besi Accounting Manual which contains guidelines governing its financial accounting and reporting procedures.
- Its compliance with the Besi internal control framework that is implemented in all significant operating companies.
- Regular analyses of operational risks at the relevant operating companies.
- Regular analyses of Besi's capital structure and financing requirements.

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

- Development of Besi's bookings, revenues, backlog and results of operations versus budget as well as developments in the global economy and semiconductor assembly market and their impact on its financial results.
- The progress of Besi's ongoing restructuring and cost reduction efforts.
- The status of Besi's key customer relationships.
- An analysis of orders lost to competitors and the development of Besi's competitors' business.
- Material development in Besi's research and development function.
- Foreign currency exchange rate developments.
- Status of its current corporate governance procedures.

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 of the Supervisory Board.

In addition, Besi's operations are also governed by a set of guidelines and instructions governing the following topics:

- Code of Conduct
- Whistleblower procedure
- Guidelines regarding authorizations
- Reporting of fraudulent activities
- Hedging of financial risks
- Internal financial reporting
- Transfer pricing

Insurance policies are in place to cover the typical business risks associated with Besi's operations. These policies are reviewed every year. Besi's policies regarding foreign currency hedging, interest rate, credit, market and liquidity risks are further described in the Financial Statements on pages 79 to 84.

Besi improved its formal documentation of its risk management system in 2010 by formally documenting its key risks and controls in its operations as per corporate governance guidelines as well as allocating responsibility for management of the relevant risks to appropriate Besi senior personnel. Based on such actions, there are no indications that this system did not function properly 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, results of operations and backlog. 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.

The world's financial markets experienced significant turmoil in 2008/2009, resulting in reductions in available credit, dramatically increased costs of credit, extreme volatility in security prices, changes to existing credit terms, rating downgrades of investments and reduced valuations of securities generally. In light of such economic conditions, certain of Besi's customers reduced their spending plans, leading them to draw down their existing inventory and cancel or reduce anticipated orders for semiconductor equipment. Besi's results of operations in 2008 and 2009 were materially adversely affected by this global economic and financial market 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 caused it to incur quarterly operating losses from the fourth quarter of 2008 through the first quarter of 2010.

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

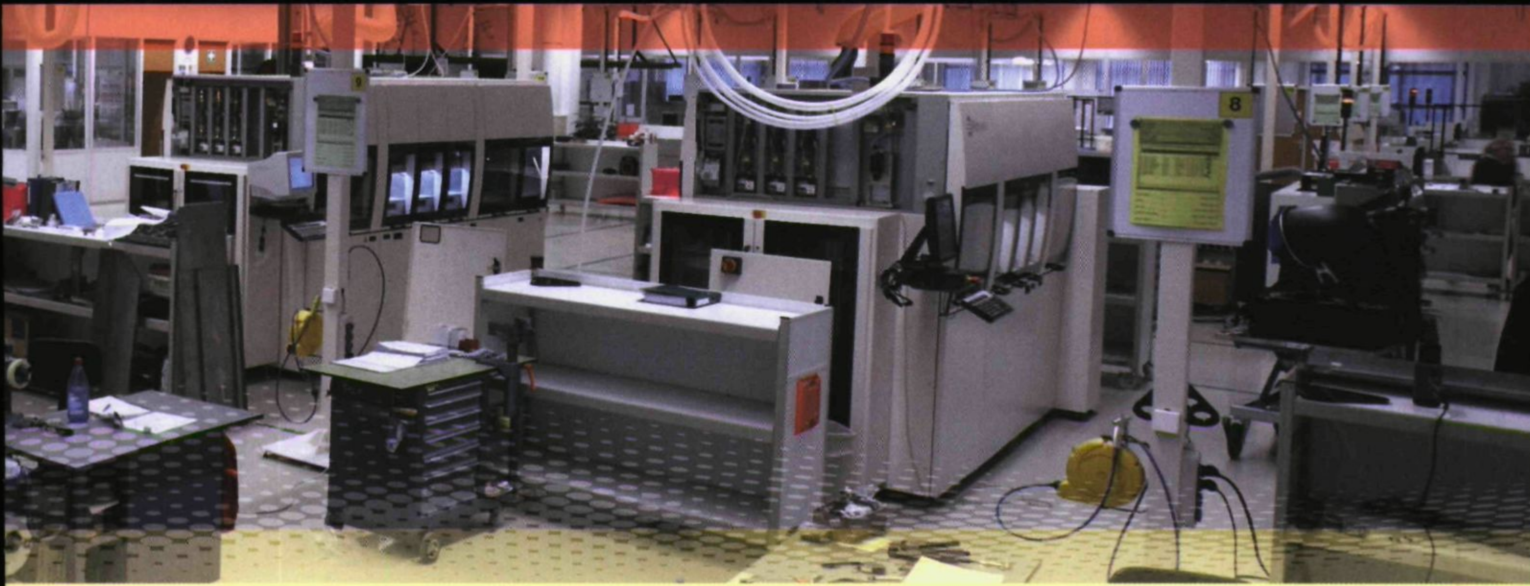
Future economic downturns could adversely affect Besi's customers and suppliers which would in turn have an impact on its business and financial condition.

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 them 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.
- Besi's ability to scale its operations consistent with the demand for its products.
- The market acceptance of new products or product enhancements by Besi or its competitors.
- The timing of new personnel hires and the rate at which new personnel become productive.
- Changes in pricing policies by Besi's competitors.
- Changes in Besi's operating expenses.
- The success of Besi's research and development projects.
- Besi's ability to adequately protect its intellectual property.
- Besi's ability to integrate any future acquisitions.
- Besi's ability to adjust production capacity on a timely basis to meet customer demand.
- The ability of Besi's suppliers to meet its needs for products.
- 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 € 76.4 million at December 31, 2010. The orders in Besi's backlog are subject to cancellation by the customer at any time upon payment of a negotiated charge. During market downturns, semiconductor manufacturers historically have cancelled or deferred additional equipment purchases. In the most recent industry downturn, Besi's backlog declined by approximately 47% between year end 2007 and 2008. In addition, 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 revenue declines 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 the nature of such fixed costs, Besi may not be able to reduce 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 average selling price for a substantial portion of the equipment Besi offers exceeds € 250,000, and as a result of such potential investment size, 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.

A limited number of customers have accounted for a significant percentage of Besi's revenues, and its future revenues could decline if it cannot maintain or replace these customer relationships.
Historically, a limited number of Besi's customers has accounted for a significant percentage of its revenues. In 2010, Besi's three largest customers accounted for approximately 25.3% of its revenue, with the largest customer accounting for approximately 11.6% 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 relatively 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 customers during a particular period could have a significant adverse effect on Besi's revenues.

In addition, there are a limited number of customers worldwide interested in purchasing semiconductor manufacturing equipment. As a result, if only a few potential customers were to experience financial difficulties, or file for bankruptcy protection, the semiconductor equipment manufacturing market as a whole, and Besi's revenues and results of operations specifically, could 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 its products and services, 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. Further industry consolidation could result in additional negative consequences to Besi, including increased pricing pressure, increased demands from customers for enhanced or new products, greater sales and promotional costs and the potential for increased oversight from regulatory agencies. Any of the foregoing events 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'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.

If Besi fails to compete effectively based upon these or other factors, its business and results of operations could be adversely affected.

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, introduce them at competitive price levels and gain market acceptance. 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.

In addition, Besi is required to invest significant financial resources 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 receives 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 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.

Besi cannot provide any assurance 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 the Netherlands, Austria, Malaysia, Korea, Hong Kong, Singapore, Japan, China, the Philippines, Taiwan, Switzerland and the United States. Its products are marketed, sold and serviced worldwide. In addition, more than 50% of its employees are located currently in facilities outside of Europe.

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

Besi's use of global and diverse information technology systems and centralized IT data centre 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 an enterprise software system ("ERP") 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 ERP 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 it 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 centre in Radfeld, Austria. This data centre 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 centre 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.

The percentage of its consolidated net revenue which is represented by US dollar or US dollar-linked currencies amounted to approximately 70% of total revenue in the year ended December 31, 2010, whereas revenue denominated in euro amounted to approximately 21% and approximately 9% in other currencies. Approximately 25% of Besi's costs and expenses were denominated in euro, approximately 37% were denominated in Swiss francs, approximately 21% were denominated in Malaysian ringgits and approximately 17% were denominated in other currencies 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 and Swiss franc. Over the past five years, the value of the US dollar has declined significantly in comparison with the euro which has adversely affected Besi's results of operations. Besi's currency exposure relative to the Swiss franc commenced on a material basis with the acquisition of Esec in April 2009. Besi seeks to manage its exposure to such fluctuations in part by hedging firmly committed 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 a material adverse effect on its results of operations or financial condition.

Besi's principal competitors are domiciled in countries utilizing primarily US dollars and/or Japanese yen as their principal currencies for the conduct of their operations. 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 of operations.

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. Besi has also undertaken additional initiatives designed to reduce its cost structure, increase its profitability and enhance its competitive position. Between 2007 and 2010, Besi incurred restructuring charges aggregating € 20.4 million. 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. In addition, Besi may engage in additional restructuring efforts which could result in Besi incurring additional restructuring charges in the future. These restructuring charges have adversely affected, and could in the future 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, 2010, Besi had a total of € 46.4 million of debt and lease obligations outstanding. € 16.0 million were represented by borrowings under Besi's lines of credit which are due and payable upon demand by the lending institution and € 3.0 million were represented by long term debt and financial leases including the current portion with maturity dates until 2013. Besi also had € 27.9 million principal amount outstanding of its 5.5% Convertible Notes due January 2012 ("Convertible Notes"). At such date, Besi had cash and cash equivalents of € 69.3 million and excess borrowing capacity under its available lines of credit of € 4.5 million.

In 2010, Besi generated € 60.5 million in cash to fund its operations, capital spending and capitalized development costs and financing. In contrast, Besi required a comparable net cash flow of € 26.5 million in 2009. Besi's ability to service and/or refinance its indebtedness 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, net losses resulting from any renewed semiconductor industry downturn could place Besi 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, any return to turmoil in global banking and financial markets similar to 2008/2009 could make it difficult for Besi to refinance its lines of credit and Convertible Notes in a timely manner and on terms and conditions that would be commercially acceptable to Besi. 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 Convertible Notes on commercially acceptable terms. In addition, failure to comply with the covenants in Besi's credit lines could cause an acceleration of certain of its indebtedness and/or trigger cross default provisions with respect to other Besi debt which could materially and adversely affect its liquidity and ability to service its other outstanding indebtedness, 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 products 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 Besi 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 could harm its customer relationships, damage its 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. It is unclear whether Besi's insurance policies would adequately compensate it for any losses that it may incur as the result of a service disruption or delay.

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.

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 favourable 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.

Corporate Social Responsibility

Strategic considerations

Since its founding, Besi's operations were historically conducted via a typical holding company structure. As such, the different Besi member companies had a fair degree of autonomy and independence in the conduct of their operations. Due to profit and competitive reasons, Besi was restructured beginning in 2007 where the decentralized holding company structure was replaced with a more centralized, integrated organization spanning all of the Company's global operations. In the new "One Besi" concept, business processes, systems and resources have been transformed in such a way that they are now useable and accessible for all parts of the organization. Besi's efforts increased in 2010 to further its One Besi concept, including the implementation and deployment of a new ERP system for its Die Attach operations which it hopes to roll out to the remainder of its Product Groups over the next years so that personnel can better communicate, account for and share resources across the organization. As a result, the Company believes that new processes and guidelines have been brought together. In today's business world, Besi also recognizes that social responsibility and sustainability are of growing importance and need to be incorporated into its One Besi efforts and business operations. Therefore, Besi acknowledges in its long term strategy values such as the impact of its actions on the environment, the utilization of energy resources and health & safety principles at its production sites.

From this strategic point of view, Besi's business functions can be categorized in four different value chain processes (functional chains), each of which is considered in accordance with its social responsibility and sustainability principles. These four value chain processes are:

- Product creation (idea to product)
- Demand creation (product to order)
- Demand fulfilment (order to cash)
- After Sales (service and spares)

In addition to these value chain processes, Besi's business also has management processes and enabling processes such as strategic purchasing, QEHS (Quality - Environment - Health & Safety Management) and corporate processes.

Generally, the value chain processes are allocated to different sites in the organization by individual Product Group with the exception of After Sales activities. All enabling processes are organized as central process functions under a central Besi corporate structure, keeping functional reporting units at each Product Group site. By means of this structure, harmonized proceedings can be achieved worldwide while global social responsibility and sustainability policies can be emphasized and implemented.

The new One Besi organizational structure will be able to secure Besi's capabilities to produce all of Besi's products under a uniform corporate brand identity while keeping the necessary flexibility to serve local needs and requirements. After the Company's restructuring and the implementation of new systems, procedures and processes, we believe that employees will be more highly motivated to perform their job functions due to an increase in efficiency and successful task completion. The positive implications of such actions are clear: higher efficiency results in lower costs, increased profitability and an enhanced competitive position. The incorporation of global social responsibility and sustainability policies (quality, environment and safety) into its organizational strategy will enable Besi to further enhance its position as a socially responsible corporate citizen.

In order to give substance to its strategy and consistent with the One Besi objective, Management has decided to concentrate the majority of its production at its Shah Alam, Malaysia and Leshan, China facilities while product management resides at its European and North American facilities. As a result, Besi has invested significantly over the past five years in facilities, equipment, personnel and training at its Asian locations. In the transition phase, there are inherent risks regarding new staff training, the establishment and expansion of a supply chain network and the development of a requisite infrastructure. Such risks have been minimized by Besi due to detailed preparation and planning, including detailed risk assessment and risk mitigation plans prior to any major initiative.

Roles and responsibilities

Certain of Besi's policies, rules and regulations to conduct its corporate social responsibility and sustainability activities have been published on its website, which include the 'Code of Business Conduct and Ethics', the 'Whistleblower Procedure' and the 'Regulations Supervisory Board'.

Such policies will also be part of the corporate QEHS System since the formation of the Besi global quality management and QEHS groups. Policies and procedures will be periodically audited by the Besi global quality manager during yearly management reviews, which are carried out on site and at corporate level.

For 2011, Management plans to review specifically all areas of concern raised previously by local organizations and to communicate its findings to all of Besi's sites in order to accept and incorporate good ideas and best practices and eliminate non-optimal solutions.

Environment

Besi acknowledges its social responsibility as a company with respect to environmental issues when assessing its production processes. As such, it intends to get the same certification standard for all of the world wide Besi companies. As of November 2010, Besi's Radfeld facility was the only one site not fulfilling the ISO14001 environmental standard.

All sites (with the exception of Besi's Duiven facility) have successfully achieved their ISO9001:2008 Quality Management control audits and ISO14001:2004 Environmental Management Control audits. Besi's Duiven facility had to prepare a new ISO14001 and ISO9001 certification, as its prior certification was deemed invalid due to far reaching organizational changes. Besi's Radfeld, Austria facility successfully achieved its initial Certification ISO14001:2004 in November 2010.

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

1. Machine assembly plants: the environmental organization here is relatively simple and basic. There are no hazardous substances to be taken into consideration. Besi's plants in Radfeld (Austria), Duiven (the Netherlands) and Cham (Switzerland) belong to this category.
2. Parts manufacturing plants: this category includes plants specifically producing tools (Shah Alam, Malaysia and Leshan, China) and utilizing special chemicals (Drunen). 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.

Stakeholders

Besi is engaged in the highly competitive semiconductor equipment market. For this reason, our customers are important stakeholders. Besi needs to satisfy its customers by supplying machines and equipment:

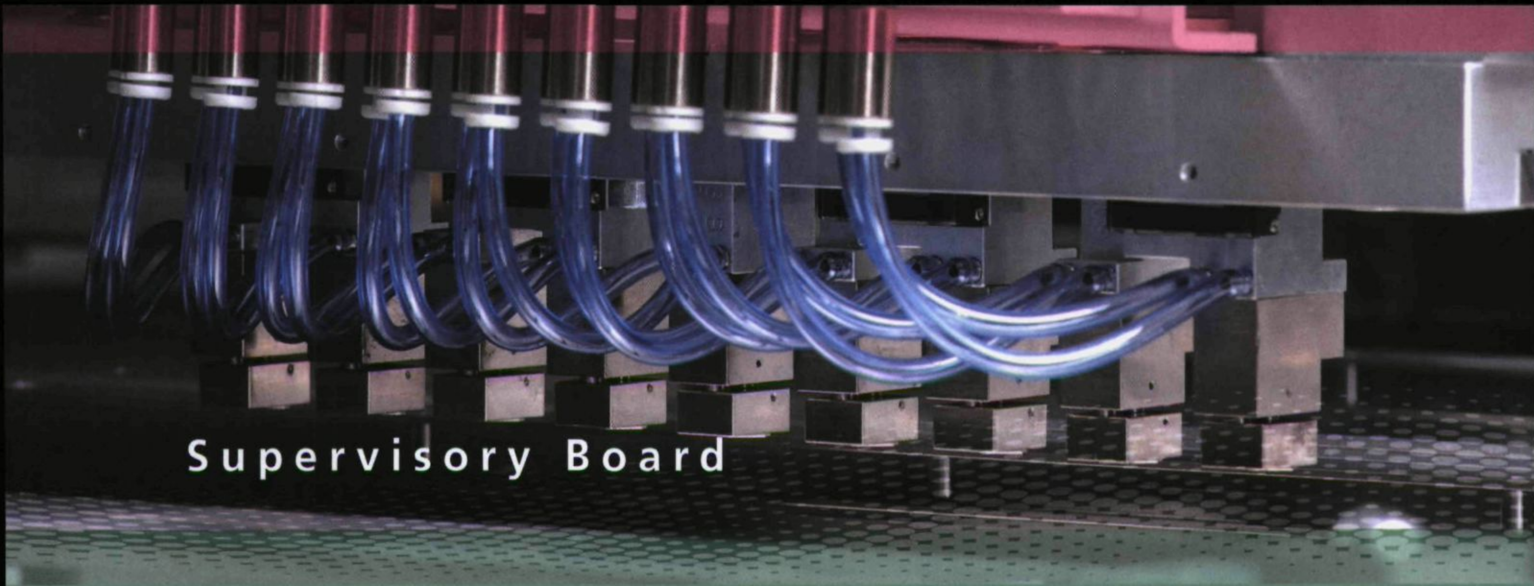
- Of excellent quality, completeness and technological sophistication
- In time
- At reasonable prices
- Taking environment, health & safety and sustainability aspects into account

Given the importance of customer relationships, customer satisfaction is one of our highest priorities. We expend significant effort each year so that our customers remain willing to re-order machines from Besi year in and year out. In 2010, Besi carried out for the first time a customer survey, which resulted in some important feedback and information. We are in the process of translating this feedback into actions so as to maintain our customers' confidence in our capabilities and willingness to solve their production issues.

Our employees are also important stakeholders in the Company. The skills and competence of all employees are critical to our future success. We also realize that competition for qualified personnel is intense, and if Besi's reputation does not comply with key personnel expectations it may be difficult for us to continue to attract and retain personnel in the future. Consequently, employee satisfaction is also an important criterion to be observed by the Company. A comprehensive employee satisfaction assessment has not yet been done, but local assessments have been carried out, which were quite satisfactory in the whole. However, it can be assumed, that employee satisfaction may vary from site to site and from one organizational unit to the other, which needs then to be analyzed and taken into consideration.

Besi's efforts to improve customer and employee satisfaction are basic preconditions to satisfy shareholders needs for revenue and profit growth. Efficiency can only be achieved by qualified personnel on all levels, from the technician on his work bench to the high level manager who plans and implements organizational plans, structures and processes. As such, the education of our supervisors and the development of their managerial skills are critically important to our success. The economic crisis of 2008/2009 demonstrated the importance of retaining our skills in our core competencies of development, engineering and production. The retention of skilled personnel in spite of an extremely difficult market situation enabled us to ramp our production capacity in 2010 to unprecedented levels. Our production capabilities and delivery times enabled us to maintain or gain market share in our individual product lines and to enjoy profitable and sustainable growth in 2010. Our growth in 2010 was beneficial to our customers, our employees and our shareholders.

Interaction with our stakeholders is primarily regulated through the implementation and use of Besi's policies and rules (see above), as well as the strict application of internal and external auditing, supplier and customer audits, periodic management reviews, as well as customer, employee and other relevant surveys.



Supervisory Board

Tom de Waard (male, 1946)
Chairman
Dutch nationality
Member since 2000
Appointed 2007 - 2011
Available for reappointment.

Partner Clifford Chance Amsterdam

Additional functions:
Member of the Supervisory Boards of STMicroelectronics N.V. and N.V. Nuon Energy.

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., Astor Participaties II and DPA Group N.V.

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. Two members of the Supervisory Board owned as of December 31, 2010, in total 2,040,000 shares of the Company. One member of the Supervisory Board held as of December 31, 2010, Convertible Bonds with a nominal amount of € 1,200,000 in total.

Report of the Supervisory Board

Annual report

Besi is pleased to present its 2010 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, 2010. At its meeting on February 23, 2011, the Supervisory Board approved these Financial Statements. KPMG, independent external auditors, duly examined the 2010 Besi Financial Statements and issued an unqualified opinion.

The Supervisory Board recommends that the General Meeting of Shareholders adopts the 2010 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 be declared for the year ended December 31, 2010.

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 one member, Mr Richard Blickman. On December 1, 2010 the Company announced the hiring of a new COO and the installation of the Executive Committee consisting of the CEO and four members of Besi's Management Team including the COO. These four members shall report directly to the CEO. The Supervisory Board is currently comprised of five members, of which Mr Douglas Dunn, Mr Loh Kin Wah, Mr Dirk Lindenbergh and Mr Jan 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 within the meaning of best practice provision III.2.2. of the Dutch Corporate Governance Code.

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

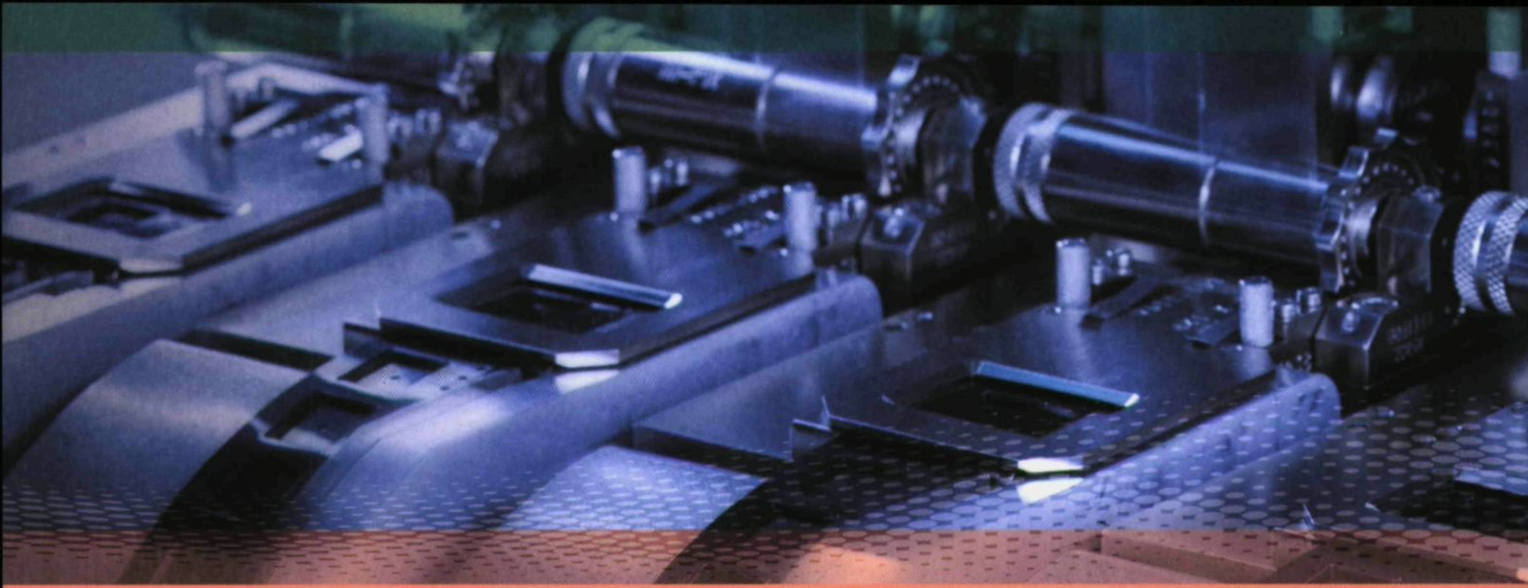
Mr Tom de Waard will be available for reappointment.

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. All Supervisory Board members have significant experience required to carry out supervision over Besi in such areas. In terms of gender and age, 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, 2009 and 2010. 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.

Therefore, 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 evaluated this intensified collaboration in February 2010 and decided to set the meeting schedule at two times per quarter. It was also decided that the one week visit to Asian customers by the full Supervisory Board and the Board of Management will be continued annually.

The Supervisory Board met 10 times and attended two conference calls during 2010 in view of the ongoing restructuring, integration and IT projects and significant production ramp



up at Besi. No members have been absent frequently from meetings of the Supervisory Board. Topics of the meetings included, among other items:

- Besi's general strategy.
- Regular business reviews with the Board of Management, certain members of senior management and key Besi staff.
- The operational integration of Esec into Besi.
- The remuneration of the Board of Management and the Remuneration Report as well as proposals to revise the remuneration policy and Besi Incentive Plan.
- The Company's restructuring program, including the restructuring of the Wire Bonding and Packaging operations.
- Consideration of the composition of the Board of Management.
- The installation of the Executive Committee consisting of the CEO and four members of the Besi Management Team who are reporting directly to the CEO as announced on December 1, 2010.
- The performance and internal division of tasks of the Board of Management.
- Approval of filings with the Dutch Authority for the Financial Markets (Autoriteit Financiële Markten (AFM)).
- 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 gradual operational alignment of all Besi's processes, procedures and ERP systems.
- The issuance of a policy outlining bilateral contacts with shareholders.
- The self evaluation and functioning of the Supervisory Board.

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.

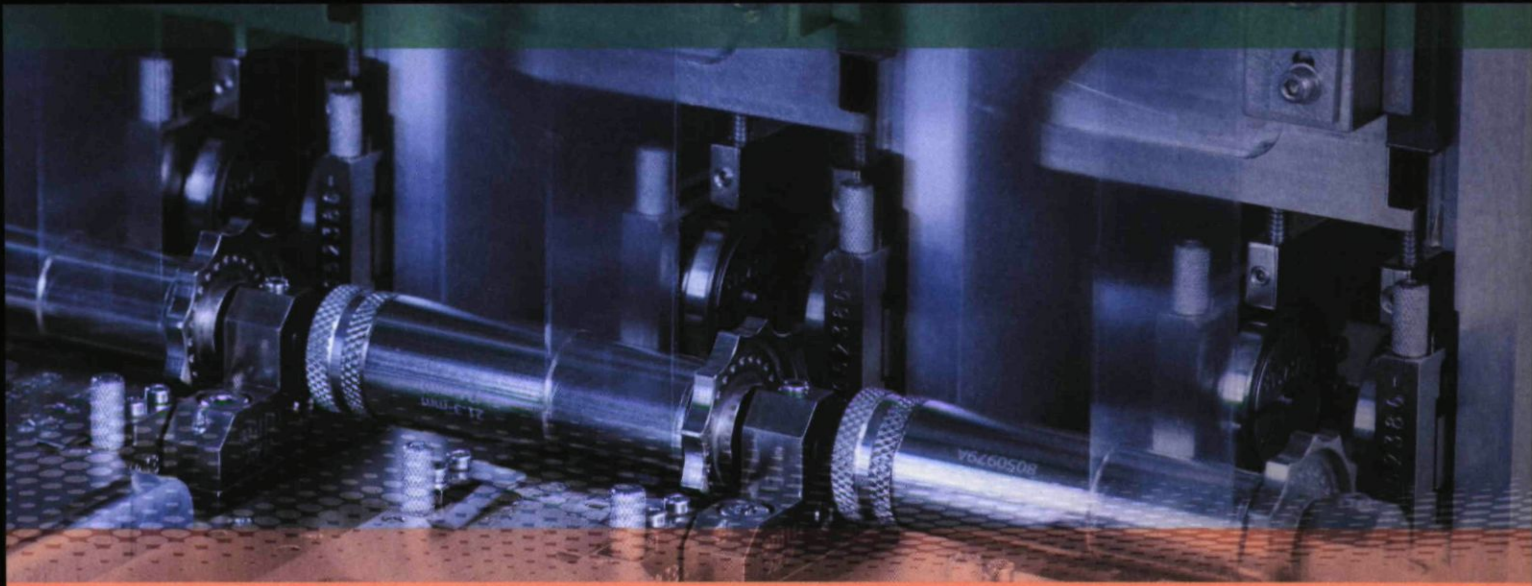
Supervisory Board committees

The Supervisory Board has established two committees, the Audit Committee and the Remuneration and Nomination Committee. 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 fulfils 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, financing and treasury operations.
- Reviewing Besi's tax position including the revaluation of the deferred tax assets of its Swiss operations and further defining its future global tax structure and transfer pricing policy.
- 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.



- 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 for an internal audit function.
- Deploying information and communication technology, including the successful implementation of the first phase roll out of a new global ERP system.

In 2010, 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 2010, (ii) a review of Besi's relevant periodic filings with the AFM and (iii) a review of 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 and Nomination Committee

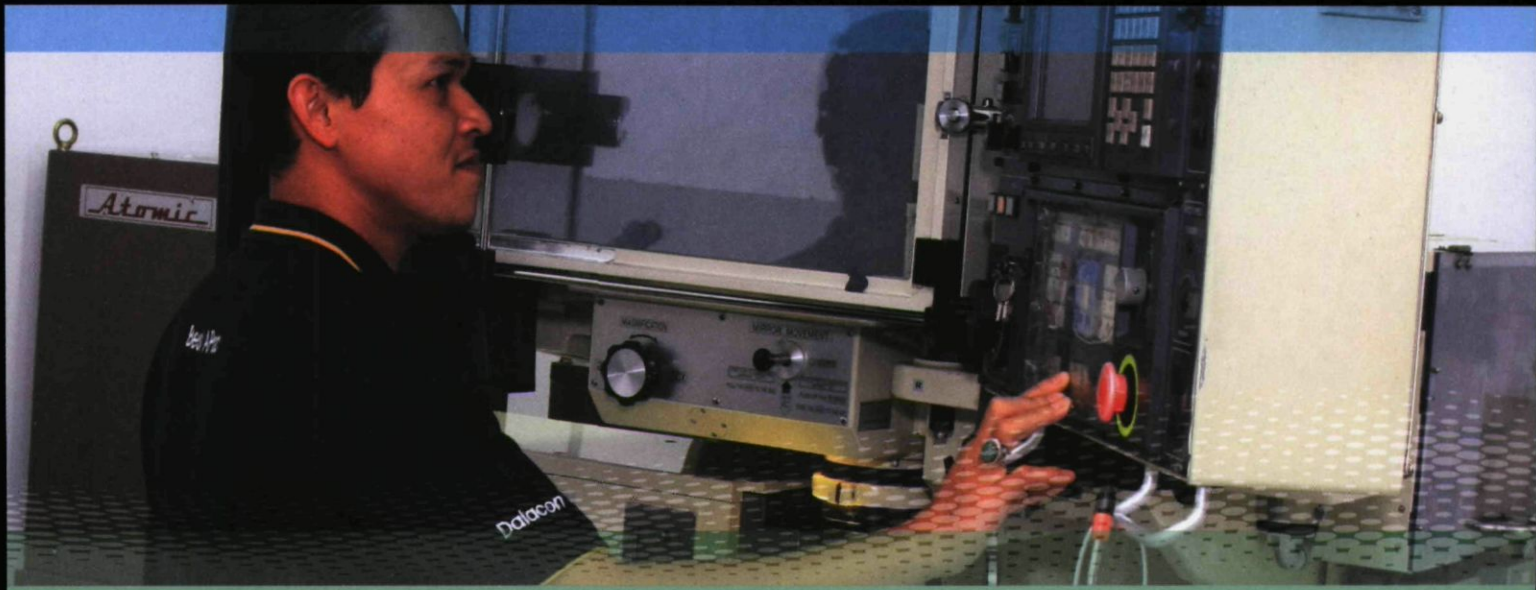
In May 2009 the Supervisory Board decided to merge the Remuneration Committee and the Selection, Appointment and Governance Committee into one Committee, the Remuneration and Nomination Committee in order to simplify the governance structure of Besi. The Chairman of this Committee is Mr Douglas Dunn and its members are Mr Tom de Waard and Mr Dirk Lindenbergh.

The Remuneration and Nomination Committee shall with respect to remuneration have the following duties:

- Making a proposal to the Supervisory Board for the remuneration policy to be pursued.
- Annually reviewing and proposing the corporate goals and objectives relevant to the compensation of senior management.
- Making a proposal for the remuneration of the individual members of the Board of Management within the scope of the remuneration policy adopted by the General Meeting of Shareholders, for adoption by the Supervisory Board; such proposal shall, in any event, deal with:
  - The remuneration structure.
  - The amount of the fixed remuneration, the shares and/or options to be granted and/or other variable remuneration components, pension rights, severance pay and other forms of compensation to be awarded, as well as the performance criteria and their application.
- Overseeing Besi's equity incentive plans.
- Making recommendations to the Supervisory Board with respect to the compensation of executive officers and the Management Team.
- Preparing the Remuneration Report as referred to in best practice provisions set out in section 7 of the Regulations of the Supervisory Board.

The Remuneration and Nomination Committee shall with respect to the selection and nomination of Supervisory Board members and members of the Board of Management have the following duties:

- Drawing up selection criteria and appointment procedures for Supervisory Board members and members of the Board of Management.
- Periodically assessing the size and composition of the Supervisory Board and the Board of Management, and making proposals for the composition profile of the Supervisory Board.
- Periodically assessing the functioning of individual Supervisory Board members and members of the Board of Management, and reporting on this to the Supervisory Board.
- Making proposals for appointments and reappointments.



- Supervising the policy of the Board of Management on the selection criteria and appointment procedures for senior management.

The Committee met twice in 2010. The Committee made use of the services of a remuneration consultant in carrying out its duties in 2010. The Committee verified that the consultant concerned did not similarly provide advice to the Board of Management. The Remuneration Report is included on page 36 of this Annual Report.

The Remuneration and Nomination Committee's regulations are posted on the Company's website at **www.besi.com**.

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.

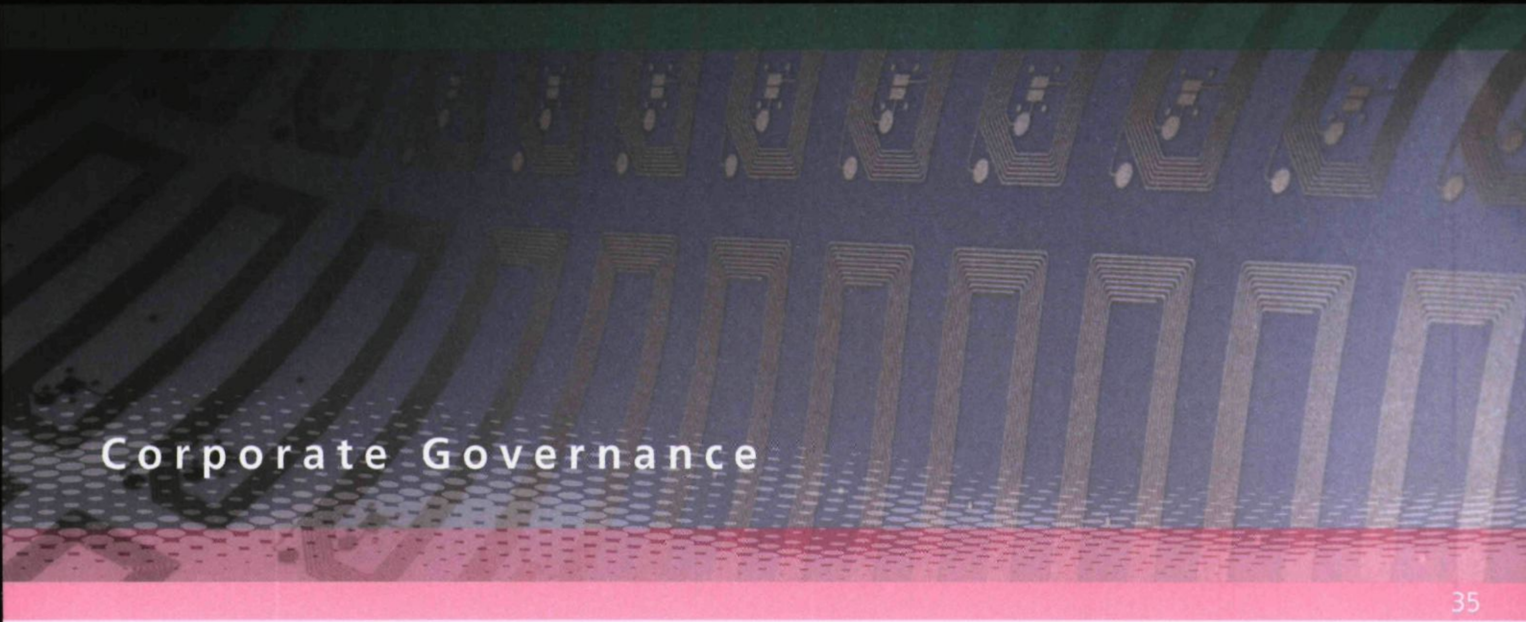
The Supervisory Board reviewed the development of the Dutch Corporate Governance Code that came into effect on January 1, 2004. The Dutch Corporate Governance Code is based on the "apply-or-explain" principle. In previous years, the Company applied the Besi Code that followed the Dutch Corporate Governance Code. The Besi Code was approved by the General Meeting of Shareholders.

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 proposed to resolve to abolish the Besi Code at the Annual General Meeting of Shareholders held on April 29, 2010. This proposal was accepted. The deviations from the Dutch Corporate Governance Code 2009 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 2010.

February 23, 2011

The Supervisory Board
Tom de Waard, Chairman



Corporate Governance

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. In previous years, Besi applied the Besi Code which followed the original Dutch Corporate Governance Code and was approved by the Annual General Meeting of Shareholders. Due to the implementation of the revised Dutch Corporate Governance Code, Besi proposed to the shareholders to abolish the Besi Code at the Annual General Meeting of Shareholders on April 29, 2010 in Duiven, the Netherlands. This proposal was accepted. Deviations from the revised Dutch Corporate Governance Code are explained below under "Explanation of Deviations from the Dutch Corporate Governance Code". The Dutch Corporate Governance Code 2009 can be found at **www.commissiecorporategovernance.nl**.

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 current 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**.

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 2010 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 was 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. A revised remuneration policy and Besi Incentive Plan, both also including a long term incentive, are drawn up by the Remuneration Committee in 2011 and will be proposed to the shareholders in the Annual General Meeting of Shareholders to be held on April 28, 2011 for approval.

The Remuneration Committee has analyzed 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.

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 was approved by the Annual General Meeting of Shareholders in 2009:

- Base salary
- Annual cash bonus
- Performance Stock Award Units
- Pension provisions
- Other benefits such as an expense allowance

Remuneration Board of Management for the year 2010

(in euro, except for PSAs)	R.W. Blickman	J.W. Ruinemans[1]
Base salary	396,550	180,000
Annual cash bonus	237,930	108,000
Pension provisions	94,530	27,000
Other benefits	20,378	5,853
Severance payment	-	-
Total in cash	**749,388**	**320,853**
Number of PSAs	50,000	-

[1] Resigned September 1, 2010; resignation at own initiative.

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, 2010 as compared to 2009.

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.

A new Besi Incentive Plan, which also includes a long term incentive, will be proposed to the shareholders for approval at the Annual General Meeting of Shareholders to be held on April 28, 2011 in Duiven. The draft of the new Besi Incentive Plan is available at the Company's website at **www.besi.com**.

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 Besi's net income realized in the full year 2010, the CEO is entitled to a cash bonus of 30% of his base salary. Based on the CEO's personal performance measured against five criteria (financial and non financial) and at advice of the Remuneration and Nomination Committee, the Supervisory Board granted the CEO a cash bonus of 20% of his base salary. Based on the development of the Total Shareholder Returns compared to the peer group, the CEO is entitled to a 10% cash bonus. The total cash bonus paid to our CEO over 2010 amounts to € 237,930, which is the maximum amount of cash bonus that can be granted.

The former CFO of the Company was entitled to a cash bonus of € 108,000 being 60% (maximum) of his base salary on a pro rata basis.

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

(in euro)	Based on Besi's net income in % of revenue	Based on personal performance	Based on TSR development compared to peers	Total
R.W. Blickman	118,965	79,310	39,655	237,930
J.W. Ruinemans[1]	54,000	36,000	18,000	108,000

[1] Resigned September 1, 2010, pro rata payment of cash bonus

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" or "PSAs"). 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.

As the granting of PSAs is based on similar criteria as the cash bonus, the Supervisory Board at advice of the Remuneration and Nomination Committee granted our CEO also the maximum number of PSAs. Therefore, our CEO was granted 50,000 PSAs over the year 2010.

As the former CFO has resigned as of September 2010, he is not entitled to PSAs.

No conditional PSAs were granted in 2010. 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 member 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	15,000	2008	2011

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 76 to the Financial Statements 2010.

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 have a principal amount of € 274,381. The principal amount relates to the options granted in 2000. Under their terms, these loans must be repaid immediately upon exercise of the relevant stock options.

Remuneration in 2011

Besi will propose a new remuneration policy, which also includes a long term incentive, to shareholders at the Annual General Meeting of Shareholders to be held on April 28, 2011 for approval. The draft of the new remuneration policy is available at the Company's website at **www.besi.com**.

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 2010.

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 fulfil 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

The General Meeting of Shareholders shall determine the remuneration of Supervisory Board members. The Notes to the Financial Statements on pages 76 and 77 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.

Conflicts of interest - 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 2010.

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 fulfils 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 2010.

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 2010 Financial Statements do not contain any material inaccuracies. At this moment, there are no indications that this system did not function properly in 2010.

Explanation of deviations from the Dutch Corporate Governance Code

In previous years, Besi applied the Besi Code, which followed all principles of the original Dutch Corporate Governance Code and applied almost all best practice rules. The Besi Code was approved by the Annual General Meeting of Shareholders. In 2009 Besi implemented the revised Dutch Corporate Governance Code of December 10, 2008 ("the Code"). Therefore, Besi proposed to abolish the Besi Code to the Annual General Meeting of Shareholders held on April 29, 2010 in Duiven, the Netherlands. The proposal was accepted.

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, March 22, 2007, April 3, 2008 and April 29, 2010 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 the member of the Board of Management who was a member at the time of the first implementation of the previous Dutch Corporate Governance Code. For that reason, it did not adjust his employment agreement that was signed prior to that date.

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. These provisions are included in the new remuneration policy and consequently in the new Besi Incentive Plan.

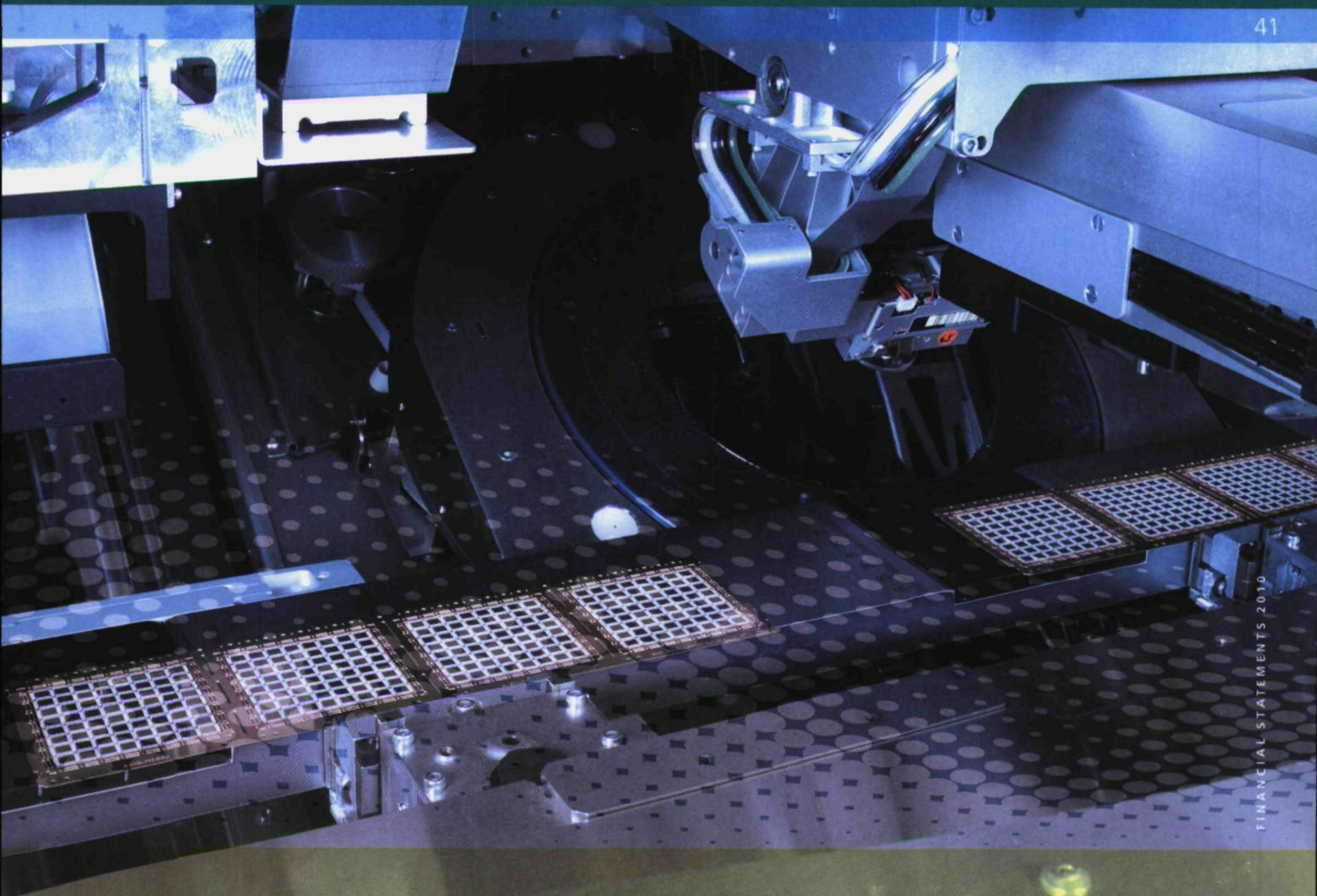
Provision III.5

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**.

Financial Statements 2010



Consolidated Statement of Financial Position

(euro in thousands)	Note	December 31, 2010	December 31, 2009
Assets			
Cash and cash equivalents	3	69,305	73,125
Trade receivables	4	86,889	36,341
Inventories	5	79,269	55,133
Income tax receivable		205	487
Other receivables	6	7,130	5,612
Prepayments	7	1,490	2,102
Total current assets		**244,288**	**172,800**
Property, plant and equipment	8	26,032	24,312
Goodwill	9	43,823	43,162
Other intangible assets	10	22,919	19,696
Deferred tax assets	11	12,131	8,429
Other non-current assets	12	1,291	1,141
Total non-current assets		**106,196**	**96,740**
Total assets		**350,484**	**269,540**
Liabilities and equity			
Notes payable to banks	13	16,038	13,908
Current portion of long-term debt and financial leases	18	2,186	1,911
Trade payables	15	42,626	27,290
Income tax payable		1,394	742
Provisions	14	10,298	8,900
Other payables	16	11,472	10,895
Other current liabilities	17	14,728	9,710
Total current liabilities		**98,742**	**73,356**
Convertible Notes	18	27,386	35,068
Long-term debt and financial leases	18	766	2,570
Deferred tax liabilities	11	656	530
Other non-current liabilities	19, 20	3,922	1,740
Total non-current liabilities		**32,730**	**39,908**
Issued capital	21	31,057	30,693
Share premium	21	180,456	181,026
Retained earnings (deficit)	21	(8,224)	(55,214)
Foreign currency translation adjustment	21	15,899	(1,491)
Accumulated other comprehensive income (loss)	21	(944)	769
Equity attributable to equity holders of the parent		**218,244**	**155,783**
Non-controlling interest		**768**	**493**
Total equity		**219,012**	**156,276**
Total liabilities and equity		**350,484**	**269,540**

Consolidated Statement of Comprehensive Income

(euro in thousands, except share and per share data)	Note	Year ended December 31, 2010	2009
Revenue	23	351,149	147,891
Cost of sales		212,659	107,111
Gross profit		**138,490**	**40,780**
Other operating income		**-**	**41,532**
Selling, general and administrative expenses		64,140	54,074
Research and development expenses		24,205	19,766
Impairment expenses		289	185
Total operating expenses		**88,634**	**74,025**
Operating income		**49,856**	**8,287**
Financial income	26	1,070	1,063
Financial expense	26	(3,530)	(4,413)
Income before income tax		**47,396**	**4,937**
Income tax (benefit)	11	143	(461)
Net income for the period		**47,253**	**5,398**
Other comprehensive income			
Exchange rate changes for the period		17,453	13
Deferred tax asset through equity		284	-
Unrealized hedging results		46	(67)
Actuarial gain (loss)		(2,043)	87
Other comprehensive income for the period, net of income tax		**15,740**	**33**
Total comprehensive income for the period		**62,993**	**5,431**
Income attributable to:			
Equity holders of the parent company		46,990	5,251
Non-controlling interest		263	147
Total income for the period		**47,253**	**5,398**
Total comprehensive income attributable to:			
Equity holders of the parent company		62,667	5,297
Non-controlling interest		326	134
Total comprehensive income for the period		**62,993**	**5,431**
Income per share attributable to the equity holders of the parent company			
Basic		1.39	0.16
Diluted		1.25[1]	0.16[2]
Total comprehensive income per share attributable to the equity holders of the parent company			
Basic		1.85	0.16
Diluted		1.64[1]	0.16[2]
Weighted average number of shares used to compute income per share			
Basic	27	33,894,418	32,930,523
Diluted	27	39,328,565[1]	33,286,878[2]

[1] The calculation of the diluted income per share assumes the conversion of the Company's 5.5% Convertible Notes due 2012 as such conversion would have a dilutive effect (5,434,146 Ordinary Shares).

[2] The calculation of the diluted income 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).

Consolidated Statement of Changes in Equity

(euro in thousands)	Number of Ordinary Shares outstanding[1]	Issued capital	Share premium	Retained deficit	Foreign currency translation adjustment	Accumulated other comprehensive income (loss) (Note 21)	Total attributable to equity holders of the parent	Non-controlling interest	Total equity
Balance at January 1, 2010	33,728,517	30,693	181,026	(55,214)	(1,491)	769	155,783	493	156,276
Total comprehensive income (loss) for the period	-	-	-	46,990	17,390	(1,713)	62,667	326	62,993
Dividend paid to non-controlling shareholder	-	-	-	-	-	-	-	(51)	(51)
Reversed capital tax	-	-	(434)	-	-	-	(434)	-	(434)
Equity-settled share-based payments expense	-	-	273	-	-	-	273	-	273
Increase issued capital	400,000	364	(364)	-	-	-	-	-	-
Equity component repurchase convertible	-	-	(45)	-	-	-	(45)	-	(45)
Balance at December 31, 2010	**34,128,517**	**31,057**	**180,456**	**(8,224)**	**15,899**	**(944)**	**218,244**	**768**	**219,012**
Balance at January 1, 2009	33,728,517	30,693	176,420	(60,465)	(1,517)	749	145,880	404	146,284
Total comprehensive income for the period	-	-	-	5,251	26	20	5,297	134	5,431
Dividend paid to non-controlling shareholder	-	-	-	-	-	-	-	(45)	(45)
Re-issued shares	-	-	4,368	-	-	-	4,368	-	4,368
Equity-settled share-based payments expense	-	-	238	-	-	-	238	-	238
Balance at December 31, 2009	**33,728,517**	**30,693**	**181,026**	**(55,214)**	**(1,491)**	**769**	**155,783**	**493**	**156,276**

[1] The outstanding number of Ordinary Shares includes 184,616 and 85,456 Treasury Shares at December 31, 2010 and December 31, 2009, respectively.

Consolidated Statement of Cash Flows

(euro in thousands)	Year ended December 31,	
	2010	2009
Cash flows from operating activities		
Operating income	49,856	8,287
Depreciation and amortization	10,325	9,452
Impairment	289	185
Share-based payments expense	273	238
Other non-cash items	(232)	(3,495)
Badwill arising on acquisition	-	(41,207)
Effects on changes in assets and liabilities		
Increase in trade receivables	(44,624)	(6,849)
Decrease (increase) in inventories	(15,654)	16,581
Increase in trade payables	11,174	12,997
Changes in other working capital	5,389	2,656
Income tax paid	(2,528)	(1,336)
Interest received	482	1,207
Interest paid	(2,522)	(2,664)
Net cash provided by (used for) operating activities	**12,228**	**(3,948)**
Cash flows from investing activities		
Capital expenditures	(7,013)	(2,354)
Capitalized development expenses	(5,987)	(6,958)
Proceeds from sale of property, plant and equipment	387	279
Cash flow on acquisition	-	19,462
Net cash provided by (used for) investing activities	**(12,613)**	**10,429**
Cash flows from financing activities		
Proceeds (payments) on bank lines of credit	1,696	(2,717)
Payments on debts and financial leases	(1,570)	(5,404)
Repurchase of Convertible Notes	(7,352)	-
Capital tax on capital received	(434)	-
Other financing activities	(81)	130
Net cash used for financing activities	**(7,741)**	**(7,991)**
Net change in cash and cash equivalents	(8,126)	(1,510)
Effect on changes in exchange rates on cash and cash equivalents	4,306	627
Cash and cash equivalents at beginning of the period	73,125	74,008
Cash and cash equivalents at end of the period	**69,305**	**73,125**

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, 2010, were authorized for issue in accordance with a resolution of the directors on February 23, 2011. The Consolidated Financial Statements of the Company as at December 31, 2010, are presented to the Annual General Meeting of Shareholders for their adoption on April 28, 2011.

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

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, 2010. 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 unrealized 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 recognized in goodwill.

As of December 31, 2010, the following subsidiaries are included in the accompanying Consolidated Financial Statements:

Name	Location and country of incorporation	Percentage of ownership
BE Semiconductor Industries USA, Inc.	Salem, New Hampshire, USA	100%
Besi Austria Holding GmbH	Radfeld, Austria	100%
Besi USA, Inc.	Salem, New Hampshire, USA	100%
Besi Singapore Pte. Ltd.	Singapore	100%
Besi Korea Ltd.	Seoul, Korea	100%
Besi Japan Co. Ltd.	Tokyo, Japan	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%
Fico International B.V.	Duiven, the Netherlands	100%
Fico Tooling Leshan Company Ltd.	Leshan, China	87%
Besi APac Sdn. Bhd.	Shah Alam, Malaysia	100%[1]
ASM Fico (F.E.) Sdn. Bhd.	Shah Alam, Malaysia	99.9%[2]
Fico Hong Kong Ltd.	Hong Kong, China	100%
Fico 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.	Salem, New Hampshire, USA	100%
Datacon Eurotec GmbH i.L.	Berlin, Germany	100%
Datacon Beteiligungs GmbH	Radfeld, Austria	100%
Datacon Technology GmbH	Radfeld, Austria	100%
Esec International B.V.	Duiven, the Netherlands	100%
Esec AG	Cham, Switzerland	100%[3]
Esec China Financial Ltd.	Hong Kong, China	100%[3]
Esec (Shanghai) Trading Co., Ltd.	Shanghai, China	100%[3]
Esec (Taiwan) Ltd.	Hsinchu, Taiwan	100%[3]
Esec (Singapore) Pte. Ltd.	Singapore	100%[3]

[1] In order to comply with local corporate law, a non-controlling shareholding (less than 0.1%) is held by the management of these respective companies.

[2] In order to comply with local corporate law, a non-controlling shareholding is held by Company Management.

[3] Acquired as of April 1, 2009.

All intercompany profits, 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 Income	
	2010	2009	2010	2009
US dollar	1.32	1.44	1.33	1.40
Swiss franc	1.24	1.49	1.38	1.51
Malaysian ringgit	4.10	4.93	4.30	4.91
Chinese yuan	8.80	9.80	9.00	9.52

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 labour 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[1]	10–15 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

From January 1, 2010 the Company has applied IFRS 3 Business Combinations (2008) in accounting for business combinations. The change in accounting policy has been applied prospectively and has had no material impact on earnings per share.

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Company. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Company takes into consideration potential voting rights that currently are exercisable.

Acquisitions on or after January 1, 2010

For acquisitions on or after January 1, 2010, the Company measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognized amount of any non-controlling interests in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- The net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss. Cost related to the acquisition, other than those associated with the issue of debt or equity securities, that the Company incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognized at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not measured and settlement is accounted for within equity. Otherwise, subsequent changes to fair value of the contingent consideration are recognized in profit or loss.

Acquisitions between January 1, 2004 and January 1, 2010

For acquisitions between January 1, 2004 and January 1, 2010, goodwill represents the excess of the costs of the acquisition over the Company's interest in the recognized amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognized immediately in profit and loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Company incurred in connection with business combinations were capitalized as part of the cost of the acquisition.

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 realibly measure 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 derecognized 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 (i) has transferred substantially all the risks and rewards of the asset, or (ii) 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.

Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset of the group of assets that can be reliably estimated. Evidence of impairment may include indicators that the debtor of group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in areas or economic conditions that correlate with defaults.

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 and risk 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. The derivative financial instruments designated at fair value through Consolidated Statement of Comprehensive Income are securities that otherwise would have been classified as available for sale. 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. All actuarial gains and losses arising from defined benefit plans are recognized in the Consolidated Statement of Changes of Equity.

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 remaining stock awards have vested 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.

Under the Incentive Plan 2010-2011, the Company granted Performance Stock Award Units to its members of the Board of Management, executive officers and senior employees. The Company granted 506,000 Performance Stock Award Units in 2010, of which 62,000 vested in 2010. All remaining granted Performance Stock Award Units (444,000) will vest in March 2012, in accordance with the allocation agreements. The expense recognized in the Consolidated Statement of Comprehensive Income is based on the market value of the Company's Ordinary Shares at 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 obligations. 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 sales agreement. 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.

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.

Income taxes

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 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, sales and service 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. Goodwill 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 20.

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 costs of defined benefit pension plans and other post-employment medical benefits are 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 20.

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 analyzed all new and amended IFRS Guidelines during the year and adopted the below mentioned new and amended IFRS Guidelines, which have been endorsed by the European Union, 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 3 business combinations and IAS 27 consolidated and separate financial statements

These standards significantly changed the accounting policies related to business combinations and changed ownership interests and became effective as from 2010. The amendment did not impact presented figures, as the carrying amounts of any assets and liabilities that arose under business combinations prior to the application of the revised standard have not been adjusted.

IAS 39 financial instruments: recognition and measurement

This standard addresses two separate hedge accounting issues. It clarified the requirements when options are used for hedging and it regulates inflation-linked hedge relationships. The amendment to IAS 39 became effective as from 2010. As the Company commonly uses forward contracts for hedges and does not make use of options, the amendment did not impact the Company's Consolidated Financial Statements.

Future changes in accounting principles

The following International Financial Reporting Standards will come into force.

IFRS 9 financial instruments (replacement of IAS 39)

Will become effective as from 2013, with earlier adoption permitted, including for 2010. 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 further expanded during 2011, 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. The Company will review the effects of the changes in IAS 24 and adjust its financial statements where appropriate.

3. Cash and cash equivalents

(euro in thousands)	December 31, 2010	December 31, 2009
Short-term deposits	17,882	33,973
Cash on hand at banks	51,423	39,152
Total cash and cash equivalents	**69,305**	**73,125**

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, 2010, an amount of € 4.0 million in cash and cash equivalents was restricted (2009: € 2.4 million). This cash and cash equivalents have been restricted due to a cash cover.

4. Trade receivables

Trade receivables, generally with payment terms of 30 to 90 days, with impairment losses amounting to € 1,325 and € 1,503 at December 31, 2010 and 2009, respectively are shown as follows:

(euro in thousands)	Total	Impaired	Neither past due nor impaired					Past due
				< 30 days	30-60 days	60-90 days	90-120 days	> 120 days
2010	86,889	(1,325)	50,887	13,409	8,040	5,183	2,247	8,448
2009	36,341	(1,503)	20,578	7,950	1,629	3,688	699	3,300

The movements in the allowance for doubtful accounts are as follows (see credit risk disclosure in Note 28 for further guidance):

(euro in thousands)	2010	2009
Balance at January 1,	1,503	850
Additions	123	260
Acquisition Esec	-	485
Utilized	(363)	(90)
Foreign currency translation	62	(2)
Balance at December 31,	**1,325**	**1,503**

For trade receivables that have been pledged as collateral for the borrowing facilities and long-term debt, reference is made to Note 13 and 18.

5. Inventories

Inventories consist of the following:

(euro in thousands)	December 31, 2010	December 31, 2009
Raw materials	37,987	28,360
Work in progress	35,101	20,997
Finished goods	6,181	5,776
Total inventories, net	**79,269**	**55,133**

The amount of write-down of inventories recognized as an expense in 2010 is € 1,321 (2009: € 6,129) which is recognized in cost of sales. For inventories that have been pledged as collateral for the borrowing facilities and long-term debt, reference is made to Note 13 and 18.

6. Other receivables

Other receivables consist of the following:

(euro in thousands)	December 31, 2010	December 31, 2009
VAT receivables	2,788	2,033
Subsidies and development credits receivable	69	176
Interest receivable	29	135
Deposits	770	687
Insurance	896	896[1]
Forward exchange contracts	2,269	263
Other	309	1,422[1]
Total other receivables	**7,130**	**5,612**

[1] Prior year classification is adjusted to reflect current year presentation.

Other receivables do not include any amounts with expected remaining terms of more than one year. Reference is made to Note 28 (Financial instruments) for additional information with respect to forward foreign currency exchange contracts.

7. Prepayments

Prepayments consist of the following:

(euro in thousands)	December 31, 2010	December 31, 2009
Prepaid insurance	348	231[1]
Other prepayments	1,142	1,871[1]
Total other receivables	**1,490**	**2,102**

[1] Prior year classification is adjusted to reflect current year presentation.

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

8. Property, plant and equipment

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

(euro in thousands)	Land, buildings and leasehold improvements	Machinery and equipment	Office furniture and equipment	Assets under construction	Total
Balance at January 1, 2010					
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**
Changes in book value in 2010					
Additions	889	2,125	2,574	(414)	5,174
Disposals	8	187	(1)	(372)	(178)
Depreciation	(1,706)	(1,735)	(1,634)	-	(5,075)
Impairment	(289)	-	-	-	(289)
Foreign currency translation	1,124	727	228	9	2,088
Total changes	**26**	**1,304**	**1,167**	**(777)**	**1,720**
Balance at December 31, 2010					
Cost	19,613	26,228	8,870	419	55,130
Accumulated depreciation	(3,482)	(20,059)	(5,557)	-	(29,098)
Property, plant and equipment, net	**16,131**	**6,169**	**3,313**	**419**	**26,032**

(euro in thousands)	Land, buildings and leasehold improvements	Machinery and equipment	Office furniture and equipment	Assets under construction	Total
Balance at January 1, 2009					
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**
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**

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, 2010	December 31, 2009
Buildings and leasehold improvements	181	181
Machinery and equipment	-	-
Office furniture and equipment	728	728
Accumulated depreciation	(708)	(404)
Total	**201**	**505**

For company-owned property, plant and equipment which have been pledged as security for loans, reference is made to Note 18.

Depreciation and impairment charge

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

(euro in thousands)	December 31, 2010	December 31, 2009
Cost of sales	1,642	1,937
Selling, general and administrative expenses	3,020	3,451
Research and development expenses	413	599
Subtotal depreciation	**5,075**	**5,987**
Impairment expenses	289	-
Total	**5,364**	**5,987**

9. Goodwill

Goodwill consists of the following:

(euro in thousands)	2010	2009
Balance at January 1,		
Cost	63,362	63,594
Accumulated impairment	(20,200)	(20,200)
Goodwill, net	**43,162**	**43,394**
Changes in book value		
Impairment	-	-
Foreign currency translation	661	(232)
Total changes	**661**	**(232)**
Balance at December 31,		
Cost	64,023	63,362
Accumulated impairment	(20,200)	(20,200)
Goodwill, net	**43,823**	**43,162**

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, 2010	December 31, 2009
Die Attach	41,843	41,182
Plating	1,980	1,980
Total	**43,823**	**43,162**

The value in use of the cash generating units subject to impairment testing is calculated based on the discounted cash flow method (income approach). The value in use calculations use discounted cash flow projections based on the budget for the year 2011 and financial projections per Product Group approved by Management for the projection period (2012-2015).

The material assumptions used by Management underlying the value in use 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 2011.
  - Revenue forecasts for 2012-2015 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.

- A pre-tax discount rate of 13.7% to 14.1% representing the pre-tax weighted average cost of capital (WACC) is determined using the Capital Asset Pricing Model (in 2009 a pre-tax discount rate between 11.8% and 11.9%).

- Residual value is based on a 1.0% perpetual growth rate (in 2009: 1.0%).

- The risk free rate of 3.0% (in 2009: 3.4%) and equity risk premium 3.7% (in 2009: 3.4%).

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 value in use 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, 2010.

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

10. Other intangible assets

Other intangible assets, net consist of the following:

(euro in thousands)	**Software**	**Patents**	**Customer relationships**	**Development expenses**	**Total**
Balance at January 1, 2010					
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**
Changes in book value in 2010					
Capitalized development expenses	-	-	-	5,987	5,987
Capitalized expenditures	1,839	-	-	-	1,839
Financial leases	-	-	-	-	-
Amortization	(1,012)	(537)	(507)	(3,194)	(5,250)
Impairments	-	-	-	-	-
Foreign currency differences	-	20	-	627	647
Total changes	**827**	**(517)**	**(507)**	**3,420**	**3,223**
Balance at December 31, 2010					
Cost	5,059	34,365	6,083	26,861	72,368
Accumulated amortization	(2,221)	(33,383)	(3,042)	(9,599)	(48,245)
Accumulated impairment	-	(802)	-	(402)	(1,204)
Other intangible assets, net	**2,838**	**180**	**3,041**	**16,860**	**22,919**

(euro in thousands)	Software	Patents	Customer relationships	Development expenses	Total
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	-	-	-	6,978	6,978
Acquisition Esec	-	-	-	2,891	2,891
Financial leases	490	-	-	-	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**

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, 2010	December 31, 2009
Cost of sales	537	970
Selling, general and administrative expenses	1,519	1,396
Research and development expenses	3,194	1,099
Subtotal amortization	**5,250**	**3,465**
Impairment expenses	-	185
Total	**5,250**	**3,650**

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, 2010	December 31, 2009
Software	3,220	3,220
Accumulated depreciation	(2,205)	(1,209)
Total	**1,015**	**2,011**

11. Income taxes

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

(euro in thousands)	December 31, 2010	December 31, 2009
Deferred tax assets (liabilities)		
- Operating loss carry forwards	16,123	8,041
- Intangible assets	(5,562)	(708)
- Inventories	689	656
- Provisions	1,180	907
- Debt issuance costs Convertible Notes	(60)	(180)
- Equity component Convertible Notes	(59)	(134)
- Other items	(836)	(683)
Total deferred tax assets (liabilities), net	**11,475**	**7,899**
Deferred tax asset to be recovered after more than twelve months	10,986	7,261
Deferred tax asset to be recovered within twelve months	1,145	1,168
Total deferred tax assets, net	**12,131**	**8,429**
Deferred tax liability to be settled after more than twelve months	(656)	(530)
Deferred tax liability to be settled within twelve months	-	-
Total deferred tax liabilities, net	**(656)**	**(530)**
Total deferred tax assets (liabilities), net	**11,475**	**7,899**

(euro in thousands)	December 31, 2009	Profit & loss	Other comprehensive income	Foreign currency	December 31, 2010
Deferred tax assets (liabilities)					
- Operating loss carry forwards	8,041	6,754	-	1,328	16,123
- Intangible assets	(708)	(4,852)	-	(2)	(5,562)
- Inventories	656	33	-	-	689
- Provisions	907	(19)	284	8	1,180
- Debt issuance costs Convertible Notes	(180)	120	-	-	(60)
- Equity component Convertible Notes	(134)	75	-	-	(59)
- Other items	(683)	(384)	-	231	(836)
Total	**7,899**	**1,727**	**284**	**1,565**	**11,475**

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 € 20.8 million expire during the periods of 2011 through 2029. The carry forwards related to the Dutch operating losses amount to approximately € 84.7 million and expire during the periods of 2013 through 2019. The carry forwards related to the German operating losses amount to approximately € 0.9 million, and have no expiration terms. The carry forwards related to the Swiss operating losses amount to approximately € 111.5 million, and have various expiration terms. The carry forwards related to the Austrian operating losses amount to approximately € 16.0 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 2010, the Company determined that future taxable income would be sufficient to cover the Dutch deferred tax asset of € 2.9 million related to the tax loss carry forwards. Taxable losses in 2010 are fully provided for (€ 2.9 million).

In 2010, the Company recognized € 10.2 million for a pre-acquisition deferred asset of Esec AG, due to improved market conditions and synergy effects compared to the moment of acquisition. The total benefit from previously unrecognized tax losses of prior periods that have been used to reduce current tax expense in 2010 amounts to € 1.7 million. The total benefit from previously unrecognized tax losses of prior periods that have been used to reduce deferred tax expense in 2010 amounts to € 8.5 million.

As at December 31, 2010 for € 20.8 million unused tax losses relating to Esec AG, no deferred tax assets are recognized in the Statement of Financial Position. These unrecognized tax losses expire in 2016.

The aggregate deferred tax related to items recognized outside of profit and loss amount to € 0.3 million.

The Dutch domestic statutory tax rate is 25.5% for the year ended December 31, 2010, and 25.5% for the year ended December 31, 2009. 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)	**Year ended December 31,**		**Year ended December 31,**	
	2010	**2010 in % of loss before taxes**	**2009**	**2009 in % of loss before taxes**
"Expected" income tax expense based on domestic rate	12,086	25.5%	1,259	25.5%
Non-deductible expenses	237	0.5%	194	3.9%
Foreign tax rate differential	(5,124)	(10.8%)	(6)	(0.1%)
Impairment Eurotec tax credits	386	0.8%	-	-
Tax exempt income	(79)	(0.2%)	-	-
Result on acquisition	-	-	(10,589)	(214.5%)
Net operating losses not recognized	2,785	5.9%	7,902	160.1%
Valuation deferred tax NOL	(13,587)	(28.7%)	-	-
Other	3,439	7.3%	779	15.8%
Income tax (benefit) shown in Consolidated Statement of Comprehensive Income	**143**	**0.3%**	**(461)**	**(9.3%)**

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

(euro in thousands)	**December 31, 2010**	**December 31, 2009**
Current	1,870	990
Deferred	(1,727)	(1,451)
Total	**143**	**(461)**

There are no income tax consequences attached to the proposed payment of dividends by the Company to its shareholders.

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 20:

(euro in thousands)	**December 31, 2010**	**December 31, 2009**
Funds with insurance companies for pension liability	1,030	940
Other	261	201
Total other non-current assets	**1,291**	**1,141**

13. Borrowing facilities

At December 31, 2010, the Company and its subsidiaries had available credit facilities amounting to an aggregate of € 21.5 million, under which € 16.0 million of short-term borrowings were outstanding. Furthermore, amounts available to be drawn under the lines were reduced by € 1.0 million in outstanding bank guarantees. Interest is charged at the bank's base lending rates or Euribor plus an increment between 0.3% 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, 2010. € 8.0 million of Besi's credit lines relate to its Dutch subsidiaries and are secured by a pledge of accounts receivables (see Note 4) and inventories (see Note 5) 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 18.

14. Provisions

(euro in thousands)	December 31, 2010	December 31, 2009
Warranty provision	5,784	3,324
Restructuring provision	4,514	5,199
Provision for purchase obligations	-	377
Total provisions	**10,298**	**8,900**

Warranty Provision

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

(euro in thousands)	2010	2009
Balance at January 1,	3,324	2,671
Acquisition Esec	-	1,322
Additions	5,640	1,792
Usage	(3,559)	(2,480)
Foreign currency translation	379	19
Balance at December 31,	**5,784**	**3,324**

The company expects to incur the majority of the liability over the next year.

Restructuring provision

Restructuring charges recorded by the Company in 2010 amount to € 4.8 million, which mainly relates to severance payments, legal consultancy and outplacement expenses. Changes in the restructuring provision were as follows:

(euro in thousands)	2010	2009
Balance at January 1,	5,199	2,461
Additions (releases)	4,767	6,857
Acquisition Esec	-	1,414
Usage	(5,196)	(5,108)
Foreign currency translation	92	-
Other	(348)	(425)
Balance at December 31,	**4,514**	**5,199**

The restructuring charges (releases) are recognized in the following line items in the Consolidated Statement of Comprehensive Income:

(euro in thousands)	December 31, 2010	December 31, 2009
Cost of sales	2,388	690
Selling, general and administrative expenses	1,600	5,955
Research and development expenses	779	212
Total	**4,767**	**6,857**

The provision of € 4.5 million at 31 December 2010 is expected to be fully utilized during 2011, except for the onerous contract of the building in Duiven which contract expires in June 2016.

Provision for purchase obligations

The Company systematically evaluates its outstanding commitments for the purchase of materials and subcontracting for obsolescence. At December 31, 2010, the Company provided for its outstanding commitments amounting to € 0 (December 31, 2009: € 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, 2010	December 31, 2009
Other taxes and social security	1,619	2,598
Salaries and payroll-related items	8,327	6,317[1]
Interest payable	672	894
Forward exchange contracts	409	596
Other payables	445	490[1]
Total other payables	**11,472**	**10,895**

[1] Prior year classification is adjusted to reflect current year presentation.

Other payables are non-interest-bearing and have an average term of three months. Interest payable is normally settled quarterly throughout the year. Interest payables of the convertible loan are semi-annually. Reference is made to Note 28 (Financial instruments) for additional information with respect to forward foreign currency exchange contracts.

17. Other liabilities

(euro in thousands)	December 31, 2010	December 31, 2009
Advances from customers	4,370	1,122
Accrued other payroll-related items	1,774	1,712[1]
Accrued project costs	1,476	1,095
Accrued commissions	279	108
Accrued advisory expenses	408	609
Other	6,421	5,064[1]
Total other liabilities	**14,728**	**9,710**

[1] Prior year classification is adjusted to reflect current year presentation.

Other liabilities are non-interest-bearing and have an average term of three months.

18. Long-term debt and financial leases

(euro in thousands)	December 31, 2010	December 31, 2009
Convertible Notes, interest rate at 5.5%	27,386	35,068
Other long-term debt:		
A. Research and development loan from Österreichische Forschungsförderungsgesellschaft, Wien, Austria		
(Interest rates between 2.0% and 2.5% at December 31, 2010)	1,358	1,284
B. Long-term loan Royal Bank of Scotland, Malaysia		
(Interest rate at 5.25% at December 31, 2010)	367	548
C. Financial lease of IT investments	1,167	2,112
Financial leases at various interest rates	60	537
Subtotal	**30,338**	**39,549**
Less: current portion	(2,186)	(1,911)
Total long-term debt and financial leases	**28,152**	**37,638**

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
2011	-	1,119	1,067
2012	27,850	151	160
2013	-	356	-
2014	-	-	-
2015 and thereafter	-	99	-
Total	**27,850**	**1,725**	**1,227**
Less: imputed interest	(232)	-	-
Less: unamortized debt issuance cost	(232)	-	-
Less: current portion of long-term debt and financial leases	-	(1,119)	(1,067)
Non-current portion of long-term debt and financial leases	**27,386**	**606**	**160**

Convertible Notes

In January 2005, the Company issued € 46 million principal amount of Convertible Notes due 2012. 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 € 9.7 million of its 5.5% Convertible Notes due January 2012 ("the Notes") in open market purchases through Morgan Stanley & Co. The Notes were purchased in two transactions from institutional investors at a price of approximately € 8.2 million (84.5% of original principal amount). The Note repurchase resulted in a one-time pre-tax gain of € 1.4 million recorded in the Consolidated Statement of Comprehensive Income under financial income and expense and € 0.4 million was recorded in equity in the third quarter ended September 30, 2008.

In March 2010, the Company repurchased approximately € 8.5 million of its 5.5% Convertible Notes due to 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 € 7.4 million (88.0% of the original principal amount). The Note repurchase resulted in a one-time pre-tax gain of approximately € 0.8 million recorded in the Consolidated Statement of Comprehensive Income.

The fair value of the Convertible Notes as of December 31, 2010 represents 107.5% of its nominal value of € 27.9 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, 2010.

A. Represents 10 loans aggregating € 1,358 for the financing of the research and development projects at the Company's Datacon subsidiary. The fixed interest rates at December 31, 2010 vary from 2% to 2.5% for all loans. Loan repayments are due between January 2011 and June 2015.
B. Represents a loan of € 367 for the financing of the Company's Besi APac subsidiary. The fixed interest rate at December 31, 2010 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.
C. Represents a financial lease primarily related to IT investments held by the Company's Datacon subsidiary. Financial lease payments are due between January 2011 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)		December 31, 2010
	Minimum payments	Present value of payments
Within one year	1,092	1,067
After one year but not more than five years	167	160
Total minimum lease payments	**1,259**	**1,227**
Less amounts representing financial charges	(32)	-
Present value of minimum lease payments	**1,227**	**1,227**

The Company and all of its applicable subsidiaries had no defaults for its long-term debt and finance leases at December 31, 2010.

19. Other non-current liabilities

Other non-current liabilities consist of the following:

(euro in thousands)	December 31, 2010	December 31, 2009
Pension liabilities Austria	330	222
Pension liabilities Switzerland	2,020	460
Severance obligations	1,572	1,058
Other non-current liabilities	**3,922**	**1,740**

20. 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 allocate the obligations, investments and cost to the different participating employers on a consistent and reliable basis, therefore the pension fund is not able 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 € 1.6 million in 2010 and € 2.8 million in 2009, respectively. Based on public information posted on the website of the Industry Pension Fund, the funding decreased from 100% as of December 31, 2009 to 96% as of December 31, 2010.

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 payments 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 derived by reference to appropriate benchmark yields on high quality corporate bonds.

Principal actuarial assumptions at the reporting date:

(in percentage)	2010	2009
Discount rate for obligations	4.25%	5.25%
Future salary increases (severance payments)	3.00%	3.00%
Future salary increases (other employees)	0.00%	0.00%
Future pension increases (other employees)	0.00%	0.00%

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 liabilities	Severance obligations	2010 Total
Liability for defined benefit and severance obligations at January 1,	222	1,058	1,280
Service cost	19	82	101
Interest cost	12	55	67
Net actuarial loss recognized	77	422	499
Benefits paid	0	(45)	(45)
Liability for defined benefit and severance obligations at December 31,	**330**	**1,572**	**1,902**

(euro in thousands)	Pension liabilities	Severance obligations	2009 Total
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**

The accumulated defined benefit obligation amounts to € 1.9 million at December 31, 2010. Future expected benefit payments to (former) employees regarding pensions and leave over the next ten years are immaterial.

A summary of the components of total expense recognized in the net income for the period and the weighted average assumptions used for net periodic defined benefit expense and benefit obligation calculations for 2010 and 2009 is presented as follows:

(euro in thousands)	Year ended December 31,	
	2010	2009
Components of total expense recognized in net income for the period		
Service cost	101	181
Interest cost	67	126
Total expense recognized in net income for the period	**168**	**307**

Changes in 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)	2010	2009
Assets at January 1,	940	2,094
Actual return on assets	37	35
Employer contribution/additions to assets	67	-
Benefits paid	(14)	-
Transfer/disposal of assets due to resignation of employees	-	(1,189)
Assets at December 31,	**1,030**	**940**

At December 31, 2010, the assets consist of obligations (7%), investment funds (36%) and insurance policies (57%).

Historical information

(euro in thousands)	2010	2009	2008	2007	2006
Present value of the defined benefit obligation	1,902	1,280	2,622	3,117	2,774
Fair value of plan assets	1,030	940	2,094	1,950	1,984
Experience adjustments arising on plan liabilities ((gains)/losses)	499	56	(707)	(98)	(53)
Experience adjustments arising on plan assets ((gains)/losses)	-	-	-	-	-

Expected contribution related to employer contribution in 2011 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.

The valuation of assets and liabilities pertaining to defined benefit plans is based on actuarial calculations. These, in turn, are based on assumptions, such as the expected inflation rate, salary progression, staff turnover, life expectancy of the insured, discount factors used, and the (expected) return on invested plan assets. The discount rate was derived by reference to appropriate benchmark yields on high quality corporate bonds. 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.

Principal actuarial assumptions at the reporting date:

(in percentage)	2010	2009
Discount rate for obligations	3.3%	3.3%
Expected return on plan assets	4.0%	4.1%
Future salary increases	1.5%	1.5%
Future pension increases	0.1%	0.1%

Changes in the defined benefit obligation:

(euro in thousands)	2010	2009
Liability for defined benefit obligations at January 1,	25,028	-
Acquisition Esec	-	28,752
Current service cost	1,414	995
Interest cost	961	624
Actuarial loss (gain) recognized	1,849	(166)
Plan participants' contribution	755	657
Termination benefits	-	690
Benefits paid through pension assets and net transferrals	249	(7,028)
Foreign currency differences	5,046	504
Liability for defined benefit obligations at December 31,	**35,302**	**25,028**

Net benefit expense:

(euro in thousands)		Year ended December 31,
	2010	2009
Current service cost	1,414	995
Interest cost	961	624
Expected return on plan assets	(1,184)	(787)
Termination benefits	-	690
Net benefit expense	**1,191**	**1,522**

Changes in the fair value of plan assets:

(euro in thousands)	2010	2009
Fair value of plan assets at January 1,	24,568	-
Acquisition Esec	-	28,005
Expected return on plan assets	1,184	787
Gains (losses) on assets (recognized in actuarial gains (losses))	305	(23)
Plan participants' contribution	755	657
Company contributions	1,308	1,677
Benefits paid through pension assets	249	(7,028)
Foreign currency differences	4,913	493
Fair value of plan assets at December 31,	**33,282**	**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, 2010	December 31, 2009
Qualified insurance policies	97%	96%
Others	3%	4%
Total	**100%**	**100%**

Net benefit liability:

(euro in thousands)	December 31, 2010	December 31, 2009
Defined benefit obligation	35,302	25,028
Fair value of plan assets	(33,282)	(24,568)
Net liability	**2,020**	**460**

Historical information

(euro in thousands)	December 31, 2010	December 31, 2009
Present value of the defined benefit obligation	35,302	25,028
Fair value of plan assets	33,282	24,568
Deficit in the plan	**2,020**	**460**
Experience adjustments arising on plan liabilities ((gains)/losses)	1,849	(166)
Experience adjustments arising on plan assets ((gains)/losses)	(305)	23

Historical information is shown as from 2009, when the Swiss subsidiary was acquired.

Expected contribution related to employer contribution in 2011 is expected to be in line with prior year.

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 fully vested and had 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 fully vested and had 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 fully vested and had 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 2009.

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 granted 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 granted Annual Stock Awards under the Incentive Plan 2005 to members of the Supervisory Board. The PSA Units vested according to the allocation agreements. 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 vested in 2007, in accordance with the allocation agreements. The Company granted 460,518 Stock Awards in 2008 of which 76,950 vested in 2008, in accordance with the allocation agreements. All remaining Stock Awards vested 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 granted 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 grant Annual Stock Awards under the Incentive Plan 2010 to members of the Board of Management, executive officers and senior employees of the Company. The Company granted 506,000 Performance Stock Award Units in 2010, of which 62,000 vested in 2010. All remaining granted Performance Stock Award Units (444,000) will vest in March 2012, in accordance with the allocation agreements. The expense recognized in the Consolidated Statement of Comprehensive Income is based on the market value of the Company's Ordinary Shares at the date of grant.

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	2010 Weighted average exercise price (in euro)	Number of options	2009 Weighted average exercise price (in euro)
Equity-settled option plans				
Outstanding, beginning of year	302,814	11.13	424,038	9.56
Options expired	(63,565)	6.10	(85,627)	3.22
Options exercised	-	-	-	-
Options forfeited	(14,263)	10.73	(35,597)	11.47
Outstanding and exercisable, end of year	**224,986**	**12.79**	**302,814**	**11.13**
Cash-settled option plans				
Outstanding, beginning of year	33,173	5.95	55,317	4.96
Options expired	(33,173)	5.95	(20,119)	3.22
Options exercised	-	-	-	-
Options forfeited	-	-	(2,025)	6.03
Outstanding and exercisable, end of year	**-**	**-**	**33,173**	**5.95**

Stock options outstanding and exercisable:

		Year Ended December 31, 2010			Year Ended December 31, 2009	
Range of exercise price (in euro)	**Number of options**	**Weighted average remaining contractual life (years)**	**Weighted average exercise price (in euro)**	**Number of options**	**Weighted average remaining contractual life (years)**	**Weighted average exercise price (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	0.92	9.80	142,000	1.92	9.80
17.90	82,986	0.29	17.90	88,686	1.29	17.90
Total equity-settled option plans	**224,986**			**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:

	2010 Annual PSA units	2009 Annual PSA units
Outstanding, beginning of year	537,000	612,042
PSAs granted	506,000	81,875
PSAs settled in Equity instruments	(238,840)	-
PSAs settled in Cash	(298,160)	-
PSAs forfeited	-	(140,917)
Shares reissued by the Company upon vesting	(62,000)	(16,000)
Outstanding, end of year	**444,000**	**537,000**

The market prices of the Company's Ordinary Shares at the date of grants in 2010 were € 3.05, € 3.35 and € 5.04, respectively, € 1.58 and € 2.39 for the grants in 2009.

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

(euro in thousands)	Year ended December 31, 2010	2009
Performance Stock Awards	397	743
Effect of changes in the fair value of cash-settled shares	(3)	199
Total expense recognized as employee costs	**394**	**942**

(euro in thousands)	Year ended December 31, 2010	2009
Total carrying amount of cash-settled transaction liabilities	**-**	**700**

21. Share capital

At December 31, 2010 and December 31, 2009, the parent company's authorized capital consisted of 80,000,000 Ordinary Shares, nominal value € 0.91 per share, and 80,000,000 Preference Shares, nominal value € 0.91 per share.

At December 31, 2010 and December 31, 2009, 33,943,901 and 33,643,061 Ordinary Shares were outstanding, excluding Treasury Shares of 184,616 and 85,456, respectively. No Preference Shares were outstanding at each of December 31, 2010 and December 31, 2009. All issued shares have been paid in full.

Accumulated other comprehensive income (loss) consists of:

(euro in thousands)	December 31, 2010	December 31, 2009
Actuarial gains	(1,249)	794
Cash flow hedging reserve	21	(25)
Deferred taxes	284	-
Accumulated other comprehensive income (loss)	**(944)**	**769**

Dividends

Proposed for approval at the Annual General Meeting of Shareholders (not recognized as a liability as at December 31, 2010):

(euro in thousands)	Year ended December 31, 2010	2009
20.00 cents per Ordinary Share (2009: 0.00 cents)	**6,789**	**-**

The Board of Management proposes to allocate the part of the net income for the year 2010 remaining after payment of the dividend to the retained deficit. The Supervisory Board has approved this proposal.

For further notes to the Company's equity, reference is made to the Notes to the Parent Company Financial Statements.

22. 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, 2010	December 31, 2009
Within one year	4,715	5,095
After one year but not more than five years	12,691	12,042
After five years	847	2,155
Total	**18,253**	**19,292**

Committed rental expense was € 17.4 million and € 18.3 million as of December 31, 2010 and 2009, respectively. In addition, the Company has an unconditional obligation related to the purchase of equipment and materials totalling € 57.9 million and € 29.8 million as of December 31, 2010 and 2009, respectively. Lease and rental expenses amounted to € 4.7 million and € 3.8 million for the years ended December 31, 2010 and 2009, respectively. Research and development subsidies and credits available to offset research and development expenses were € 2.8 million in 2010 and € 1.8 million in 2009.

23. 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, 2010						
Revenue	65,248	289,495	8,474	85,832	(97,900)	351,149
Non-financial assets	11,917	60,091	8,990	11,776	-	92,774
Capital expenditures	828	3,406	242	2,537	-	7,013
Total assets	59,891	244,657	36,446	67,568	(58,078)	350,484
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

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

(euro in thousands)	Year ended December 31, 2010	2009
China	85,099	33,620
Taiwan	58,253	21,403
Malaysia	56,913	15,371
Korea	31,652	13,942
United States	27,226	14,100
Germany	21,197	6,594
Other Asia Pacific	45,029	24,837
Other Europe	24,991	17,242
Rest of the World	789	782
Total revenue	**351,149**	**147,891**

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

For the year ended December 31, 2010, one customer represents more than 10% of the Company's revenue.

24. Related-party transactions

BE Semiconductor Industries N.V. and all its subsidiaries are consolidated and all transactions between these entities have been eliminated in these financial statements. There are no non-consolidated companies considered as related parties.

The Board of Management and the Supervisory Board are considered 'Key Management'. The remuneration of the Board of Management and the Supervisory Board is outlined below.

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 recorded in the years ended December 31, 2010 and 2009:

(in euro)	Year ended December 31, 2010	2009
R.W. Blickman		
Salaries and other short-term employee benefits[1,2]	654,858	416,524
Post employment benefits[3]	94,530	94,096
Equity compensation benefits	100,500	-
J.W. Ruinemans[4]		
Salaries and other short-term employee benefits[1,2]	293,853	170,068
Post employment benefits[3]	27,000	23,906
Equity compensation benefits	67,000	-
H. Rutterschmidt		
Salaries and other short-term employee benefits[1,2]	-	278,233
Post employment benefits[3]	-	70,879
Termination benefits	-	460,889
C.K. Lichtenberg		
Salaries and other short-term employee benefits[1,2]	-	117,781
Post employment benefits[3]	-	18,750
Termination benefits	-	364,775

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

[2] Other benefits also includes 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.

[4] Member of the Board of Management until August 31, 2010: remuneration relates to the period from January 1, 2010 until August 31, 2010.

Remuneration of the Supervisory Board

The aggregate remuneration paid to current members of the Supervisory Board was € 232 in 2010 (2009: € 212). 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, 2010 and 2009 was as follows:

(in euro)	Year ended December 31, 2010	2009
W.D. Maris[1]	-	22,875
E.B. Polak[2]	-	15,250
T. de Waard	57,417	57,969
D.J. Dunn[3]	48,167	34,625
D. Lindenbergh[3]	41,583	26,031
K.W. Loh[3]	40,500	26,813
J.E. Vaandrager[3]	43,833	28,375

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

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

[3] Member of the Supervisory Board from May 12, 2009

In the Annual General Meeting of Shareholders of April 29, 2010, the remuneration for the Supervisory Board members changed as follows:

(i) Member of the Supervisory Board: € 37,000

(ii) Member of the Supervisory Board, Chair of committee: € 40,000

(iii) Chairman of the Supervisory Board: € 52,000

(iv) Meeting attendance and conference call fees: None

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, 2010, are as follows:

Ordinary Shares	Number of shares
R.W. Blickman	398,653
Total	**398,653**

Options	Year of grant	Expiration date	Exercise price (in euro)	Number of options outstanding
R.W. Blickman	2000	2011	17.90	20,000
	2000	2011	9.80	142,000
Total				**162,000**

At December 31, 2010, there was € 274 of loans outstanding (December 31, 2009 was € 287) relating to the stock options granted to the member of the Board of Management. The principal amount relates to the options granted in 2000. The loan conditions have not changed since the inception of the loan agreements in 2000.

The number of Performance Stock Awards granted in 2011 in relation to performance achievements in 2010 of the current member 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	2011	50,000
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, 2010, were as follows:

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

Convertible Bond (in euro)	Nominal amount
D. Lindenbergh	1,200,000
Total	**1,200,000**

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, 2010, is as follows:

Options	Year of grant	Expiration date	Exercise price (in euro)	Number of options outstanding
J.W. Rischke	2000	2011	17.90	16,000
Total				**16,000**

At December 31, 2010, there was an € 66 loan outstanding (December 31, 2009 was € 78) relating to the stock options granted to the former member of the Board of Management. The principal amount relates to the options granted in 2000. The loan conditions have not changed since the inception of the loan agreement in 2000.

25. Selected operating expenses and additional information

Personnel expenses for all employees were as follows:

(euro in thousands)	Year ended December 31, 2010	2009
Wages and salaries	69,254	54,314
Social security expenses	7,770	7,360
Pension and retirement expenses	4,402	3,880
Share-based compensation plans	394	934
Total personnel expenses	**81,820**	**66,488**

The average number of employees during 2010 and 2009 was 1,435 and 1,294, respectively. For pension and retirement expenses, reference is made to Note 20.

The total number of personnel employed per department was:

	December 31, 2010	December 31, 2009
Sales and Marketing	404	386
Manufacturing and Assembly	666	496
Research and Development	301	351
General and Administrative	139	151
Total number of personnel	**1,510**	**1,384**

As of December 31, 2010 and 2009, a total of 237 and 288 persons, respectively, were employed in the Netherlands.

26. Financial income and expense

The components of financial income and expense were as follows:

(euro in thousands)	Year ended December 31, 2010	2009
Interest income	311	1,063
Gain on repurchase Convertible Notes	759	-
Subtotal financial income	**1,070**	**1,063**
Interest expense	(1,175)	(1,240)
Interest Convertible Notes	(1,542)	(1,997)
Net foreign exchange loss	(813)	(1,176)
Subtotal financial expense	**(3,530)**	**(4,413)**
Financial income (expense), net	**(2,460)**	**(3,350)**

27. Earnings per share

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

	2010	2009
Shares outstanding at beginning of the year	33,643,061	30,815,311
Weighted average shares reissued from Treasury Shares for the vesting of Performance Stock Awards	251,357	20,966
Weighted average shares reissued from Treasury Shares for the acquisition of Esec	-	2,094,246
Average shares outstanding - basic	**33,894,418**	**32,930,523**

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 would be anti-dilutive.

28. Financial instruments, financial risk management objectives and policies

Set out below by class the carrying amounts of the Company's financial instruments that are carried in the financial statements.

(euro in thousands)	Note	December 31, 2010	December 31, 2009
Financial assets			
Cash and cash equivalents	3	69,305	73,125
Trade receivables	4	86,889	36,341
Forward exchange contracts	6	2,269	263
Other receivables	6	4,861	5,349
Total		**163,324**	**115,078**
Financial liabilities			
Notes payable to banks	13	16,038	13,908
Current portion of long-term debt and financial leases	18	2,186	1,911
Trade payables	15	42,626	27,290
Forward exchange contracts	16	409	596
Other payables	16	11,063	10,299
Convertible Notes	18	27,386	35,068
Long-term debt and financial leases	18	766	2,570
Total		**100,474**	**91,642**

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 2010 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 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 2010 and 2009, 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 € 21 was reported in 2010 as other comprehensive income at December 31, 2010. The amount in 2010 released from equity in revenue in the Consolidated Statement of Comprehensive Income was € 103. The cash flow hedging reserve included in equity comprises the effective portion of the cumulative net change in the fair value of cash flow hedges related to hedged transactions that have not yet occurred. The ineffective part of the hedges recognized, in 2010, directly in the Consolidated Statement of Comprehensive Income was a loss of € 55 (2009: a gain of € 100).

Movement cash flow hedging reserve:

(euro in thousands)	**2010**
Balance at January 1,	(25)
Amount recognized in equity	(9)
Amount reclassified to Consolidated Statement of Comprehensive Income	55
Balance at December 31,	**21**

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 € 2,269 and € 263 at December 31, 2010 and 2009, 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,**	
	2010	**2009**
To sell US dollars for euros	25,095	20,852
To sell US dollars for Swiss francs	40,838	23,649
To buy Swiss francs for US dollars	-	2,783
To buy Swiss francs for euros	7,880	-

At December 31, 2010, the unrealized gain on forward foreign currency exchange contracts that were designated as a hedge of firmly committed transactions amounted to € 1,860. At December 31, 2009, the unrealized loss on forward foreign currency exchange contracts amounted to € 333.

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, 2010 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)		**2010**		**2009**
	Positive	**Negative**	**Positive**	**Negative**
Forward exchange contracts				
Fair value	**2,269**	**409**	**263**	**596**

The fair value of the forward currency exchange contracts are included in the Company's other receivables and the other payables. For the years ended December 31, 2010 and 2009, a foreign currency loss of € 55 and a gain of € 100, respectively, is included in the Company's results of operations relating to the Company's foreign currency contracts. The Company recorded no changes in the fair value of the financial instruments that were attributable to changes in the credit risk of the forward exchange contracts. Cash flows related to foreign currency contracts are expected to occur as follows:

(euro in thousands)	**2010**	**2009**
0–3 months	56,786	31,619
3–6 months	16,954	15,242
6–9 months	48	423
Thereafter	25	-
Total	**73,813**	**47,284**

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 2010 and 2009, 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 compared to the EUR and CHF, with all other variables held constant.

(euro in thousands)	Increase/decrease in US dollar rate compared to EUR	Effect on profit before tax	Effect on equity
2010	+10%	300	(400)
	-10%	(300)	400
2009	+10%	400	(300)
	-10%	(400)	300

(euro in thousands)	Increase/decrease in US dollar rate compared to CHF	Effect on profit before tax	Effect on equity
2010	+10%	(400)	(600)
	-10%	400	600
2009	+10%	300	(600)
	-10%	(300)	600

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 revenue which is represented by US dollar or US dollar-linked currencies amounted to approximately 70% of total revenue in the year ended December 31, 2010, whereas revenue denominated in euro amounted to approximately 21% and other currencies amounted to approximately 9%. Approximately 25% of its costs and expenses were denominated in euro, 37% in Swiss franc, 21% in Malaysian ringgit and the remaining 17% in various 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 (2009: € 0.4 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 (2009: € 0.4 million). No derivative interest rate related swaps have been entered into.

Credit risk

Credit risk is the risk that the 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. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, Management also considers the demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. As the Company's revenue is generated by shipments to Asian manufacturing operations of leading US, European and Asian semiconductor manufacturers and subcontractors, an industry and geographical concentration of credit risk exists, however, this risk is reduced through the long-term relationships with our customers.

Transactions involving derivative financial instruments are with multiple 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.

The Company's maximum exposure to credit risk for financial instruments is the carrying amounts as illustrated in the table reflecting the carrying amounts of the Company's financial instruments. The Company does not hold collateral as security.

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 optimizing 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, 2010 and 2009, based on contractual undiscounted payments:

Maturity profile (euro in thousands)	**On demand**	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**>5 years**	**Total**
Year ended December 31, 2010						
Long-term debt and financial leases	-	333	1,853	766	-	2,952
Interest payable long term debt and financial leases	-	16	47	25	-	88
Convertible Notes	-	-	-	27,850	-	27,850
Interest payable Convertible Notes	-	766	766	766	-	2,298
Accounts payable	7,315	34,863	448	-	-	42,626
Other payables	7,449	4,023	-	-	-	11,472
Total	**14,764**	**40,001**	**3,114**	**29,407**	**-**	**87,286**

Maturity profile (euro in thousands)	**On demand**	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**>5 years**	**Total**
Year ended December 31, 2009						
Long-term debt and financial leases	-	601	1,310	2,570	-	4,481
Interest payable long term debt and financial leases	-	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]	8,677	2,218	-	-	-	10,895
Total	**16,197**	**23,226**	**2,702**	**42,108**	**2**	**84,235**

[1] Prior year classification is adjusted to reflect current year presentation.

It is not expected that the cash flows included in the maturity profile could occur significantly earlier, or at significantly different amounts.

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, 2010 and December 31, 2009. The Company only regards equity as capital. This capital is managed using solvency ratio (excluding intangible assets) and return on investment.

(euro in thousands / in percentage)	**2010**	**2009**
Equity	219,012	156,276
Solvency ratio	62.5%	58.0%
Solvency ratio (excluding intangible fixed assets)	53.7%	45.2%
Return on average investment (ROI)	25.2%	3.6%

Under the BE Semiconductor Industries Incentive Plan 2010-2011, the total number of Ordinary Shares that the Company may issue, 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.

29. Events after the balance sheet date

No events after balance sheet date.

Parent Company Balance Sheet

(Before appropriation of the result)

(euro in thousands)	Note	December 31, 2010	December 31, 2009
Assets			
Property, plant and equipment	2	**3**	**3**
Other intangible assets	3	**408**	**490**
Investments in subsidiaries	4	166,674	104,592
Subordinated loans due from subsidiary	4	8,000	8,000
Loans due from subsidiaries	4	27,132	24,333
Deferred tax assets		3,513	3,429
Financial fixed assets		**205,319**	**140,354**
Total fixed assets		**205,730**	**140,847**
Amounts due from subsidiaries		46,194	33,924
Other receivables		551	237
Receivables		**46,745**	**34,161**
Cash and cash equivalents		**3,408**	**32,678**
Total current assets		**50,153**	**66,839**
Total assets		**255,883**	**207,686**
Shareholder's equity, provisions and liabilities			
Issued capital	5	31,057	30,693
Share premium	5	180,456	181,026
Foreign currency translation adjustment	5	15,899	(1,491)
Accumulated other comprehensive income (loss)	5	(944)	769
Retained deficit	5	(55,214)	(60,465)
Undistributed result	5	46,990	5,251
Shareholder's equity		**218,244**	**155,783**
Convertible Notes	6	27,386	35,068
Long term debt and financial leases	7	128	293
Loans due to subsidiaries		7,110	13,282
Non-current liabilities		**34,624**	**48,643**
Trade payables		865	328
Current portion of long term debt	7	165	159
Amounts due to subsidiaries		74	51
Other payables		1,911	2,722
Current liabilities		**3,015**	**3,260**
Total shareholder's equity, provisions and liabilities		**255,883**	**207,686**

Parent Company Statement of Income and Expense

(euro in thousands)	Year ended December 31, 2010	2009
Income (loss) from subsidiaries, after taxes	49,579	12,140
Other income and expenses	(2,589)	(6,889)
Net income	**46,990**	**5,251**

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 net equity value.

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 24 of the Consolidated Financial Statements.

2. Property, plant and equipment

(euro in thousands)	**Office furniture and equipment**
Balance at January 1, 2010	
Cost	131
Depreciation	(128)
Property, plant and equipment, net	**3**
Movement	
Investment	1
Depreciation	(1)
Total changes	**-**
Balance at December 31, 2010	
Cost	132
Depreciation	(129)
Property, plant and equipment, net	**3**

3. Other intangible assets

Other intangible assets, net consist of the following:

(euro in thousands)	**Software**
Balance at January 1, 2010	
Cost	490
Accumulated amortization	-
Accumulated impairment	-
Other intangible assets, net	**490**
Changes in book value in 2010	
Amortization	(82)
Total changes	**(82)**
Balance at December 31, 2010	
Cost	490
Accumulated amortization	(82)
Other intangible assets, net	**408**

The other intangible fixed assets consist of capitalized SAP licenses and are depreciated in 3 years.

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, 2010	104,592	8,000	24,333	136,925
Income for the period	49,579	-	-	49,579
Capital tax	(424)	-	-	(424)
Changes in accumulated OCI	(1,713)	-	-	(1,713)
Currency translation adjustment	14,640	-	2,799	17,439
Balance at December 31, 2010	**166,674**	**8,000**	**27,132**	**201,806**
Balance at January 1, 2009	86,939	8,000	25,105	120,044
Income for the period	12,140	-	-	12,140
Investment Esec International	4,386	-	-	4,386
Investment Besi Asia Pacific Holding	140	-	-	140
Disposal Besi Taiwan	(22)	-	-	(22)
Actuarial gain	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)	Number of 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, 2010	33,728,517	30,693	181,026	(60,465)	(1,491)	769	5,251	155,783
Total comprehensive Income (loss) for the period	-	-	-	-	17,390	(1,713)	46,990	62,667
Appropriation of the result	-	-	-	5,251			(5,251)	-
Reversed capital tax	-	-	(434)	-	-	-	-	(434)
Increase share capital	400,000	364	(364)	-	-	-	-	-
Equity-settled share-based payments expense	-	-	273	-	-	-	-	273
Equity component repurchase convertible	-	-	(45)	-	-	-	-	(45)
Balance at December 31, 2010	**34,128,517**	**31,057**	**180,456**	**(55,214)**	**15,899**	**(944)**	**46,990**	**218,244**
Balance at January 1, 2009	33,728,517	30,693	176,420	(26,182)	(1,517)	749	(34,283)	145,880
Total comprehensive Income for the period	-	-	-	-	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**

[1] The outstanding number of Ordinary Shares includes 184,616 and 85,456 Treasury Shares at December 31, 2010 and December 31, 2009, respectively.

[2] Included in the Share Premium is a legal reserve of € 16.9 million (2009: € 13.4 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 € 73.0 million is classified as a restricted reserve (2009: € 91.4 million).

Preference Shares

At December 31, 2010 and December 31, 2009, the parent company's authorized capital consisted of 80,000,000 Ordinary Shares, nominal value € 0.91 per share, and 80,000,000 Preference Shares, nominal value € 0.91 per share.

No Preference Shares were outstanding at each of December 31, 2010 and December 31, 2009.

In April 2000, the foundation "Stichting Continuïteit BE Semiconductor Industries" (the "Foundation") was established. The Foundation is an independent legal entity and is not owned or controlled by any other legal person. 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 unsolicited influences which could threaten the Company's continuity, independence and identity. The issue of Preference Shares would enable the Company to consider its position in the then-existing circumstances.

By agreement of May 19, 2008, between the Company and the Foundation, which replaces a similar agreement dated April 19, 2002, 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, minus one.

The Company has also granted to the Foundation the right to file an application for an inquiry into the policy and conduct of business of the Company with the Enterprise Chamber of the Amsterdam Court of Appeal (Ondernemingskamer). The Company believes that this may be a useful option in the period before the issuance of Preference Shares, without causing a dilution of the rights of other shareholders at that stage.

Foreign currency translation adjustment

The foreign currency translation adjustment comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Accumulated other comprehensive income (loss)

Accumulated other comprehensive income (loss) consists of:

(euro in thousands)	December 31, 2010	December 31, 2009
Actuarial gains	(1,249)	794
Cash flow hedging reserve	21	(25)
Deferred taxes	284	-
Accumulated other comprehensive income (loss)	**(944)**	**769**

Actuarial gains

The reserve for actuarial gains and losses arises from the actuarial calculations for the Defined Benefit pension plans.

Cash flow hedging reserve

The cash flow hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedges related to hedged transactions that have not yet occurred.

Deferred taxes

The deferred taxes in accumulated other comprehensive income relate to the deferred tax on the recognized actuarial gains and losses on the Austrian and Swiss pension plans.

Dividends

Proposed for approval at the Annual General Meeting of Shareholders to be held on April 28, 2011 (not recognized as a liability as at December 31, 2010):

(euro in thousands)	Year ended December 31, 2010	2009
20.00 cents per Ordinary Share (2009: 0.00 cents)	**6,789**	**-**

The Board of Management proposes to allocate the part of the net income for the year 2010 remaining after payment of the dividend to the retained deficit. The Supervisory Board has approved this proposal.

6. Convertible Notes

For the Convertible Notes, reference is made to Note 18 to the Consolidated Financial Statements.

7. Long term debt and financial leases

The Company has an obligation under a financial lease contract for SAP software licences. The total obligation is as follows:

(euro in thousands)	December 31, 2010	December 31, 2009
Within one year	165	159
After one year but not more than five years	128	293
Total	**293**	**452**

The leased asset has been pledged to the lessor.

8. 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, 2010	December 31, 2009
Within one year	45	66
After one year but not more than five years	110	136
Total	**155**	**202**

9. Additional information

Cost of services provided by external auditor

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

(euro in thousands)	Year Ended December 31, 2010	2009
Audit costs	127	127
Audit related costs	-	395
Tax services	-	-
Other services	125	25
Total costs	**252**	**547**

Total number of personnel

The Company employed 9 employees at December 31, 2010.

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, February 23, 2011

Board of Management:
Richard W. Blickman

Supervisory Board:
Tom de Waard
Douglas J. Dunn
Dirk Lindenbergh
Loh Kin Wah
Jan E. Vaandrager

Other Information

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The Netherlands
Tel. (31) 26 319 4500
Fax (31) 26 319 4550
www.besi.com
e-mail:
info@besi.com
investor.relations@besi.com

For addresses of Besi's offices and manufacturing facilities worldwide, please visit Besi's website **www.besi.com**.

Transfer Agent
Ordinary Shares (euro)
ABN AMRO Bank N.V., 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 28, 2011 at Besi in Duiven, the Netherlands.

Board of Management

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

Executive Committee Members

Berthold Butzmann (1961)
Chief Operations Officer,
appointed as of April 1, 2011

Cor te Hennepe (1958)
Finance

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

Peter Wiedner (1970)
Die Attach

Other Members of Management Team

Henk-Jan Jonge Poerink (1970)
Global Operations

Guido Slump (1957)
Packaging

Hans Wunderl (1951)
Strategic Development

Independent Auditor's Report

To: the General Meeting of Shareholders of BE Semiconductor Industries N.V.

Report on the financial statements

We have audited the accompanying financial statements 2010 of BE Semiconductor Industries N.V., Amsterdam. The financial statements include 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, 2010, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of the significant accounting policies and other explanatory information. The parent company financial statements comprise the parent company balance sheet as at December 31, 2010, the company statement of income and expense for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of the 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 report of the Board of Management in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore, Management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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, 2010 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 parent company financial statements

In our opinion, the parent company financial statements give a true and fair view of the balance sheet of BE Semiconductor Industries N.V. as at December 31, 2010 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 requirements under Section 2:393 sub 5 at e and f of the Netherlands Civil Code, we have no deficiencies to report as a result of our examination whether the report of the Board of Management, to the extent we can assess, has been prepared in accordance with part 9 of Book 2 of this Code, and if the information as required under Section 2:392 sub 1 at b - h has been annexed. Further, we report that the report of the Board of Management, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Netherlands Civil Code.

Eindhoven, February 23, 2011

KPMG ACCOUNTANTS N.V.
M.J.A. Verhoeven RA

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, with the approval of the Supervisory Board, will propose to the Annual General Meeting of Shareholders to determine the total dividend over 2010 at € 0.20 per Ordinary Share (either in shares or in cash), amounting to a total of € 6,789. The Board of Management proposes to allocate the part of the net income for the year 2010 remaining after payment of the dividend to the retained deficit. The Supervisory Board has approved this proposal.

The General Meeting of Shareholders approved the 2009 statutory financial statements at April 29, 2010.

Events after the balance sheet date

No events after balance sheet date.

Preference Shares

At December 31, 2010 and December 31, 2009, the parent company's authorized capital consisted of 80,000,000 Ordinary Shares, nominal value € 0.91 per share, and 80,000,000 Preference Shares, nominal value € 0.91 per share.

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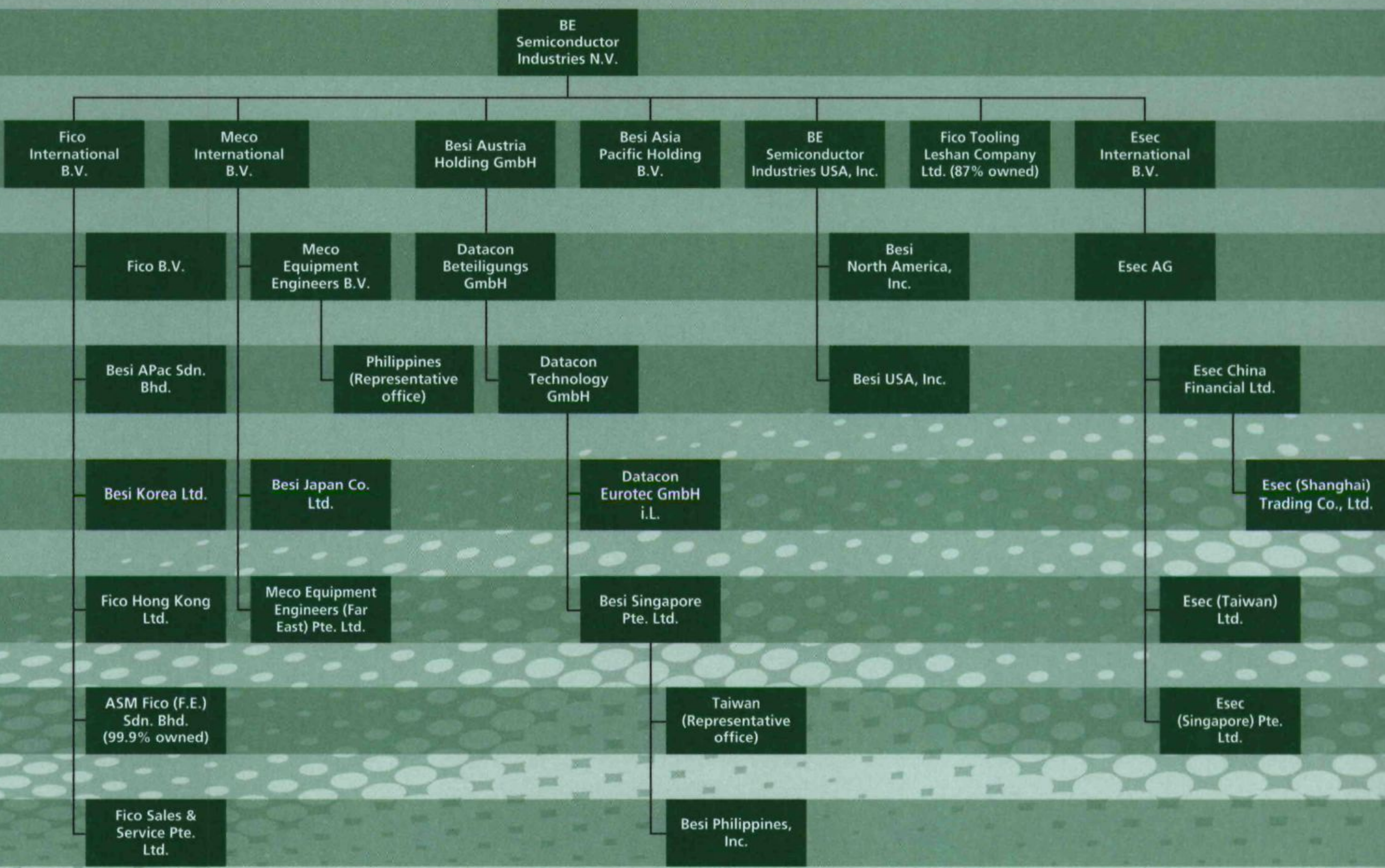
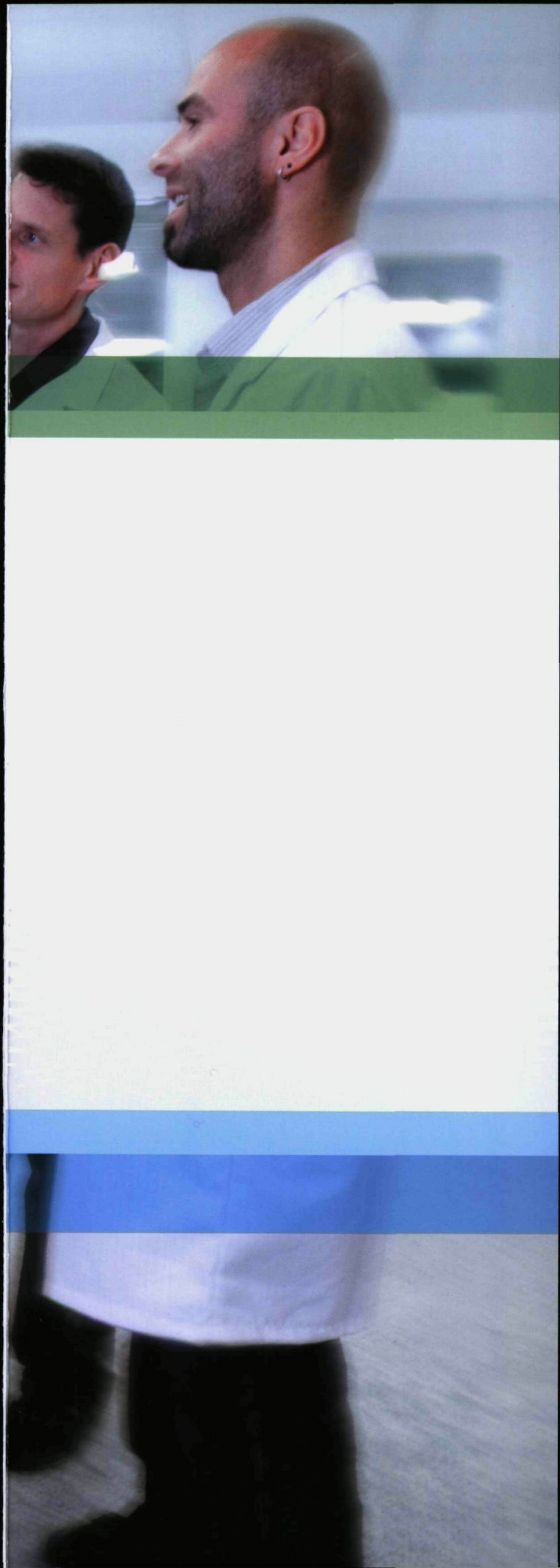
The members of the board of the Foundation are J. Ekelmans (Chairman), P.C.W. Alberda van Ekenstein, J.N. de Blécourt, J.W. Termijtelen and T. de Waard. All members of the board of the Foundation are independent from the Company. The Foundation therefore qualifies as an independent legal entity within the meaning of section 5:71 paragraph 1 sub c of the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht).

Legal Chart


BE Semiconductor Industries N.V.
Fico International B.V.
Meco International B.V.
Besi Austria Holding GmbH
Besi Asia Pacific Holding B.V.
BE Semiconductor Industries USA, Inc.
Fico Tooling Leshan Company Ltd. (87% owned)
Esec International B.V.
Fico B.V.
Meco Equipment Engineers B.V.
Datacon Beteiligungs GmbH
Besi North America, Inc.
Esec AG
Besi APac Sdn. Bhd.
Philippines (Representative office)
Datacon Technology GmbH
Besi USA, Inc.
Esec China Financial Ltd.
Besi Korea Ltd.
Besi Japan Co. Ltd.
Datacon Eurotec GmbH i.L.
Esec (Shanghai) Trading Co., Ltd.
Fico Hong Kong Ltd.
Meco Equipment Engineers (Far East) Pte. Ltd.
Besi Singapore Pte. Ltd.
Esec (Taiwan) Ltd.
ASM Fico (F.E.) Sdn. Bhd. (99.9% owned)
Taiwan (Representative office)
Esec (Singapore) Pte. Ltd.
Fico Sales & Service Pte. Ltd.
Besi Philippines, Inc.

Notes

Notes

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