Annual Report
2011

THE NEW WORLD OF
ADVANCED PACKAGING

Besi

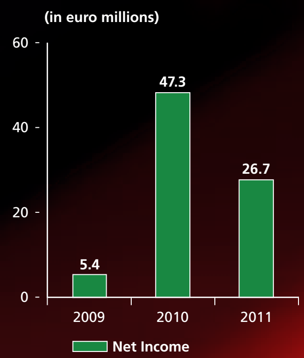
Contents

Report of the Board of Management

FROM PROCESSED WAFER TO ASSEMBLED CHIP

From processed wafer to assembled chip


Processed Wafer



* Proposed for approval at the AGM on April 25, 2012

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 $4.3 billion in 2011, or 8.6% 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.

Substrate 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 smart phones, tablets, portable personal computers and wireless internet applications. In a typical substrate 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 substrate assembly but at a higher cost and reduced yield currently.

The markets which we serve offer significant long term opportunities for growth particularly in advanced packaging applications. Besi is well positioned to capitalize on end-user market opportunities in advanced packaging applications, 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 address substantially all the assembly process steps involved in leadframe, substrate and wafer level packaging. Our principal product offerings include:

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

Our customers

Our customers are primarily leading multinational chip manufacturers, assembly subcontractors and electronics and industrial companies and include Amkor, ASE, Epcos, Infineon, Osram, Skyworks, STATS ChipPAC, STMicroelectronics, Samsung, SPIL and UTAC. Customers are principally independent device manufacturers ("IDMs") which purchase our equipment for internal use at their assembly facilities and assembly 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 eight facilities comprising 491,500 square feet of space for production and development activities as well as eight sales and service offices across Europe, Asia and North America. We employed a total staff of 1,607 fixed and temporary personnel at December 31, 2011, of whom approximately 51% were based in Asia and 49% were based in Europe and North America.

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).

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

Key Highlights 2011

Market Share Growth in Advanced Packaging Applications:

- Product mix shift to higher margin advanced packaging applications, particularly for smart phones, tablets and automotive electronics
- Strategic positioning in advanced packaging systems (multi module and flip chip die bonding and ultra thin molding systems) partially offset year over year weakness in conventional leadframe based equipment sales

Structural Transformation of Company Continues:

- Progress in Asian production transfer:
  - Systems produced in Asia increased by 32% year over year and represent 50% of total systems produced
  - Direct shipments doubled vs. 2010
  - Production transfer completed of Esec 2100 die bonder series to Malaysia
- Scalability enhanced. Gross margins increased despite H2-2011 sequential revenue decrease
- Ongoing progress in reducing break even cost levels:
  - Structural costs reduced via Asian production transfer and product line restructurings
  - 12% headcount reduction announced in October 2011 to further reduce costs by € 8.5 million on annualized basis

Solid Profit Generation in Challenging Industry Environment:

- Revenue of € 326.9 million vs. peak cycle revenue of € 351.1 million in 2010
- Gross margin improvement from 39.4% to 40.0% in spite of 6.9% revenue decline
- Orders of € 301.1 million vs. € 376.5 million in 2010 due to industry downturn in H2-2011
- Net income of € 26.7 million vs. € 47.3 million in 2010

Strong Cash Flow Generation. Liquidity Position Significantly Improved:

- Cash flow from operations of € 48.7 million in 2011 vs. € 12.2 million in 2010
- Cash of € 87.5 million at year end 2011 (€ 2.38 per share) up 26% from € 69.3 million at year end 2010
- Debt reduced by € 21.6 million to € 24.8 million at year end 2011
- € 62.7 million net cash at year end 2011 up from € 22.9 million at year end 2010 despite € 20.2 million utilized for share repurchases and dividend payments

Shareholder Value Enhanced:

- Stock price up 1.6% in 2011 vs. 13.0% decline for benchmark Philadelphia Semi (SOX) index
- 2010 dividend of € 0.20 per share paid in cash and in shares
- 2011 proposed dividend of € 0.22, either in cash or in shares, for approval at AGM
- Repurchase of 3.2 million shares in 2011 for a total of € 15.2 million. Reduced dilution from issuance of 5.9 million shares primarily related to redemption of 5.5% Convertible Notes

Key Financial Highlights

Year Ended December 31,	2011	2010	2009	2008	2007
Operating data					
(in euro millions, except per share data)					
Orders	301.1	376.5	162.5	126.3	160.7
Revenue	326.9	351.1	147.9	149.4	166.5
Operating income (loss)	34.7	49.9	8.3	(28.9)	(5.7)
EBITDA (loss)	45.8	60.5	17.9	(1.2)	3.8
Net income (loss)	26.7	47.3	5.4	(34.2)	(5.5)
Adjusted net income (loss)	27.4	41.6	(28.0)	(4.8)	(1.8)
Net income (loss) per share:					
Basic	0.74	1.39	0.16	(1.12)	(0.17)
Diluted	0.73	1.25	0.16	(1.12)	(0.17)
Backlog	50.6	76.4	51.0	25.4	48.3
Balance sheet data					
Cash and cash equivalents	87.5	69.3	73.1	74.0	74.8
Total debt	24.8	46.4	53.5	61.6	71.5
Net cash	62.7	22.9	19.6	12.4	3.3
Total equity	256.1	219.0	156.3	146.3	178.7
Financial ratios					
Operating income (loss) as % of revenue	10.6	14.2	5.6	(19.3)	(3.4)
Net income (loss) as % of revenue	8.2	13.5	3.6	(22.9)	(3.3)
Adjusted net income (loss) as % of revenue	8.4	11.8	(18.9)	(3.2)	(1.1)
Current ratio	3.0	2.5	2.4	2.9	3.4
Solvency ratio (in %)	73.4	62.5	58.0	60.2	62.7
Return on average equity (in %)	11.2	25.2	3.6	(21.0)	(2.9)
EBITDA / interest expenses, net	66.9x	25.1x	8.2x	(0.7)x	1.8x
Headcount data					
Total headcount fixed	1,543	1,510	1,384	1,182	1,141
Total headcount temporary	64	185	84	72	134
Total headcount	1,607	1,695	1,468	1,254	1,275
Geographic data					
Revenue from Asia as % of total revenue	74.4	78.9	73.8	62.0	62.6
Headcount in Asia as % of total headcount	50.9	54.0	46.2	39.4	37.8

Letter to Shareholders

Dear Shareholders,

In 2011, Besi delivered solid profitability and cash flow generation and gained market share in its key advanced packaging markets despite challenging economic conditions. Revenue and net income of € 326.9 million and € 26.7 million, respectively, represented a second consecutive year of relatively high profit levels which confirms the success of our ongoing corporate transformation and enhancements we have made to the scalability of our business model.

The success of our business strategy can also be seen by a substantial improvement in our financial condition in 2011 despite lower profit levels than we achieved in 2010. In this regard, we registered a € 39.8 million increase in our net cash position (cash minus total debt) in 2011 due primarily to a fourfold increase in our cash flow from operations (€ 48.7 million in 2011) and the redemption and share conversion of our 5.5% Convertible Notes due January 2012 (the "Notes"). The net cash improvement was even more impressive given our use of € 20.2 million for share repurchases and dividend payments during the year. Cash at year end represented € 2.38 per share, or 46% of the value of our year end stock price of € 5.12, more evidence of the cumulative operational progress we have made.

Given continued solid profits in 2011 and a substantial increase in our net cash position, we have proposed the payment of a dividend of € 0.22 per share, either in cash or in shares, for approval at Besi's Annual General Meeting in April 2012. This represents a 10% increase over 2010's level and a payout ratio of 30% relative to our 2011 net income. The dividend will be payable on May 31, 2012.

Business review

Similar to last year, 2011 was characterized by volatility in quarterly order rates and financial results due to ongoing customer concerns as to the development of the global economy and its impact on demand for electronic devices and capital equipment. This caution, reinforced by renewed turbulence in euro zone markets and fears of global contagion related thereto, caused a downturn in demand for new semiconductor capacity beginning in the second quarter of 2011 from cyclical peak levels reached in 2010 which accelerated through year end. Our business was not immune to this downturn as evidenced by a 23.7% order decline between the first and second halves of 2011 and related reductions in our second half revenue and net income as compared to the first half of the year.

Nevertheless, customers did continue spending on new technology in 2011 in spite of their reluctance to add new capacity in this difficult environment. As such, we saw growth in orders and market share for our systems utilized in substrate and wafer level processing technologies for advanced packaging applications. In particular, Besi was able to sustain or increase orders from Asian subcontractors for multi module and flip chip die bonding systems and ultra thin molding equipment. Such equipment is essential to support applications such as tablets, leading edge handheld devices and high end automotive electronics. These devices require ever higher levels of miniaturization, chip density and performance at lower energy consumption which can only be provided through advanced assembly process technologies and equipment. Part of our advanced packaging success this year was also due to increased penetration of the suppliers to the premier smart phone and tablet ecosystems, major new growth markets for Besi.

We anticipate that demand for advanced packaging applications will be the major driver of our growth over the next five years. In 2011, we estimate that approximately 70% of our revenue was represented by systems manufactured for substrate and wafer level processing applications as compared to 30% represented by systems produced for conventional leadframe applications. In terms of product positioning, we have five die attach and two packaging systems currently with potential applications in the advanced packaging market.

In response to volatile industry conditions, we adjusted our organization effectively in 2011 in order to maintain profitability and improve cash flow generation. In spite of a 6.9% year over year revenue decline, gross margins improved from 39.4% to 40.0% illustrating ongoing structural changes at the Company. Notable changes have included:

- Phasing out older generation packaging and wire bonding systems in favour of higher growth, higher margin die attach and packaging systems for advanced packaging applications.
- Improving our scalability.
- Reducing our unit manufacturing costs via the ongoing transfer of standard system production to our Asian manufacturing operations.

In addition, we announced a 12% headcount reduction plan in October 2011 in light of current market realities to reduce company wide personnel costs over the next 12 months by € 8.5 million on an annualized basis. Our intention is to lower break even levels to € 60 million per quarter depending on the product mix. We also significantly scaled back our supply chain in the second half of the year and reduced inventories by € 16 million between June 30, 2011 and December 31, 2011 to improve cash flow generation and better align materials costs with order trends.

Product portfolio

We can report two important developments in 2011 with respect to the product portfolio. First, we enjoyed significant market acceptance and customer growth for our line of molding systems targeting advanced packaging applications. As such, the number of our customers and units sold increased by 5 and 33, respectively, for our AMS-W molding system, particularly for ultra thin molding applications. Second, we qualified and received volume orders for our EVO die attach system for new advanced packaging applications. In particular, such systems assemble 8 mega pixel lens cap camera modules to digital devices for smart phone and tablet applications. This is an area of significant market opportunity for us over the next two to three years.

Asian production transfer

A critical component of our business strategy and cost reduction efforts, our Asian production transfer, continues according to plan. Key highlights this year included:

- A 32% year over year increase in systems produced in our Malaysian operations.
- A two-fold increase in direct shipments to customers from our Malaysian operations.
- The successful production transfer of our Esec 2100 die bonder to Malaysia.

In 2012, we will start sourcing components in Asia to accommodate initial production of the ES 2009 soft solder die bonding system in Malaysia by 2013. In addition, we expect to expand our Malaysian manufacturing operations and complete the expansion of our Leshan, China facility in order to double its production capacity in anticipation of increased tooling requirements.

Outlook 2012

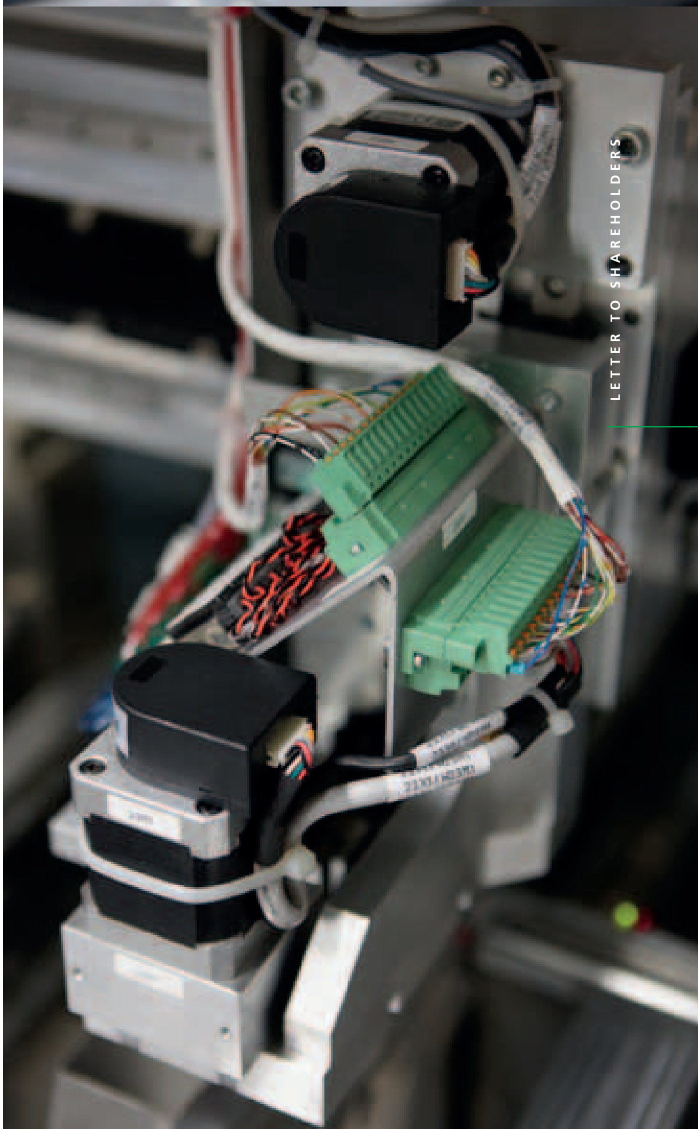
At the time of this letter, VLSI and Gartner (leading independent industry experts), expect the assembly equipment market to decline by 20.9% and 13.5%, respectively, in 2012 based on capital spending forecasts by the leading semiconductor producers. However, we experienced a significant upturn in orders through February 2012 as compared to Q4-2011, particularly for our advanced packaging systems serving the smart phone and tablet supply chains. This upturn is ahead of analyst expectations, but it is still too early to tell what that might mean for our 2012 results.

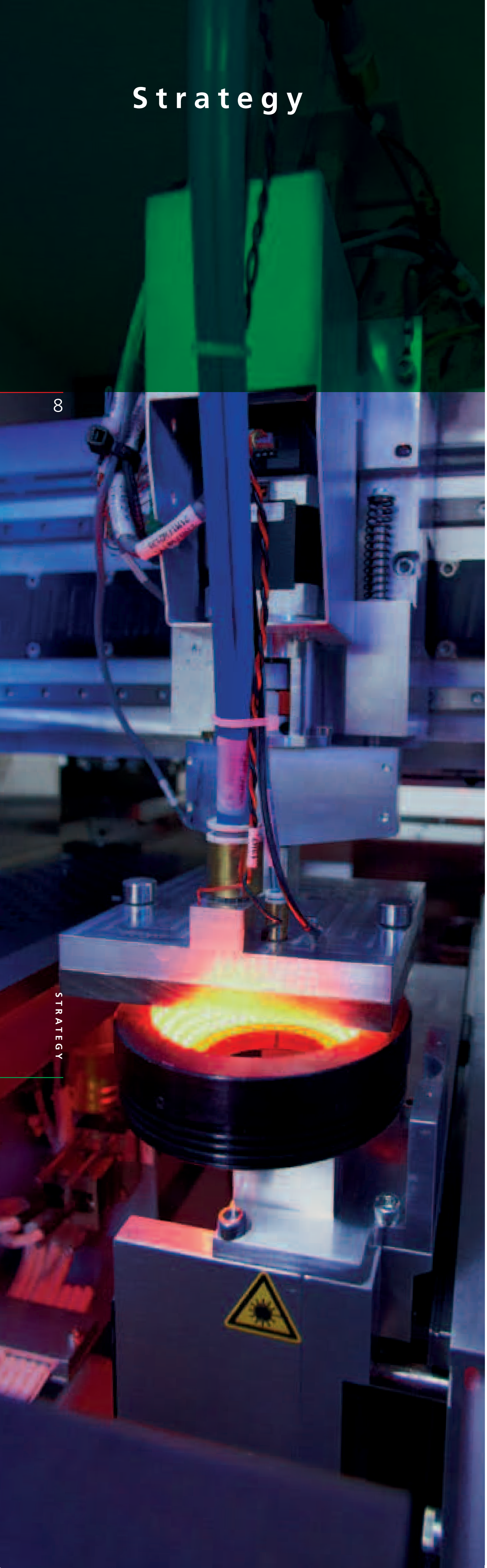
In looking to 2012, our business strategy is focused primarily on expanding our market share in advanced packaging applications while increasing our profit margins. We will continue to adjust our business model as necessary to address a volatile semiconductor equipment market and have a solid balance sheet with which to fund our business strategy and anticipated growth. We also see many exciting opportunities to improve profits from current levels as we exploit our competitive advantage in advanced packaging applications, realize our Asian production vision, further our "One Besi" initiatives to streamline operations, increase efficiencies at our European and die attach operations and continue our common platform development.

We are proud of the contributions made by all our employees last year in the face of volatile and challenging industry conditions. 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 28, 2012





Strategy

I. Strategic objective

Besi's objective is to become the world's leading supplier of semiconductor assembly equipment for advanced packaging applications 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, substrate 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 assembly 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 customer 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 eight 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 190 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 and Korea.

3. Accelerate growth of tooling, spares and service revenue

Besi's product strategy also emphasizes the advancement of non-system revenue from sales of tooling, spares and service to its installed base worldwide. In 2011, sales of tooling, spares and service represented approximately 12% 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 2011, approximately 75% of revenue was derived from sales to Asian customer locations. Besi has significantly restructured its operations in recent years in an effort to improve profitability and better service a customer base that has migrated from Europe and North America to Asia. Besi's strategy focuses on the transfer of substantially all component sourcing, system manufacturing, product application engineering and tooling/spares operations to its Asian facilities. In this concept, product ownership and responsibility for new product development will remain at its European operations. Ultimately, only highly customized systems will continue to be produced in Europe for which Besi generates attractive gross margins.

Key priorities for 2012 include initial Asian component and module sourcing of the 2009 soft solder die bonding system in Malaysia and completion of the capacity expansion of our Chinese facilities to support increased tooling 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 2013. 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 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 over time 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 has deployed 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".

7. Selectively acquire companies with complementary technologies and products

In order to provide customers with leading edge process solutions, it is critically important to identify and incorporate new technologies on a timely and continuous 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, substrate 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 substrate 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 2011, we qualified and received volume orders for die attach systems assembling 8 mega pixel lens cap camera modules to digital devices for smart phone and tablet applications.

In recent years, Besi has also expanded its product portfolio to address rapidly growing end-use customer applications in the assembly market including smart phones, tablets, LED lighting, RFID, thin-film solar cell, fingerprint recognition and sensors.

Reduction of structural costs in business model

In 2007, Besi agreed to fundamentally re-organize its global operations and management structure to streamline operations, improve returns from its product portfolio, reduce its break even cost levels and increase profitability. Over the past five years, the Company has significantly rationalized its manufacturing operations, reduced its unit manufacturing costs, transferred a significant portion of its production and headcount to Asia and increased the flexibility and scalability of its business. Key organizational changes have included:

- The adoption of the "One Besi" concept (2007).
- The integration of Besi's Laurier die sorting subsidiary with Datacon's die bonding operations (2007).
- The consolidation of all Besi's packaging equipment activities under one product management (2007).
- A headcount reduction plan which realized € 6 million of cost savings in 2008 (2007).
- A headcount reduction plan which achieved € 15 million of cost savings in 2010 (2009).
- The rationalization of Besi's plating unit and the termination of its Hungarian die bonding operations (2009).
- A realignment of Besi's packaging systems business and a 10% company-wide headcount reduction plan which realized annualized cost savings of approximately € 7 million (2009).
- The combination of Besi's Datacon and Esec product lines into a single die attach business unit (2009).
- The restructuring of its wire bonding unit to improve its return on investment from its product portfolio and redeploy resources to more profitable product applications (2010).
- The announcement of a 12% company wide headcount reduction plan to achieve annualized cost savings of € 8.5 million by the end of 2012 (2011).

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 are now 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 established in 2009 a centralized spares and tooling organization in order to increase customer responsiveness and revenue potential and better align inventory with customer demand. Similarly, 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.

Expansion of Besi's Asian operations

To support its Asian production strategy, Besi has invested approximately € 14 million to expand its Asian production capacity including a new Malaysian production facility and the construction and expansion of 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. By the end of 2011, Besi transferred production of its 2100 die bonder product from Switzerland to 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 since 2000:

- 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

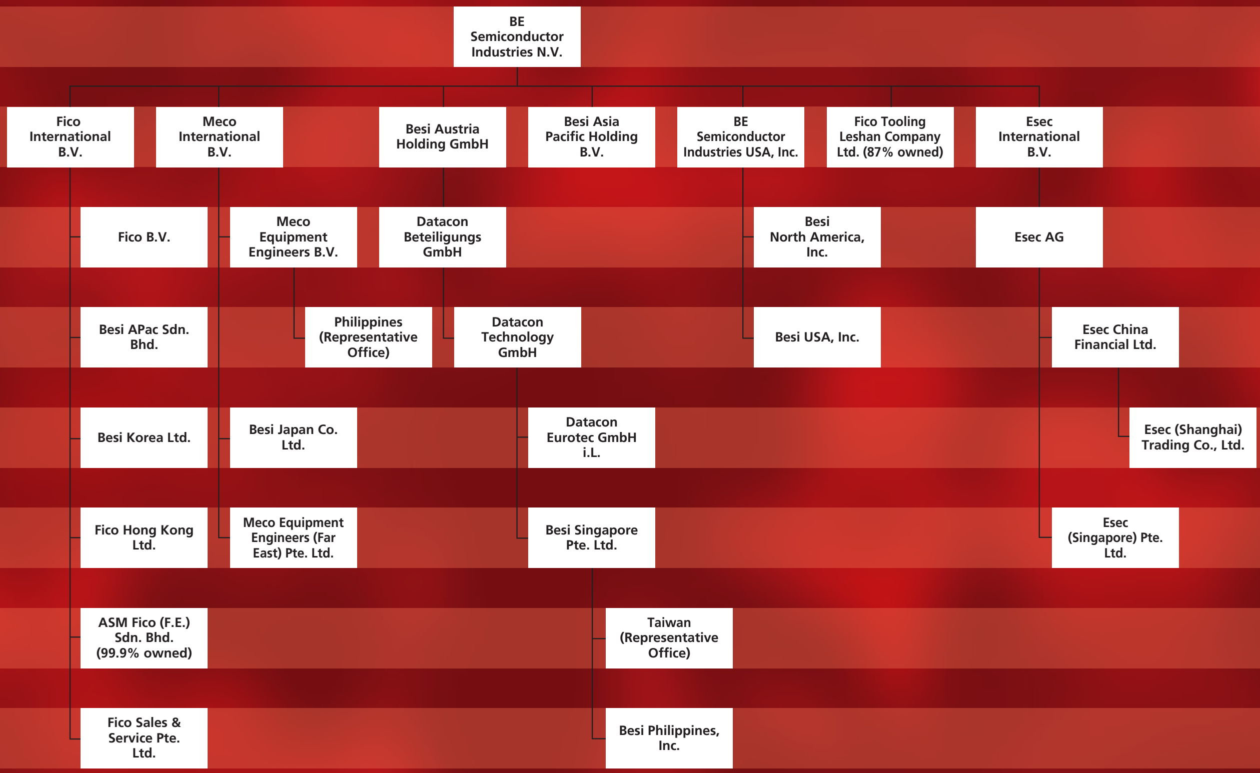
General

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 revenue is 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, 2011, one customer accounted for 9.9% of Besi's revenue and its three largest customers accounted for 22.6% 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.

Legal Chart



Corporate and financial structure

Besi's corporate organization consists of a Dutch holding company in which shareholders own ordinary shares and a network of predominantly wholly-owned subsidiaries located globally which reflects its product group and business activities around the world. The table above presents Besi's legal organization as of December 31, 2011. To get a better overview of Besi's largest shareholders, please refer to Besi Shareholder Information.

In general, Besi funds its operations through available cash on hand, cash generated from operations and, in some instances, funds the operations of its subsidiaries through intercompany loans. In addition, some of its subsidiaries maintain lines of credit with various local commercial banks to meet their internal working capital needs. Please refer to pages 16 to 18 for a detailed analysis of Besi's financial structure at December 31, 2011.

Organizational restructuring and integration activities

Restructuring activities

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.

In October 2011, Besi announced a headcount reduction plan to reduce its company-wide personnel costs by the end of 2012 by € 8.5 million on an annualized basis in order to align its cost structure with declining conditions in the semiconductor equipment industry in H2-2011. The plan calls for a reduction of approximately 12% of Besi's total worldwide headcount of 1,775 at September 30, 2011, of which approximately two thirds represents a decrease of temporary personnel and the balance primarily represents contract personnel. Specifically, the plan focuses on the reduction of temporary production personnel in Asia and, to a lesser extent, contract operations and overhead related personnel in Europe. The majority of the headcount reduction and cost savings will occur in 2012. Besi currently anticipates that it will incur charges not exceeding approximately € 3 million in connection with the proposed plan of which approximately € 0.7 million was recorded in Q4-2011.

Integration of acquisitions

Besi has made four acquisitions since 2000, primarily to establish and expand its presence in the die attach equipment market. It made one acquisition during the past five years, the acquisition of its Esec die bonding subsidiary in April 2009 from OC Oerlikon AG. Besi has actively been involved in integrating Esec's operations into the "One Besi" corporate platform since its date of acquisition. Integration activities have included (i) merging its sales, service and spare parts business, (ii) incorporating Esec's SAP IT platform into Besi's IT platform, (iii) transferring production of Esec's 2100 die bonding system series to its Malaysian operations from Switzerland, and (iv) combining Esec's operations with those of its other die attach operations into one Die Attach product group. The Company will transfer production of Esec's other principal die bonding platform, the 2009 soft solder die bonding system, to its Malaysian operations over the next two years.

Results of operations

2011 compared to 2010

Besi's results of operations and financial condition in the 2010-2011 period was greatly influenced by volatility in the global economy, which in turn, caused its revenue, orders and profit levels to vary significantly on a quarterly sequential basis in each year.

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. However, 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.

In the first half of 2011, revenue, orders and profits rebounded again in a renewed industry upturn as customers, particularly Asian subcontractors, significantly increased their orders for incremental semiconductor assembly capacity to meet demand for smart phone, tablet, automotive and personal computing applications. However, this upcycle ended in the spring of 2011 as customers once again became cautious in placing new orders for incremental capacity as a result of concerns stemming from instability in the euro zone and its potential impact on global demand for electronic devices and semiconductors. As a result, Besi's revenue and net profit declined from € 180.9 million and € 18.4 million in the first half of 2011 to € 146.0 million and € 8.3 million in the second half of 2011, respectively. Similarly, its backlog declined from € 66.3 million at June 30, 2011 to € 50.6 million at December 31, 2011.

in the second half of 2011 which had a negative influence primarily on die attach shipments. However, Besi's shipments for advanced packaging applications (primarily multi module and flip chip die bonding and ultra thin molding systems) increased during the period reflecting market acceptance of its products for leading edge electronics applications such as tablets, smart phones, personal computers and automotive electronics.

Orders

Orders for 2011 were € 301.1 million, a decrease of 20.0% as compared to € 376.5 million in 2010 due primarily to re-newed customer caution in adding new capacity as a result of global macro economic concerns. Order weakness was experienced in each of Besi's product groups but was partially offset by sustained or increased orders for advanced packaging applications. Orders by subcontractors and IDMs represented 59% and 41%, respectively, of Besi's total orders in 2011 as compared to 50% and 50% in 2010, 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 decreased from € 76.4 million at December 31, 2010 to € 50.6 million at December 31, 2011 reflecting the impact of the industry downturn on Besi's business, particularly for die attach systems. The book-to-bill ratio was 0.92 for 2011 as compared to 1.07 for 2010.

Gross profit

Besi's gross profit as a percentage of revenue for the years ended December 31, 2011 and 2010, respectively, were as follows:

(euro in millions)	Year Ended December 31,				Margin Change
		2011		2010	2011/2010[1]
		% revenue		% revenue	
Gross profit	130.8	40.0%	138.5	39.4%	0.6%
Amortization of intangible assets	-	-	0.5	0.1%	(0.1%)
Restructuring charges	-	-	2.4	0.7%	(0.7%)
Adjusted gross profit	**130.8**	**40.0%**	**141.4**	**40.3%**	**(0.3%)**

[1] Change in absolute percentage points

Revenue

Besi's revenue declined to € 326.9 million in 2011 as compared to € 351.1 million in 2010 (a decrease of 6.9%) principally due to a decline in wire bonding sales due to its 2010 product line restructuring as well as weakening industry conditions

Gross profit decreased by € 7.7 million, or 5.6% to € 130.8 million in 2011 as a result of the 6.9% year over year revenue decrease. However, Besi's gross margin increased from 39.4% in 2010 to 40.0% in 2011 due to (i) an increased proportion of higher margin advanced packaging systems in the Company's product mix, (ii) higher wire bonding gross margins due to its business unit restructuring in 2010, and (iii) the absence of restructuring charges in 2011. Such positive factors more than offset the adverse impact of a 6.9% year over year revenue decline and the upward movement of the Swiss franc versus the euro and US dollar which adversely affected gross profit. On an adjusted basis, Besi's gross margin decreased from 40.3% in 2010 to 40.0% in 2011.

Selling, general and administrative expenses

The details of Besi's selling, general and administrative ("SG&A") expenses for the years ended December 31, 2011 and 2010, respectively, were as follows:

(euro in millions)	Year Ended December 31, 2011	% revenue	2010	% revenue	% Change 2011/2010[1]
SG&A expenses	68.7	21.0%	64.1	18.3%	2.7%
Restructuring and other charges	(0.7)	(0.2%)	(2.1)	(0.6%)	0.4%
Amortization of intangible assets	(2.0)	(0.6%)	(1.5)	(0.4%)	(0.2%)
Adjusted SG&A expenses	**66.0**	**20.2%**	**60.5**	**17.2%**	**3.0%**

[1] Change in absolute percentage points

Total SG&A expenses increased by 7.2% to € 68.7 million in 2011 and represented 21.0% of revenue as compared to € 64.1 million, or 18.3% of revenue in 2010. The 2011 increase was due primarily to (i) € 3.1 million of increased incentive stock based compensation expense, (ii) € 3.0 million of higher personnel and other costs related to the increase in the value of the Swiss franc versus the euro which particularly affected die attach overhead, and (iii) higher travel and other overhead related to increased personnel partially offset by significantly lower warranty costs and lower restructuring charges (€ 1.4 million year over year). On an adjusted basis, Besi's SG&A expenses increased by € 5.5 million, or 9.1% in 2011 as compared to 2010 and represented 20.2% of revenue as compared to 17.2% in 2010.

In 2010, Besi's SG&A 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.

Research and development expenses

Set forth below are the details of Besi's research and development ("R&D") activities for the years ended December 31, 2011 and 2010, respectively:

(euro in millions)	Year Ended December 31, 2011	% revenue	2010	% revenue	% Change 2011/2010[1]
R&D expenses	27.4	8.4%	24.2	6.9%	1.5%
Capitalization of development costs	8.7	2.7%	6.0	1.7%	1.0%
Amortization of development costs	(4.4)	(1.3%)	(3.2)	(0.9%)	(0.4%)
Restructuring charges	-	-	(0.8)	(0.2%)	0.2%
Adjusted R&D expenses, net	**31.7**	**9.7%**	**26.2**	**7.5%**	**2.2%**

[1] Change in absolute percentage points

In 2011, Besi's R&D expenses increased by 13.2% to € 27.4 million as compared to 2010. As a percentage of revenue, R&D expenses increased to 8.4% in 2011 from 6.9% in 2010. Adjusted R&D expenses in 2011 were € 31.7 million, or 9.7% of revenue, as compared to € 26.2 million in 2010, or 7.5% of revenue. Higher R&D spending in 2011 was due primarily to increased temporary personnel and related costs associated with die bonding development efforts and a € 1.0 million increase in the value of the Swiss franc versus the euro which increased Swiss based die attach development costs.

Restructuring charges

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

(euro in thousands)	2011	2010
Cost of sales	-	2.4
SG&A expenses	0.7	1.6
R&D expenses	-	0.8
Total	**0.7**	**4.8**

Total restructuring charges declined from € 4.8 million in 2010 to € 0.7 million in 2011.

Restructuring charges in 2010 primarily related to severance charges to rationalize Besi's packaging and wire bonding equipment product lines and increase efficiencies elsewhere in its global operations but excluded a € 0.3 million charge for the impairment of land and € 0.2 million of other charges at Besi's Dutch facilities.

Restructuring charges in 2011 were related to a headcount reduction plan announced in October 2011 by which the Company intends to reduce its company-wide personnel costs by the end of 2012 by € 8.5 million on an annualized basis. The plan calls for a reduction of approximately 12% of Besi's total worldwide headcount of 1,775 at September 30, 2011, of which approximately two thirds represents a decrease of temporary personnel and the balance represents a decrease primarily from contract personnel. The majority of the headcount reduction and cost savings will occur in 2012. Besi currently anticipates that it will incur charges not exceeding approximately € 3 million in connection with the proposed plan of which approximately € 0.7 million was recorded in Q4-2011.

Impairment of intangible assets

Besi tests the value of its goodwill and other intangible assets on its balance sheet according to IFRS on an annual basis or in the case that a trigger for impairment occurs. No impairment charges were recorded in 2011 or 2010.

Operating income

Besi reported operating income of € 34.7 million in 2011 as compared to € 49.9 million in 2010. Set forth below is a table presenting Besi's operating income for 2011 and 2010 and as adjusted for all special charges/income incurred during each respective period.

(euro in millions)	**2011**	**2010**
Operating income	34.7	49.9
Impairment charge tangible fixed assets	-	0.3
Other	-	0.2
Restructuring charges	0.7	4.8
Adjusted operating income	**35.4**	**55.2**

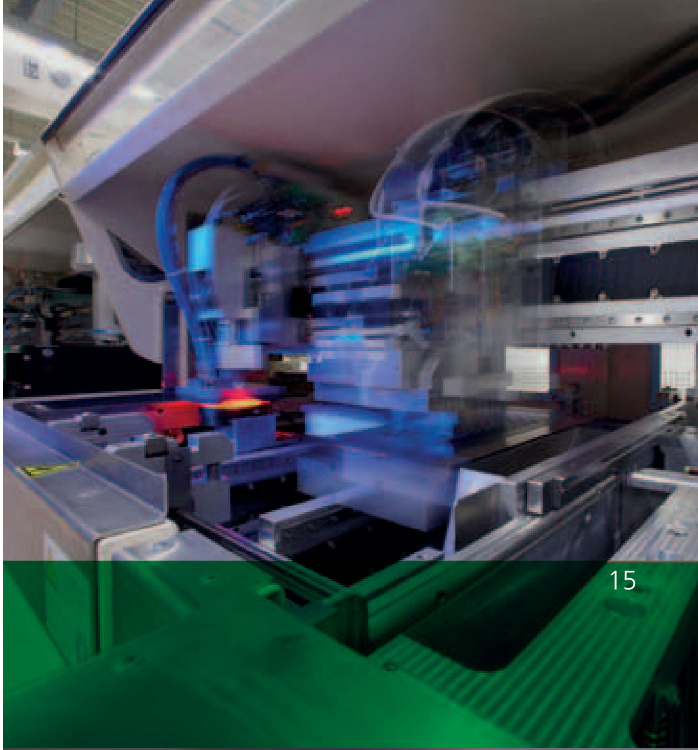
Besi incurs annual patent and other identifiable asset amortization charges related to the acquisitions of various product lines and its capitalization of certain development costs. Such charges were € 5.0 million in 2011 as compared to € 4.2 million in 2010.

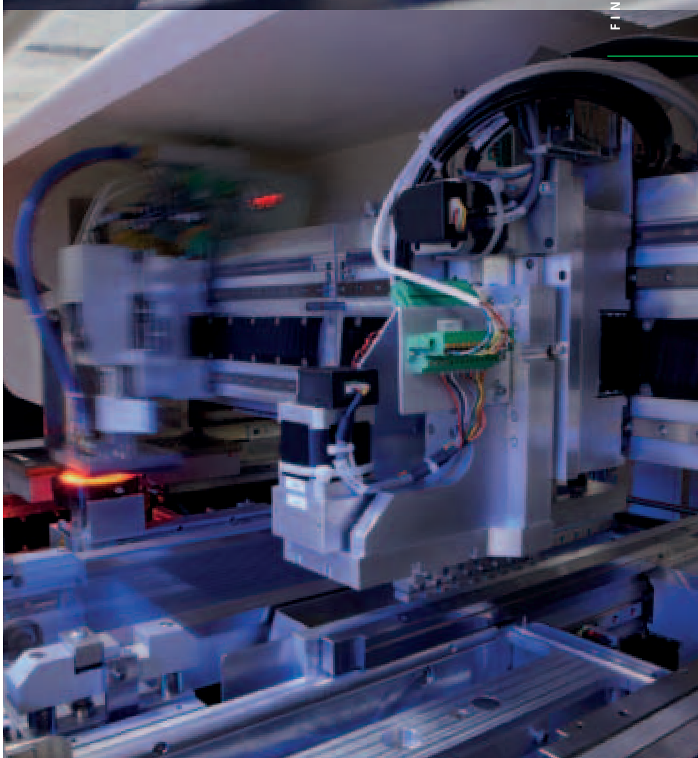
Financial income (expense), net

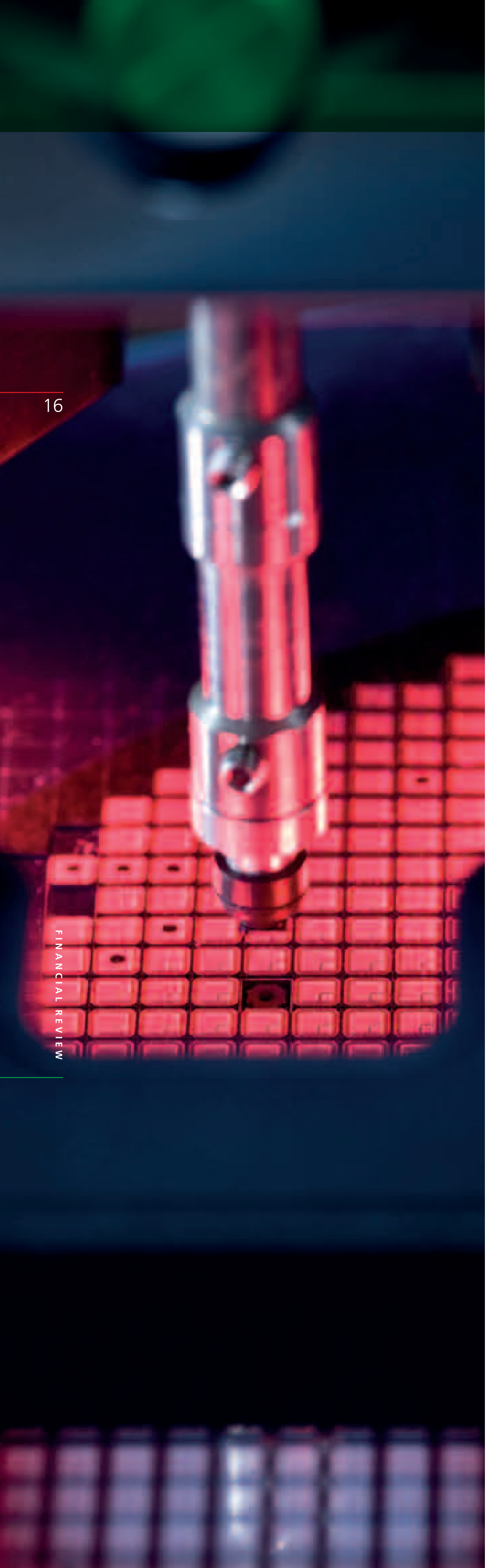
The components of Besi's financial income (expense), net, for the years ended December 31, 2011 and 2010, respectively, were as follows:

(euro in millions)	**Year ended December 31,**	
	2011	**2010**
Interest income	0.4	0.3
Interest expense	(1.1)	(2.8)
Interest income (expense), net	**(0.7)**	**(2.5)**
Foreign exchange gains (losses), net	0.6	(0.8)
Gain on repurchase of convertible debt	-	0.8
Financial income (expense), net	**(0.1)**	**(2.5)**

Besi's financial expense, net, decreased from € 2.5 million in 2010 to € 0.1 million in 2011 primarily due to reduced interest expense related to the redemption of its 5.5% Convertible Notes in June 2011 and foreign exchange gains resulting from hedging activities in Besi's principal transactional currencies.







Income taxes (benefit)

Besi recorded income taxes of € 7.9 million in 2011 and € 0.1 million in 2010 with effective tax rates of 22.9% and 0.3%, respectively. The 2011 effective tax rate was substantially higher than 2010 due to the change in profit mix of Besi's European subsidiaries this year and the absence in 2011 of a € 10.2 million net tax benefit in 2010 from a re-assessment of the recoverability of net operating losses at its Esec subsidiary due to its improved profitability and prospects.

Net income

Besi's net income for 2011 was € 26.7 million as compared to € 47.3 million in 2010. Set forth below is a table presenting Besi's reported net income for 2011 and 2010 and as adjusted for all special charges/income incurred during each respective period.

(euro in millions)	**2011**	**2010**
Net income as reported	26.7	47.3
Restructuring charges	0.7	4.8
Impairment charges	-	0.3
NOL revaluation	-	(10.2)
Gain on repurchase of convertible debt	-	(0.8)
Other	-	0.2
Adjusted net income (loss)	**27.4**	**41.6**

Besi's net income in 2011 decreased primarily due to a 6.9% year over year revenue decrease, increased operating expenses and an increase in the effective tax rate from 0.3% in 2010 to 22.9% in 2011 partially offset by (i) improved gross margins due principally to an increased proportion of higher margin advanced packaging systems in the Company's product mix, and (ii) lower financial expense, net due to the redemption of Besi's 5.5% Convertible Notes and foreign exchange gains on currency transactions.

Balance sheet, cash flow development and financing

Cash flow

Besi's net cash position (cash and cash equivalents less total debt and capital lease obligations) increased from € 22.9 million at December 31, 2010 to € 62.7 million at December 31, 2011.

Besi's net cash position improved significantly in 2011 due primarily to:
- € 48.7 million of cash flow from operations generated during the period.
- The conversion into shares of € 27.9 million principal amount of Besi's 5.5% Convertible Notes.

Increased cash generated in 2011 was partially offset by:
- € 15.1 million of share repurchases.
- € 8.7 million of capitalized development expenses.
- Net capital expenditures of € 7.3 million.
- Cash dividends paid to shareholders of € 5.1 million.

Working capital
Besi's working capital excluding cash and debt increased from € 94.5 million at December 31, 2010 to € 95.6 million at December 31, 2011 due primarily to a € 20.2 million year over year reduction in accounts receivable and a € 5.9 million reduction in inventories, particularly in the second half of 2011 partially offset by decreased accounts payable of € 21.2 million and accrued liabilities of € 5.7 million.

Capital expenditures
Besi's capital expenditures, net of dispositions, were € 7.3 million and € 6.6 million in 2011 and 2010, respectively. Besi's capital expenditures in 2011 consisted primarily of production equipment for its Malaysian facilities and expenditures related to the deployment of its ERP system. Besi expects capital expenditures in 2012 of approximately € 10 million focused primarily on continued upgrading and expansion of its Asian production capacity.

Financing
In general, Besi funds its operations through available cash on hand, cash generated from operations and, in some instances, funds the operations of its subsidiaries through intercompany loans. In addition some of its subsidiaries maintain lines of credit with various local commercial banks to meet their internal working capital needs.

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.

External financing structure
At December 31, 2011, Besi had € 24.8 million of total indebtedness outstanding, of which € 23.8 million related to bank lines of credit and € 1.0 million related to capital and financing leases for equipment. Management does not foresee any issues in refinancing or redeeming its current indebtedness outstanding given its cash position of € 87.5 million at December 31, 2011 relative to its total indebtedness at such date and cash flow generation prospects for 2012.

Bank lines of credit
At December 31, 2011, Besi and its subsidiaries had available lines of credit aggregating € 38.8 million, under which € 26.8 million of borrowings were outstanding (of which € 23.7 million related to notes payable to banks). Amounts available to be drawn under the lines were further reduced by € 0.7 million in outstanding bank guarantees. Interest is charged at the banks' base lending rates or Euribor plus an increment between 0.3% and 1.75%. All its credit facility agreements include covenants requiring Besi to maintain certain financial ratios and have no stated contractual maturity. Besi and all of its applicable subsidiaries were in compliance with all loan covenants at December 31, 2011. A summary of Besi's principal credit lines is as follows:

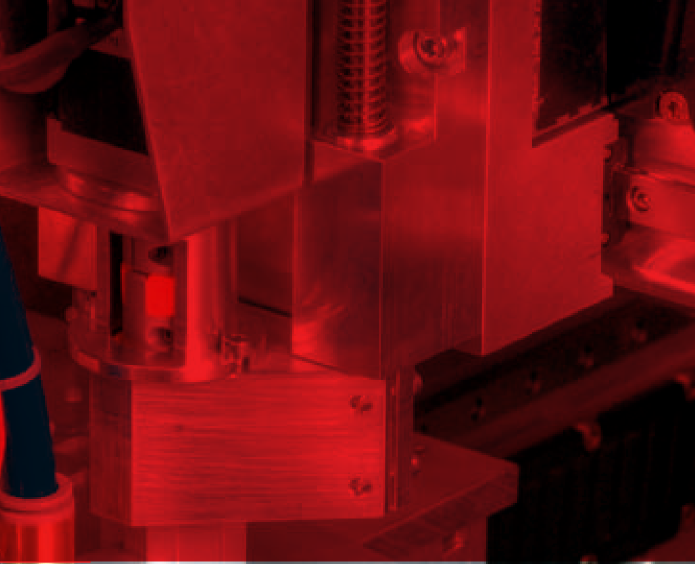
- € 18.4 million of Besi's credit lines relate to its Datacon Technology GmbH, Austrian subsidiary and are on a non recourse basis to the parent company. Consistent with past practice, Datacon utilizes short-term bank lines of credit, long-term loans and government-granted loans for export and research and development activities. The principal restrictive covenant associated with this bank line is a minimum ratio of equity to total assets.

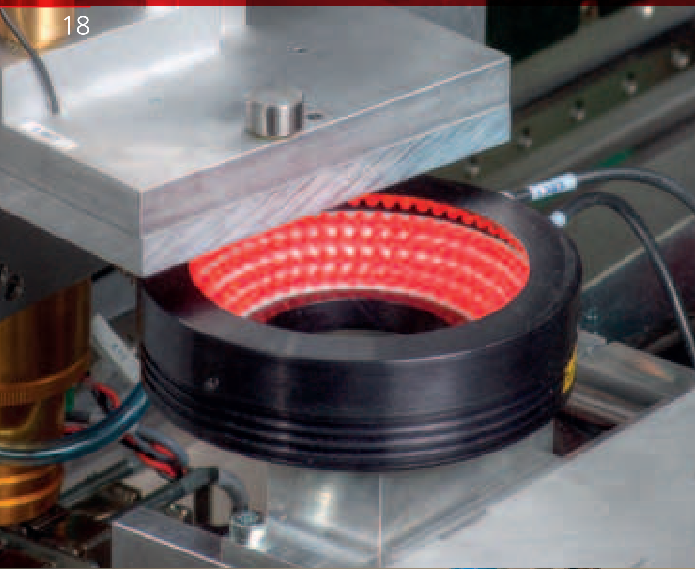
- € 12.4 million of Besi's credit lines relate to its Asian manufacturing operations and are secured by a pledge of the land, buildings, inventories, receivables and other current and future assets of Besi APac Sdn. Bhd. and are without recourse to the parent company. A part of the credit line is also secured by a standby letter of credit issued by the Royal Bank of Scotland (China) expiring September 30, 2012. The standby letter of credit is secured by cash pledged by Fico Tooling Leshan Company Ltd. for the sum of Chinese yuan 26 million for one year from October 14, 2011. The principal restrictive covenants under the credit lines include a minimum level of tangible net worth, a maximum gearing ratio, a maximum receivables aging and a requirement that Besi APac Sdn. Bhd. remains a 100% owned subsidiary of BE Semiconductor Industries N.V. at all times.

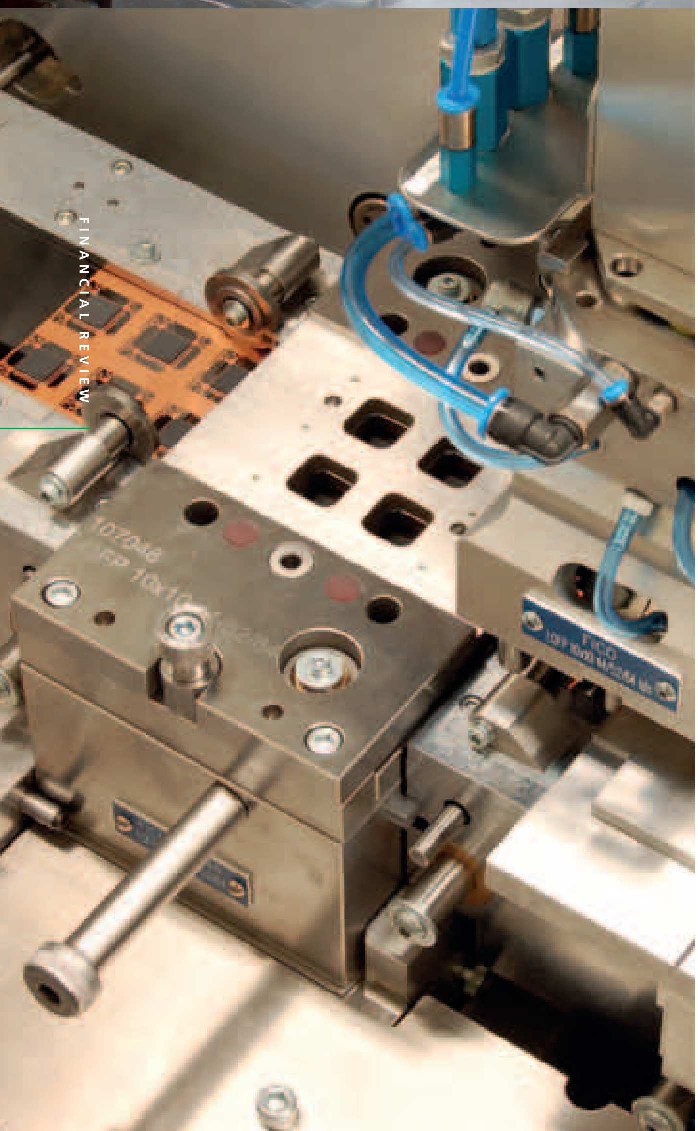
- € 8.0 million of Besi's credit lines relate to its Dutch subsidiaries and are secured by a pledge of inventories and accounts receivable and a parent company guarantee. The principal restrictive covenants contained in each Dutch line of credit include a solvency ratio, a ratio of net cash to EBITDA and a current ratio, all of which are calculated on a consolidated Besi level.

Convertible Note redemption
On May 20, 2011, Besi exercised its right to call for early redemption all of its remaining 5.5% Convertible Notes due January 2012 ("the Notes"). The Notes were originally issued in a principal amount of € 46 million, of which € 27.9 million principal amount were outstanding at December 31, 2010 and € 25.2 million were outstanding as of the redemption notice. On June 17, 2011, Besi announced that all remaining holders of the Notes elected to exercise their conversion rights to receive Besi Ordinary Shares at an adjusted conversion price of € 4.95 per share in exchange for Notes outstanding. In total, 5.1 million additional Ordinary Shares were issued in connection with the Note redemption and conversion (0.5 million shares were converted prior to the redemption notice).

Dividends
Due to Besi's earnings and cash flow generation in 2010, the Board of Management proposed and paid a dividend to shareholders in Ordinary Shares or in cash equal to € 0.20







per share in May 2011, which resulted in cash payments to shareholders of record of € 5.1 million and the issuance of 307,875 shares.

Due to Besi's earnings and cash flow generation in 2011 and the expansion of its net cash position from its Convertible Note redemption, the Board of Management has proposed the payment of a dividend to shareholders equal to € 0.22 per share, either in cash or in shares, for approval at Besi's Annual General Meeting in April 2012.

The payments in 2010 and proposed for 2011 represent a dividend payout ratio relative to net income of approximately 15% and 30%, respectively. Besi will consider the payment of dividends on an annual basis in the future based upon (i) a review of its annual and prospective financial performance and liquidity/financing needs, and (ii) a dividend payout ratio of up to approximately 30%.

Share repurchase program

On May 20, 2011, Besi announced a share purchase program according to which the Company may buy back up to a maximum of approximately 3.4 million Ordinary Shares from time to time until October 2012. The repurchase program has been implemented in accordance with industry best practices and in compliance with applicable buyback rules and regulations and was initiated to help reduce share dilution resulting from the conversion of the Notes. During 2011, Besi purchased under this program 3.2 million of its Ordinary Shares at a weighted average price of € 4.76 per share for € 15.2 million.

Besi believes that its cash position, internally generated funds and available lines of credit will be adequate to meet its anticipated levels of capital spending, research and development, 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 NYSE Euronext Amsterdam. The stock symbol is BESI and the ISIN code is NL0000339760.

	2011	2010
Number of Ordinary Shares, net of shares held in treasury	36,687,068	33,943,901
Average daily turnover	132,079	105,507
Highest closing price (in euro)	7.25	5.04
Lowest closing price (in euro)	3.49	2.65
Year end share price (in euro)	5.12	5.04

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. 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**.

Besi's equity structure

At the end of 2011, the number of issued and outstanding Ordinary Shares was 40,033,921 of which Besi held 3,346,853 shares in treasury. The issued share capital of Besi was increased in 2011 by approximately 5.6 million shares as a result of the conversion of its 5.5% Convertible Notes due 2012 and 307,875 shares issued in connection with Besi's May 2011 dividend payment to shareholders.

Besi's authorized share capital consists of 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 pages 20 and 21 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, 2013, 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 share 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, 2013. 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 was revised in May 2008 to comply with applicable laws. The purpose of the Foundation is to safeguard the Company's interests, the enterprise connected therewith and all the parties having an interest therein and to exclude as much as possible influences which could threaten, among other things, the Company's continuity, independence and identity. Until the call option is exercised by the Foundation, it can be revoked by the Company, with immediate effect. The aim of the Preference Shares is, amongst other things, to provide a protective measure against unfriendly take-over bids and other possible influences that could threaten the Company's continuity, independence and identity, including, but not limited to, a proposed resolution to dismiss the Supervisory Board or the Board of Management.

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

Voting rights

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

Repurchase and cancellation of shares

Pursuant to a resolution by the Board of Management, the Company may repurchase any class of shares in its own capital subject to certain provisions of Dutch law and its articles of association, if (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 10% of its issued share capital through October 28, 2012.

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

As of December 31, 2011, there was no change of control provision contained in any of Besi's material agreements.

Dividend policy

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. Due to Besi's earnings and cash flow generation in 2010, the Board of Management proposed and paid a dividend to shareholders in Ordinary Shares equal to € 0.20356 per share or in cash equal to € 0.20 per share in May 2011, which resulted in cash payments to shareholders of record of € 5.1 million and the issuance of 307,875 shares at a price of € 6.01 per share.

Due to Besi's earnings and cash flow generation in fiscal 2011, the Board of Management has proposed the payment of a dividend to shareholders equal to € 0.22 per share, either in cash or in shares, for approval at Besi's General Meeting of Shareholders in April 2012.

The payments in 2010 and proposed for 2011 represent a dividend payout ratio relative to net income of approximately 15% and 30%, respectively. Besi will consider the payment of dividends on an annual basis in the future based upon (i) a review of its annual and prospective financial performance and liquidity/financing needs, and (ii) a dividend payout ratio of up to approximately 30%.

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 May 19, 2009	10.13%
Delta Lloyd N.V.	
Notification effective May 6, 2011	9.51%
D. Lindenbergh	
Notification effective December 19, 2008	6.62%[1]
Darlin N.V.	
Notification effective December 19, 2008	5.86%
Via Finis Invest B.V.	
Notification effective June 10, 2008	5.52%
Project Holland Beheer B.V.	
Notification effective June 29, 2011	5.25%
BE Semiconductor Industries N.V.	
Notification effective August 16, 2011	5.12%
J.N.A. van Caldenborgh	
Notification effective April 29, 2010	5.00%

[1] Furthermore, on June 7, 2011, Mr Lindenbergh in his position as member of the Supervisory Board of Besi, notified the AFM about the conversion of his € 1,200,000 Convertible Notes into 242,424 Besi Ordinary Shares. In total, Mr Lindenbergh holds 2,242,424 shares as of December 31, 2011. Based on the number of Besi shares issued as of December 31, 2011 (40,033,921 shares), this holding represents 5.60% of the total shares issued. See also page 81of the Financial Statements.

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:
ABN AMRO Bank N.V. - Robin van den Broek
Canaccord Genuity Inc. - Bob Burleson
ING Bank N.V. - Niels de Zwart
SNS Securities N.V. - Victor Bareno

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 85 meetings with institutional investors were held in 2011 including road shows, conference calls and broker conferences.

Important investor relations dates in 2012 that are currently planned (subject to change) are as follows:

April 25, 2012	Annual General Meeting of Shareholders, to be held at Besi in Duiven at 2.00 p.m.
April 25, 2012	2012 first quarter results
July 26, 2012	2012 second quarter results
October 23, 2012	2012 third quarter results
February 2013	2012 fourth quarter and annual results

Prevention insider trading

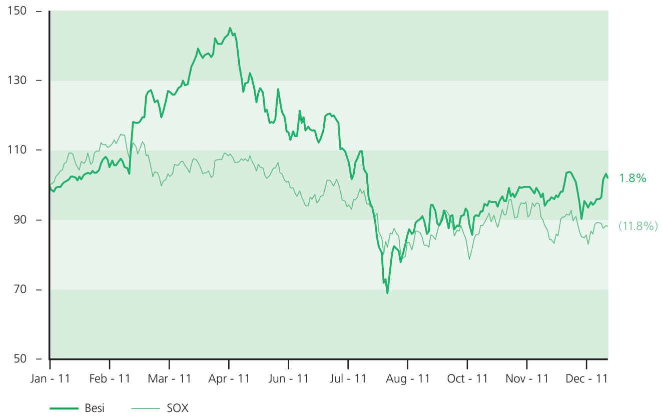
In view of its share listing on NYSE Euronext Amsterdam, Besi is required to prevent the use of inside information by its Supervisory Board, the Board of Management, and other specified persons who have access to price-sensitive information, including key staff members. The group of persons to whom this 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.

Besi Incentive Plan

Besi may grant performance shares on an annual conditional basis to members of the Board of Management, executive employees and officers under the current Besi Incentive Plan. Further information on this subject is given on pages 74 to 77 of this Annual Report.

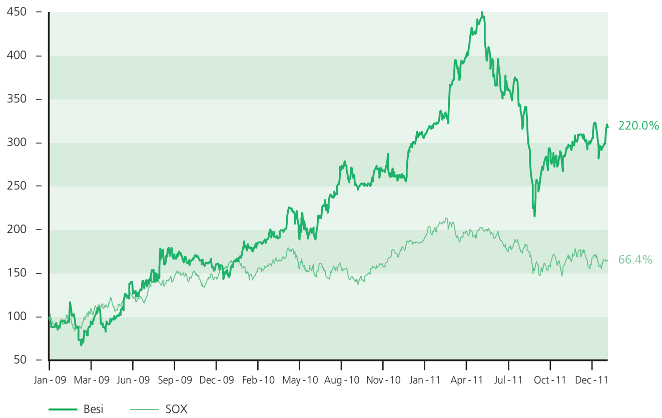
Besi share price development

Besi Share Price Performance Against SOX
(Since January 1, 2011, Rebased to 100)



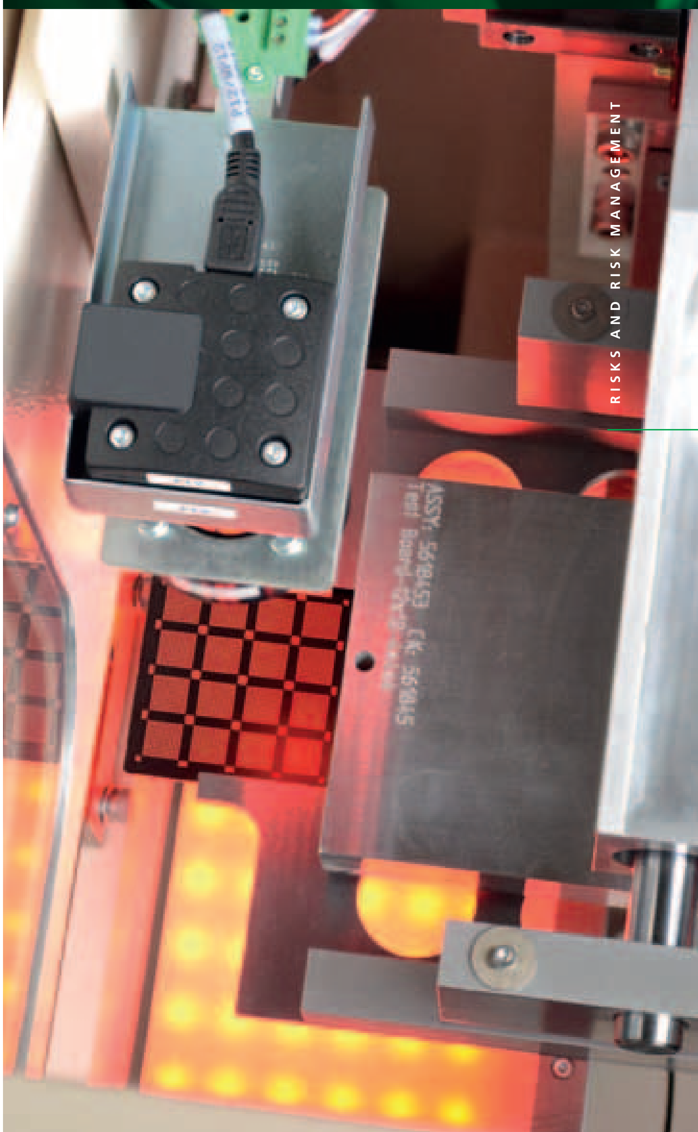
Source: Capital iQ

Besi Share Price Performance Against SOX
(Since January 1, 2009, Rebased to 100)



Source: Capital iQ

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 addition, Besi's risk management system has been designed to address and help limit the risk factors described commencing on page 24. In 2011, 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 product group and production site managers with respect to their monthly and quarterly bookings, revenues, backlog, working capital and results of operations, together with discussions of general market, economic, technological and competitive developments.
- Quarterly documentation and analysis of its key risks and the development and controlling of such risks.
- Weekly reviews of its business, operations, cash and inventory development.
- Its compliance with finance and controlling guidelines governing its financial accounting and reporting procedures.
- Its compliance with internal controls over financial reporting that is implemented in all significant operating companies.
- Regular management review of key staff development.
- Regular analyses of operational risks at the subsidiary level.
- Regular analyses of Besi's capital structure, financing requirements, tax position and transfer pricing system.

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, results of operations and balance sheet 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 82 to 87.

Besi continues to improve its formal documentation of its risk management system. In 2011, Besi formally documented 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. In addition, Besi's Code of Conduct and Whistleblower procedures were updated during the year.

Based on the actions above, there are no indications that Besi's risk management system did not function properly in 2011.

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 and 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 and 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 order backlog, profit and liquidity position 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.

In 2010 and 2011, sovereign debt concerns involving euro zone countries significantly adversely affected global economic conditions which, in turn, had a negative impact on demand for semiconductor devices and semiconductor manufacturing equipment. As a result, Besi experienced declining orders, backlog and profitability in the second half of each of 2010 and 2011, respectively.

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 business includes significant operations in Europe. Disruptions to European economies could have a material adverse effect on Besi's operations, financial performance, share price and access to credit markets.

The financial markets remain concerned about the ability of certain European countries, particularly Greece, Ireland and Portugal, but also other larger euro zone economies such as Spain and Italy, to finance their deficits, service growing debt burdens and refinance current debt maturities amidst difficult economic conditions and increasing interest rates being demanded by the market place for their sovereign debt. Global markets are also concerned as to the possible contagion effects of a default by a European sovereign issuer, its impact on economic growth in emerging markets and other developed markets and its impact on corporations' abilities to access credit and capital markets. This loss of confidence has led to rescue measures being implemented for Greece, Ireland and Portugal by euro zone countries, the European Central Bank and the International Monetary Fund. Active discussions are also in progress to restructure Greece's sovereign debt to help maintain that country's solvency. In addition, the credit ratings of many euro zone countries have been downgraded by the major rating agencies recently reflecting investor concerns as to the current and future health of the region.

The actions taken by more financially secure euro zone countries as a pre condition to providing rescue packages, and by other countries to reduce deficits and deal with debt service requirements in their own economies, have resulted in increased political discord within and among euro zone countries and austerity measures being adopted to help reduce current fiscal deficits. The interdependencies among European economies and financial institutions have also exacerbated concerns regarding the stability of European financial markets generally and certain sovereign issuers and individual financial institutions in particular.

Given the scale of its European operations and scope of its relationships with clients and counterparties, Besi's results of operations and financial condition could be materially and adversely affected by persistent disruptions in European financial markets, the attempt of a country to abandon the euro, the effects of austerity measures on euro zone economies, the failure of a significant European financial institution, even if not an immediate counterparty to Besi, persistent weakness in the value of the euro and the potential adverse impact on global economic growth and capital markets if euro zone issues spread to other parts of the world as a result of the default of a euro zone sovereign or corporate issuer.

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 becomes 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 € 50.6 million at December 31, 2011. 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 2008 and 2009 downturn, Besi's backlog declined by approximately 47% between year end 2007 and 2008. As a result of the 2011 industry downturn, Besi's backlog declined by € 25.8 million, or 34% between year end 2010 and 2011. 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 revenue declines. 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 Besi's equipment 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 2011, Besi's three largest customers accounted for approximately 22.6% of its revenue, with the largest customer accounting for approximately 9.9% 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 have. 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 ERP system on a phased basis throughout the organization that will provide it with a more open,

standardized and cost-effective IT environment which will allow Besi to unify many of its global systems and procedures. Implementation of 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 software 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 the processing, transmission and storage of confidential information. Nevertheless, there can be no assurance that Besi's internal data will not be compromised in the future. 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 63% of total revenue in the year ended December 31, 2011, whereas revenue denominated in euro amounted to approximately 36% and approximately 1% in other currencies. Approximately 37% of Besi's costs and expenses were denominated in euro, approximately 32% were denominated in Swiss francs, approximately 21% were denominated in Malaysian ringgits and approximately 10% 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, Swiss franc and Malaysian ringgit. 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 to the Swiss franc commenced on a material basis with the acquisition of Esec in April 2009. In 2011, Besi experienced a significant increase in its costs and expenses due to a 12.2% average increase in the value of the Swiss franc versus the euro.

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 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 has undergone an organizational transformation which has involved a series of related restructuring efforts and initiatives designed to reduce its cost structure, increase its profitability and enhance its competitive position. Between 2007 and 2011, Besi incurred restructuring charges aggregating € 21.1 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 additional charges in the future. 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, 2011, Besi had a total of € 24.8 million of bank debt and lease obligations outstanding. € 23.7 million were represented by borrowings under Besi's lines of credit which are due and payable upon demand by the lending institution and € 1.0 million were represented by financial leases including the current portion with maturity dates until 2015. At such date, Besi had cash and cash equivalents of € 87.5 million and excess borrowing capacity under its available lines of credit of € 11.3 million.

In 2011, Besi generated € 49.1million in cash to fund its working capital, capital spending, capitalized development expences and debt service requirements. In contrast, Besi had a cash flow deficit 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 generate cash flow deficits comparable to those generated in 2009 for an extended period of time 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 and 2009 could make it difficult for Besi to refinance its lines of credit in a timely manner and on terms and conditions that would be commercially acceptable to Besi.

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 are 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

At Besi we recognize that we have a responsibility not only to our customers but also to our own people, the communities in which we operate and to the sustainability of our planet. We want to embed quality and sustainability across our entire value chain and we want to do this in a way that is good for our business.

Risks and opportunities

Examples of Besi's high risk areas, from a sustainability perspective, are illustrated in the table below, alongside our strategic response to mitigate that risk.

Risk	Strategy to mitigate the risk
Global economic cycles	Long-term strategic planning. Enhance profitability via organizational restructuring. Promotion of "One Besi" concept and Asian production transfer. Emphasize non cyclical revenue streams such as spares and service.
Talent retention	Engaging, supporting and developing our people.
Loss of technological competitive advantage	Significant commitment to new and sustaining R&D investment for advanced packaging applications.

At the same time as we seek to mitigate the risks inherent in our business, we are continually searching for new opportunities to promote growth. Examples of potential growth opportunities include developing new and advanced process technologies and systems to assemble semiconductors and components used in advanced electronic devices such as smart phones and other wireless and mobile communication devices, tablets and ultra thin computing devices, logistical systems, intelligent automotive technology, advanced medical equipment, solar and renewable energy applications and LED and RFID device applications.

Commencing in 2007, we significantly reorganized our business, structure and management in order to enhance our competitive position and profitability to deal with a rapidly changing semiconductor environment that was shifting its focus and operations from Europe and North America to Asia. One of the principal components of our strategy was the gradual transfer of our system production and tooling operations from Europe and North America to our facilities in Malaysia and China to reduce manufacturing cost, increase production flexibility, enable us to be closer to our customers and more responsive to market conditions.

Governance and ethics

Besi's operations are governed by a set of guidelines and instructions including a Code of Conduct, Whistleblower Procedure and Reporting of Fraudulent Activities. These policies are reviewed annually. The Board of Management is responsible for ensuring that Besi achieves 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.

In 2012, we will be improving our governance by introducing further policies concerning social and environmental matters, all part of our QEHS System ("Quality - Environment - Health & Safety System").

Besi quality policy:

- Besi is committed to the development of products, systems and services meeting the quality requirements as defined by our customers.
- Our products, systems and services shall meet or exceed international standards; they shall be designed and manufactured for safe use by our intended users and against any foreseeable misuse.
- We have defined targets for quality, reliability and continued improvement of our products, systems and services provided to customers.
- Every employee contributes to the achievement of the quality goals by knowing and observing company processes and directives.
- We are focused on achieving a high degree of customer care and satisfaction.

Quality and compliance

Besi strives to comply with international best practice standards of social and environmental responsibility in order to improve the management of our material risk exposures. All sites have successfully achieved ISO9001:2008 Quality Management Control Audits and ISO14001:2004 Environmental Management Control Audits. We are gradually developing group social and environmental policies as well as policies tailored to our individual subsidiaries.

Environment and climate change

We work across all of our operations to minimize any adverse impact on the environment and to use energy and raw materials efficiently. Climate change and other environmental challenges are an issue for our business but are also a unique opportunity in terms of new markets in low carbon products and services (for example energy efficient LED lighting and smaller, lighter and more energy efficient smart phones and portable computers).

Besi and its subsidiaries, endeavor to use their resources in the most efficient manner possible in all departments, from marketing through development, construction, purchasing and assembly to customer service, to avoid environmental pollution. Protection of the environment and careful use of resources is an integral part of our business activities. For example, many of our subsidiaries rank their suppliers that meet the criteria of our environmental policy and inform them periodically of their status.

At the product design level, an analysis of resource type and efficiency are important factors in our environmental considerations, as well as minimizing energy consumption and the use of hazardous chemicals in production. This focus is driven by both cost and sustainability concerns. Besi complies with individual country legislation with regards to chemicals. Hazardous chemicals are not used at any of our production facilities.

Stakeholder engagement

Engaging stakeholders is critical to identifying new issues, managing our current risk exposures and continually improving our performance. For example, our senior management reviews all areas of concern raised by local organizations and communicates its findings to all of Besi's sites in order to accept and incorporate good ideas and best practices and eliminate non-optimal solutions. In addition, in Europe we hold meetings with Joint Works Councils twice a year in order to represent the views of employees and communities.

Besi's efforts to improve customer and employee satisfaction are basic preconditions to satisfy shareholders' needs for revenue and profit growth. Our production capabilities and delivery times enabled us to maintain or gain market share in certain of our individual product lines and to enjoy profitable and sustainable growth in recent years. Our revenue development and profitability in 2010 and 2011 has been beneficial to our customers, our employees and our shareholders.

Interaction with our stakeholders is primarily regulated through the implementation and use of Besi's internal policies and procedures 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.

Customers

One of Besi's primary business objectives is to develop close, strategic relationships with customers deemed critical to its technological leadership and growth. Many of Besi's close relationships exceed forty years, and provide the Company with valuable knowledge about semiconductor assembly requirements as well as new opportunities to jointly develop assembly systems, an important insight into future market trends and 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 eight 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 190 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 and Korea.

Providing superior customer support is a vital aspect of our corporate philosophy. We place great value on continuously broadening our customer support department, enabling us to provide customers with specialists at the right time and place. We understand that applications and technical expertise are critical to our customers, so we have built a team of professionals to provide optimal support to our worldwide customers.

In 2010 and 2011, Besi carried out customer surveys which resulted in some important feedback and information for management. The surveys demonstrated that our customers were satisfied with our products and services generally and showed an increase in customer satisfaction year over year. We also found a significant year over year increase in customer satisfaction with our line of packaging systems. Findings such as these were discussed by Besi's senior management and actions were defined for all concerned parties of the organization.

Employees

At Besi, our people are the key to our business' profitability, sustainability and long term growth. Health and safety have always been the bottom line priority for the management of our global workforce. In 2010 and 2011, there were no work place related fatalities.

However, as competition for qualified personnel is intense in the semiconductor and semiconductor equipment industries, we also realize that employee wellbeing and development are crucial to attract and retain our talented people. The nature of our business means that specialist skills (for example in engineering, electronics, software development and computing) are critical to our competitive advantage. We also depend on attracting and retaining talented people across our business operations in the areas of management, finance, human resources and sales and support personnel.

We have monitored employee satisfaction within our regional operations and intend to broaden this in 2012. The retention of skilled personnel in spite of an extremely volatile semiconductor equipment market over the past five years has enabled us to scale our business more efficiently both on an upward and downward basis.

Job losses as a result of restructuring and the transfer of certain production to Asia have been inevitable. Given that the majority of our restructuring was in Europe, all of those who lost their jobs were supported with social plans developed in consultation with local works councils and unions. They were also reviewed as fair by third party arbiters. These plans involved not only re-employment options (most people found new employment) but also retraining opportunities.

Communities

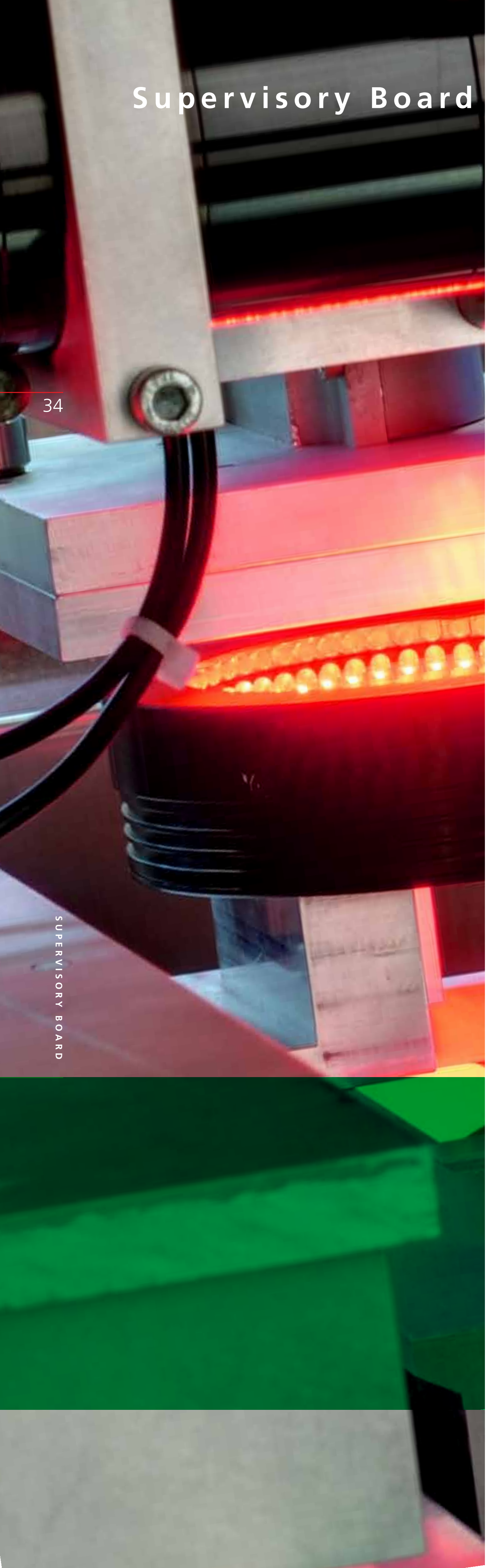
We rely on healthy and stable communities for our current and future customers, our employees, our supply chain and our investors. We seek to maximize the positive impact we make in our communities through good corporate and employee conduct.

Suppliers

Besi is seeking to embed its approach to responsible business practice into its supply chain. This is particularly pertinent to us as we move operations into emerging markets. Our Code of Conduct makes our position on the use of child labour in the supply chain clear and transparent - all suppliers must comply with labour laws within their respective jurisdictions. We are also currently developing an external whistleblower policy so that suppliers can go to a Besi compliance officer who will have access to the Supervisory Board.

Shareholders

We use a range of means to engage our shareholders on risk management and stakeholder related issues including quarterly and annual conference calls with investors and analysts, investor presentations, road shows in European, American and Asian financial centers, participation in investor and research conferences and our Annual General Meeting of Shareholders.



Supervisory Board

Tom de Waard (male, 1946)
Chairman
Dutch nationality
Member since 2000
Re-appointed 2011 - 2013

Lawyer, arbitrator, mediator Reuling Schutte De Waard

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., NedSense N.V., DPA Group N.V., Astor Participaties II b.v. and Midlin N.V.

Loh Kin Wah (male, 1954)
Malaysian nationality
Appointed 2009 - 2013
Will resign effective April 25, 2012

Executive Vice President Global Sales & Marketing,
Member of the Management Team NXP Semiconductors N.V.

Jan E. Vaandrager (male, 1943)
Dutch nationality
Appointed 2009 - 2013

Additional function:
Member of the Supervisory Boards of HITT N.V. and Hydratec Industries N.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, 2011, in total 2,267,034 shares of the Company.

Report of the Supervisory Board

Annual Report

Besi is pleased to present its 2011 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, 2011. At its meeting on February 28, 2012, the Supervisory Board approved these Financial Statements. KPMG, independent external auditors, duly examined the 2011 Besi Financial Statements and issued an unqualified opinion.

The Supervisory Board recommends that the General Meeting of Shareholders adopts the 2011 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, 2011.

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. The Supervisory Board is currently comprised of five members.

On October 3, 2011, the Company announced that Mr Loh Kin Wah will resign as a member of Besi's Supervisory Board at the Annual General Meeting of Shareholders to be held on April 25, 2012. He will resign his position in connection with his appointment in 2011 as a member of the senior management team at NXP Semiconductors N.V.

The Supervisory Board has decided to nominate Ms Mona El-Naggar for appointment at the next Annual General Meeting of Shareholders on April 25, 2012 to replace Mr Loh. Ms ElNaggar (1967) has extensive experience in the area of international finance with particular expertise in asset management, technology investment banking, international mergers and acquisitions, and securitized products. Ms ElNaggar is currently Managing Director and Head of the London office for The Investment Fund for Foundations (TIFF). 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 all 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 each year. The current schedule is as follows:

Name	Year elected	Term end
Mr Tom de Waard, Chairman	2011	2013
Mr Douglas Dunn, Vice Chairman	2009	2013
Mr Loh Kin Wah	2009	2013[1]
Mr Jan Vaandrager	2009	2013
Mr Dirk Lindenbergh	2009	2013

[1] Mr Loh Kin Wah will resign effective April 25, 2012 at the Annual General Meeting of Shareholders.

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.

The Supervisory Board met seven times and attended four conference calls during 2011 in view of the ongoing restructuring, integration and IT projects at Besi. No members were absent from any meeting of the Supervisory Board. In addition, the Supervisory Board visited early November 2011 key customers and Besi operations in Asia. Topics of the meetings included, among other items:

- Besi's general strategy.
- Regular business reviews with Besi's management, certain members of senior management and key Besi staff.
- The ongoing operational integration of Esec and Datacon into Besi Die Attach.
- The remuneration of Besi's 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 reduction of staff as announced in the Q3-2011 earnings release and the further transfer of production to Asia.
- Consideration of the composition of Besi's management.
- The performance and internal division of tasks of Besi's 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 self evaluation of its performance, composition, succession and functioning.
- The assessment and review provided by Besi's management of the structure and operation of Besi's internal risk management and control systems, as well as any significant changes thereto. There were no material changes in 2011.
- The ongoing operational alignment of all Besi's processes, procedures and ERP systems.
- The issuance of a policy outlining bilateral contacts with shareholders.
- The revision of the Code of Conduct and Whistleblower procedures.
- The payment of a dividend for the year 2010 of € 0.20 per share either in cash or in shares.
- The call for early redemption of all remaining 5.5% Convertible Notes due January 2012 (the "Notes") as per the terms and conditions related thereto.
- The initiation of a share repurchase program of up to a maximum of approximately 3.4 million shares to reduce dilution from the conversion of shares related to the redemption of the Notes.

Furthermore, the functioning of Besi's management as a whole and the performance of its individual members were also discussed. Members of Besi's 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 fulfills its responsibilities by carrying out the activities enumerated in its charter including assisting the Supervisory Board in fulfilling its oversight responsibilities by:

- Reviewing the design and effectiveness of internal risk management and control systems as described under "Risks and Risk Management" on page 23 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.
- Reviewing on a regular basis the quality of work, reporting, independence and expertise of the auditor and audit teams.
- 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. In light of this responsibility, the Code of Conduct and the Whistleblower procedure were revised in 2011.
- Reviewing the need for an internal audit function.
- Deploying information and communication technology, including the implementation of a new global ERP system.

In 2011, 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 2011, (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 the Company's management.

The main findings of the auditor that are reported in the management letter are (i) the deficiency regarding the proper accounting of material usage at Besi's Malaysian subsidiary, immediately mitigated through a full inventory count at year end, and (ii) the relatively high number of privileged high risk users in the SAP system involved in the European support of SAP implementation at Besi's Malaysian operations. It is anticipated that this support and the number of these users will decrease in 2012.

In addition, the Audit Committee carried out an in depth assessment of the functioning of the independent auditor, a procedure which occurs every three years. The process included a critical self assessment of KPMG with reporting to the Audit Committee independent from the audit team. Based on the satisfactory outcome of this assessment, the Audit Committee recommended to the Supervisory Board that KPMG again be selected as independent auditor, subject to shareholder approval. The next in depth assessment is scheduled for 2014 and will include a full tender process at that time as the last full tender process took place in 2009. Other audit firms will be invited to participate in this process as well.

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 management's responsibility. 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

The Chairman of the Remuneration and Nomination Committee is Mr Douglas Dunn and its members include 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 the Board of Management.
- Making a proposal for the remuneration 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 fixed remuneration, shares 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 Board of Management.
- 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 2011 and held one conference call. The Committee made use of the services of a remuneration consultant in carrying out its duties in 2011. The Committee verified that the consultant concerned did not similarly provide advice to the Board of Management. The Remuneration Report is included on pages 39 to 42 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 pages 38 to 44. Deviations from the Dutch Corporate Governance Code are explained elsewhere in this Annual Report under Corporate Governance. The Supervisory Board would like to express its thanks and appreciation to all involved for their hard work and dedication to the Company in 2011.

The Supervisory Board
Tom de Waard, Chairman

February 28, 2012

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 NYSE Euronext Amsterdam. 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 about 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 its 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 upon recommendation by its Remuneration and Nomination Committee. The Committee reports an overview of the remuneration policy, remuneration structure, 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 April 28, 2011. 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**. Besi's Remuneration Policy has been developed in view of external market developments, taking into account the principles and best practice provisions of the Dutch Corporate Governance Code.

The Supervisory Board seeks to achieve three broad goals in connection with Besi's Remuneration Policy and decisions regarding individual compensation:

- First, the Supervisory Board structures the Company's remuneration programs in a manner that it believes will enable Besi to attract, motivate and retain executives who are capable of leading the Company in achieving its business objectives.
- Second, the Supervisory Board establishes remuneration programs that are designed to reward members of the Board of Management for achievement of specified business objectives of the corporation as a whole or the individual executive's particular business unit. By tying remuneration in part to specific goals, the Supervisory Board believes that it creates a performance oriented environment for the Company's executives.
- Finally, the Company's remuneration programs are intended to provide members of the Board of Management with an equity interest in the Company so as to link a portion of the executives' remuneration with the long-term performance of Besi's Ordinary Shares and to align the executives' interests with those of the shareholders.

The Supervisory Board reviews Besi's business objectives and assesses its overall performance with respect to those objectives and considers the performance of individual members of the Board of Management as compared to their own specific business objectives. Based on these objectives, the Supervisory Board determined a balanced mix between fixed and variable remuneration components and a set of key performance indicators linked to the variable remuneration components that are aligned with the Company's business objectives.

In preparation of the current Remuneration Policy, the Supervisory Board has performed in-depth scenario analyses of the variable remuneration components under the revised policy. The probability of vesting and payout of the Performance Shares has been taken into account in these scenario analyses. The Supervisory Board has set the performance targets on the basis of the outcome of the scenario analyses. Pay differentials with Besi have also been taken into account in this respect.

Remuneration structure

The total remuneration package of the members of the Board of Management is established on an annual basis by the Supervisory Board, upon proposal of its Remuneration and Nomination Committee, and consists of five components based on the goals set forth above:

1. Base Salary
2. Short-Term Incentive (annual cash bonus)
3. Long-Term Incentive (annual conditional award of Performance Shares)
4. Pension
5. Other Benefits

Both the short-term incentive and the long-term incentive for members of the Board of Management are governed by the Besi incentive plan 2011-2016 (the "Plan"). The Plan has been approved by the shareholders at the Annual General Meeting of Shareholders held on April 28, 2011.

1. Base Salary

Each year, the Supervisory Board reviews the annual base salaries for members of the Board of Management and considers whether to adjust base salary levels. In establishing base salaries for members of the Board of Management, the Supervisory Board may make use of the services of a remuneration consultant in carrying out its duties. The Supervisory Board will verify that the consultant concerned does not similarly provide advice to the Board of Management. Furthermore, the Supervisory Board considers the compensation of executives with comparable qualifications, experience and responsibilities in general at companies in similar businesses of comparable size and success. The Supervisory Board also considers the historic salary levels of the individual and the nature of the individual's responsibilities.

2. Short-Term Incentive (annual cash bonus)

The annual cash bonus opportunity is linked to the achievement of pre-determined performance conditions, i.e. financial and non-financial objectives as determined by the Supervisory Board. The following performance measures apply:

- Net Income/Revenue, i.e. Net Income expressed as percentage of Revenue. The financial measure Net Income is preferred over other financial ratios for the Short-Term Incentive of Besi as Net Income is:
  - A key indicator for evaluating the overall performance of Besi for the year and therefore an important contributor to shareholder value.
  - A key factor given the cyclical market that Besi is operating in.
  - A financial measure that can be influenced by the members of the Board of Management.
- Personal performance of the respective member of the Board of Management. The annual criteria to measure the performance of the members of the Board of Management are at the sole discretion of the Supervisory Board, enabling the Supervisory Board to focus on certain targets that are considered important for the upcoming year. The Remuneration and Nomination Committee will propose to the Supervisory Board annually both financial and non-financial criteria to measure the personal performance of each member of the Board of Management

The total annual cash bonus opportunity per individual member of the Board of Management shall be determined on the basis of the following performance/pay-out grid, however, shall in no event exceed 80% of such individuals' gross annual salary over the Company's financial year preceding the year in which such Annual Cash Bonus is awarded:

Short-Term Incentive: Performance versus Pay-Out	**At minimum**	**At target performance**	**At maximum (stretched performance)**
	in % of the individual's gross annual base salary		
Net Income/Revenue of Besi[1]	0%	70%	80%
Personal Performance targets[2]	0%	30%	30%
Total annual bonus payout[3]	0%	80%	80%

Notes

[1] Net income/Revenue: the actual payout ranges from 0% to 80% of the individual's gross annual base salary with a target level of 70% of the individual's gross annual base salary and a stretched performance level of a maximum of 80% of the individual's gross annual base salary.

[2] Personal performance: the actual payout ranges from 0% to a maximum of 30% of the individual's gross annual base salary.

[3] The cumulative percentage of the annual cash bonus shall in no event exceed 80% of the individual's gross annual salary. The composition may vary depending on total net income and personal performance.

3. Long-Term Incentive (annual conditional award of Performance Shares)

The Long-Term Incentive consists of a conditional award of Performance Shares. The award represents a conditional right to receive a certain number of shares in Besi depending on the achievement of pre-determined objectives set by the Supervisory Board over a three-year performance period, which are:

- Net Income/Revenue over three calendar years, i.e. Net Income expressed as percentage of Revenue over the three-year performance period. Net Income/Revenue is considered a key measure for creating long-term shareholder value.
- Total Shareholder Return ('TSR') Growth. The average annual TSR growth over the three-year performance period is also considered a key measure for indicating the development of shareholder value and TSR is an appropriate performance measure to align the interest of the members of the Board of Management with those of the shareholders.

Conditional award

The number of Performance Shares conditionally awarded will be determined by the Supervisory Board based on at target level of 100% of the individual's gross annual base salary, as follows:

> Number of Performance Shares to be awarded =
> 100% of the individual's gross annual base salary divided by the average closing price of the shares for all trading days in the calendar quarter immediately preceding the start of the three-year performance period

Vesting

At the end of the three-year performance period, depending on the actual performance of Besi during the performance period, the number of shares that become unconditional (i.e. number of shares vesting) will be determined. The vested shares are subject to a two-year lock-up period, which means that the members of the Board of Management will have to retain them for two years following the vesting date, however, they will be allowed to sell sufficient shares to cover their income tax liability upon vesting of the Performance Shares.

The actual number of Performance Shares which vest at the end of the three-year performance period will be determined on the basis of the following grid:

Long-Term Incentive: Performance versus Vesting	At minimum	At target performance	At maximum (stretched performance)
	in % of the number of Performance Shares awarded		
Net Income/Revenue of Besi[1]	0%	50%	75%
Average annual TSR growth[2]	0%	50%	75%
Total number of shares vesting	0%	100%	150%
Maximum value of shares vesting in % of individual's gross annual salary in the year of vesting[3]	0%	80%	80%

Notes

[1] Half of the Performance Shares awarded is linked to Besi's net income relative to its revenues over the three-year performance period; the vesting range is between 0% and 75% of the number of Performance Shares awarded to the individual.

[2] Half of the Performance Shares awarded is linked to Besi's average annual TSR growth; the vesting range is between 0% and 75% of the number of Performance Shares awarded to the individual.

[3] At the moment of vesting, the maximum value of the actual number of shares vesting based on the above grid shall in no event exceed 80% of the individual's annual base salary in the year of vesting. The maximum number of Performance Shares to vest based on Net Income/Revenue and TSR performance is determined as outlined in the table above. On the date of vesting, the maximum number of shares vesting based on the 80% value cap will be determined by dividing the maximum reward of 80% of the individual's annual base salary by the closing share price at the date of vesting (in this case the date of the General Meeting of Shareholders). The final number of shares vesting is the lowest of both calculations.

Adjustment

If one of the variable remuneration components as described above would, in the opinion of the Supervisory Board, produce an unfair result due to extraordinary circumstances occurring during the performance period, the Supervisory Board has the power to adjust the value either downwards or upwards. The Supervisory Board may also recover from the member of the Board of Management any variable remuneration awarded on the basis of incorrect financial or other data (clawback clause).

Number of shares available

The aggregate total number of Performance Shares made available shall not exceed 1.5% of the total number of outstanding shares as at December 31 of the year prior to the year in which the Performance Shares are awarded.

4. Pensions

Members of the Board of Management normally retire in the year that they reach the age of 62. A defined contribution scheme with an annual contribution based on a fixed percentage of base salary is in place for statutory directors, currently only the CEO.

5. Other benefits

Other benefits are linked to base pay and in line with general prevailing market practice.

Loans

As a policy, the Company does not provide loans to members of the Board of Management. Current loans outstanding will be repaid in accordance with the terms as agreed.

Contracts of employment

Contracts of employment will in principle be entered into for a period of four years. Existing employment contracts for an indefinite period of time will not be replaced by contracts with a limited period or changed conditions.

Severance payment

The remuneration in the event of dismissal may not exceed the individual's gross annual base salary (fixed component). If the maximum of one year's salary would be manifestly unreasonable for a member of the Board of Management who is dismissed during his first term of office, such board member shall be eligible for severance pay not exceeding twice the annual base salary.

Application of the Remuneration Policy in 2011

The Supervisory Board upon recommendation of its Remuneration and Nomination Committee applied the Remuneration Policy in 2011 as follows.

1. Base Salary

The base salary for the year 2011 of the member of the Board of Management was reviewed taking into account the historic development of the salary, the successful integration of the Esec acquisition and the further positive development of Besi during 2010. Therefore, the Supervisory Board upon recommendation of its Remuneration and Nomination Committee decided to increase the salary of Besi's member of the Board of Management after a three year salary freeze. The salary was increased as of January 1, 2011 by 13.5% from € 396,550 per annum to € 450,000 per annum. An external survey and independent benchmark determined that this amount was the appropriate level for the member of the Board of Management.

2. Short-Term Incentive (annual cash bonus)

The short term incentive (cash bonus) of the member of the Board of Management is based on the following pre-determined performance conditions: (i) the net income expressed as a percentage of revenue, and (ii) the personal performance expressed in certain financial and non-financial targets that were considered important for the year 2011.

Besi's net income as a percentage of revenue for the year 2011 was 8.16%. Based on pre-defined target ranges and upon a recommendation by its Remuneration and Nomination Committee, the Supervisory Board granted the member of the Board of Management for the first performance condition a cash bonus of 31.6% of his gross base annual salary for the year 2011.

Furthermore, the Remuneration and Nomination Committee thoroughly reviewed the performance of the Board of Management in relation to six pre-defined financial and non-financial performance objectives including strategy, working capital control, merger and acquisition considerations, cost savings, investor relations and shareholder value development. Based on this review and upon a recommendation by its Remuneration and Nomination Committee, the Supervisory Board granted the member of the Board of Management a cash bonus equal to

30% of his gross base annual salary for 2011. Consequently, the total cash bonus for the year 2011 is lower than the maximum of 80% of the gross base annual salary of the member of the Board of Management for the year 2011.

3. Long-Term Incentive (annual conditional award of Performance Shares)

The long term incentive (annual conditional award of Performance Shares) of the member of the Board of Management is based on the following pre-determined performance conditions: (i) net income as a percentage of revenue over three calendar years, and (ii) the average annual total shareholder return over three calendar years.

For the three-year performance period 2011-2013, the number of Performance Shares conditionally awarded equalled 100,897 (being the gross base annual salary divided by the average closing share price for all trading days in the fourth quarter of 2010 which is in line with the approved remuneration policy). The shares will vest in 2014, whereby the number of shares that will actually vest, will be based on the above mentioned pre-determined performance conditions and the value cap of 80% of the annual base salary in the year of vesting. The number of Performance Shares which could vest after three years (2014) will be between 0 (in the case of below threshold performance) to 151,345 (in the case of stretched performance with respect to both performance measures during the entire three-year performance period).

Under the Plan, the Supervisory Board may, at its own discretion and upon recommendation of the Remuneration and Nomination Committee, award additional shares to a member of the Board of Management as a reward for extraordinary achievements or exceptional performance, up to a maximum of 60,000 shares. For the year 2011, the Supervisory Board at its own discretion and upon recommendation by the Remuneration and Nomination Committee, awarded the member of the Board of Management 60,000 shares in 2012.

4. Pensions

A defined contribution scheme with an annual contribution based on a fiscally allowed maximum percentage of base salary is in place for statutory directors, currently only the CEO.

Remuneration Board of Management for the year 2011

(in euro, except for PSAs and Performance Shares)	R.W. Blickman
Base salary	450,000
Annual cash bonus	277,200
Pension provisions[1]	170,749
Other benefits	24,045
Total in cash	**921,994**
Number of PSAs[2]	37,710
Maximum conditional Performance Shares[3]	100,897

[1] Including adjustment related to 2010.
[2] Original grant was 50,000 shares, reduced due to value cap of 60% of base salary in 2011.
[3] May vest in 2014, subject to maximum value cap of 80% of annual salary in 2014.

Conflicts of interests - 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 the 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 2011.

Supervisory Board

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

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

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

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

Appointment and replacement of members of the Supervisory Board

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

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

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

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

Supervisory Board committees

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

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

Remuneration Supervisory Board

The General Meeting of Shareholders shall determine the remuneration of Supervisory Board members. The Notes to the Financial Statements on pages 79 and 80 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 members any personal loans or guarantees.

Conflicts of interests - members of the Supervisory Board

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

No conflict of interest that was of material significance to Besi and/or the members of the Supervisory Board was reported in 2011.

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 Annual 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 pages 23 and 24 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 2011.

Besi has no formal internal audit function as Besi considers this to be inappropriate 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 2011 Financial Statements do not contain any material inaccuracies. At this moment, there are no indications that this system will not function properly in 2012.

Explanation of deviations from the Dutch Corporate Governance Code

Deviations from the Dutch Corporate Governance 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 a 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

Based on Besi's Remuneration Policy and the Plan as outlined on pages 39 to 41 of this Annual Report, the Supervisory Board upon recommendation of its Remuneration and Nomination Committee may award conditional Performance Shares that vest after three years. The shares vested are subject to a two-year lock up period 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 grant of the conditional Performance Shares becoming unconditional.

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 as it 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.

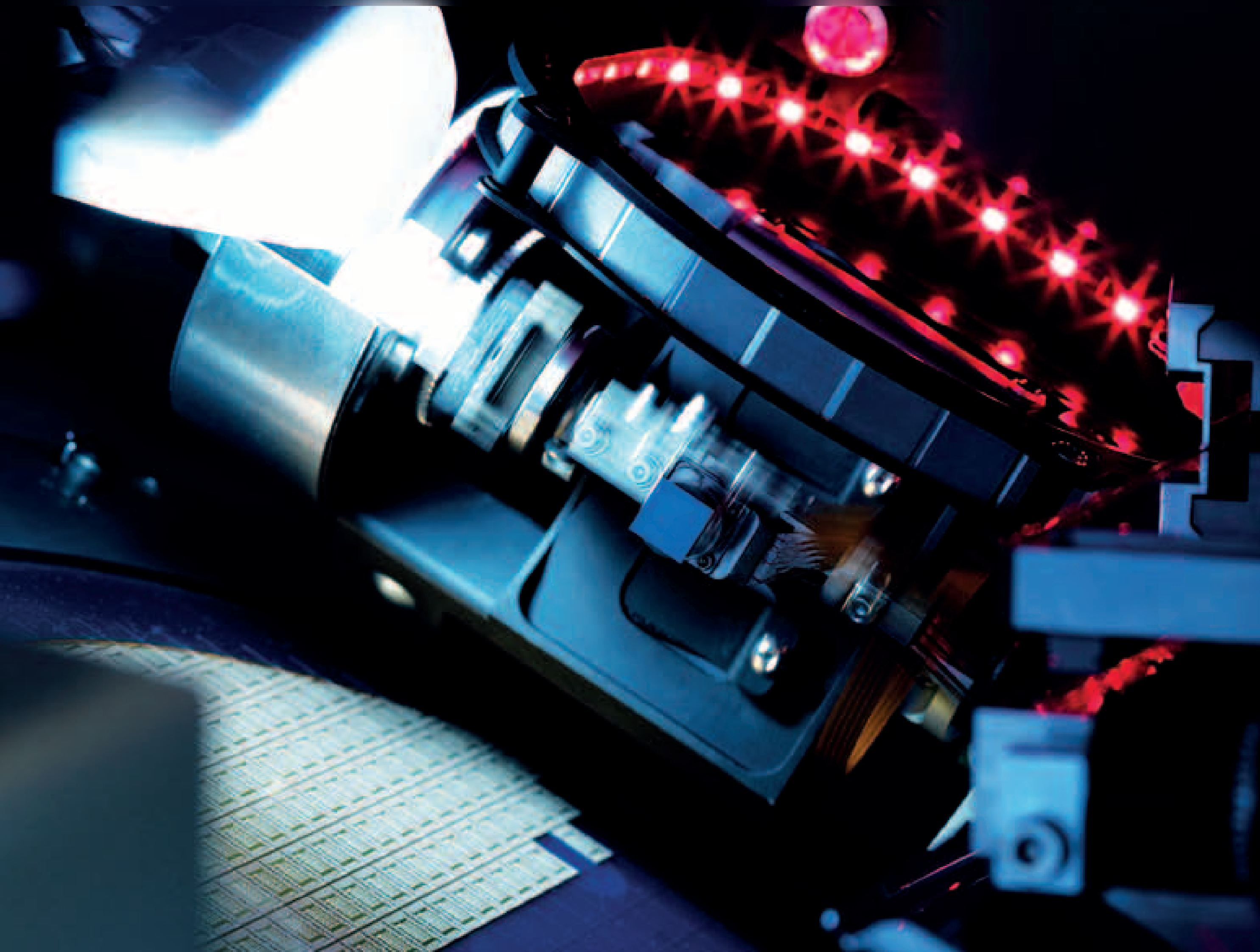
Provision III.5

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 at **www.besi.com**.

Financial Statements 2011



Consolidated Statement of Financial Position

(euro in thousands)	Note	December 31, 2011	December 31, 2010
Assets			
Cash and cash equivalents	3	87,484	69,305
Trade receivables	4	66,728	86,889
Inventories	5	73,348	79,269
Income tax receivable		989	205
Other receivables	6	5,518	7,130
Prepayments	7	2,584	1,490
Total current assets		**236,651**	**244,288**
Property, plant and equipment	8	26,506	26,032
Goodwill	9	44,062	43,823
Other intangible assets	10	27,818	22,919
Deferred tax assets	11	12,506	12,131
Other non-current assets	12	1,372	1,291
Total non-current assets		**112,264**	**106,196**
Total assets		**348,915**	**350,484**
Liabilities and equity			
Notes payable to banks	13	23,749	16,038
Current portion of long-term debt and financial leases	18	336	2,186
Trade payables	15	21,377	42,626
Income tax payable		1,320	1,394
Provisions	14	9,442	10,298
Other payables	16	13,118	11,472
Other current liabilities	17	8,342	14,728
Total current liabilities		**77,684**	**98,742**
Convertible Notes	18	-	27,386
Long-term debt and financial leases	18	695	766
Deferred tax liabilities	11	7,046	656
Other non-current liabilities	19, 20	7,427	3,922
Total non-current liabilities		**15,168**	**32,730**
Share capital	21	36,431	31,057
Share premium	21	190,741	180,456
Retained earnings (deficit)	21	13,123	(8,224)
Foreign currency translation adjustment	21	19,085	15,899
Accumulated other comprehensive income (loss)	21	(4,339)	(944)
Equity attributable to owners of the Company		**255,041**	**218,244**
Non-controlling interest		**1,022**	**768**
Total equity		**256,063**	**219,012**
Total liabilities and equity		**348,915**	**350,484**

Consolidated Statement of Comprehensive Income

(euro in thousands, except share and per share data)	Note	Year ended December 31, 2011	2010
Revenue	23	326,927	351,149
Cost of sales		196,139	212,659
Gross profit		**130,788**	**138,490**
Selling, general and administrative expenses		68,720	64,140
Research and development expenses		27,394	24,205
Impairment expenses		-	289
Total operating expenses		**96,114**	**88,634**
Operating income		**34,674**	**49,856**
Financial income	26	1,027	1,070
Financial expense	26	(1,107)	(3,530)
Financial income (expense), net		**(80)**	**(2,460)**
Income before income tax		**34,594**	**47,396**
Income tax (benefit)	11	7,924	143
Net income for the period		**26,670**	**47,253**
Other comprehensive income			
Exchange rate changes for the period		3,268	17,453
Deferred tax asset through equity		296	284
Unrealized hedging results		(369)	46
Actuarial gain (loss)		(3,322)	(2,043)
Other comprehensive income for the period, net of income tax		**(127)**	**15,740**
Total comprehensive income for the period		**26,543**	**62,993**
Income attributable to:			
Equity holders of the parent company		26,444	46,990
Non-controlling interest		226	263
Total income for the period		**26,670**	**47,253**
Total comprehensive income attributable to:			
Equity holders of the parent company		26,235	62,667
Non-controlling interest		308	326
Total comprehensive income for the period		**26,543**	**62,993**
Income per share attributable to the equity holders of the parent company			
Basic		0.74	1.39
Diluted		0.73[1]	1.25[2]
Total comprehensive income per share attributable to the equity holders of the parent company			
Basic		0.74	1.85
Diluted		0.73[1]	1.64[2]
Weighted average number of shares used to compute income per share			
Basic	27	36,045,462	33,894,418
Diluted	27	36,428,398[1]	39,328,565[2]

[1] The calculation of the diluted income per share for the year 2011 assumes the exercise of equity-settled share based payments ("PSAs").

[2] The calculation of the diluted income per share for the year 2010 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).

Consolidated Statement of Changes in Equity

(euro in thousands)	Number of Ordinary Shares outstanding[1]	Share capital	Share premium	Retained earnings (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, 2011	34,128,517	31,057	180,456	(8,224)	15,899	(944)	218,244	768	219,012
Total comprehensive income (loss) for the period	-	-	-	26,444	3,186	(3,395)	26,235	308	26,543
Dividend paid to non-controlling shareholder	-	-	-	-	-	-	-	(54)	(54)
Dividend paid to owners of the Company	307,875	280	(280)	(5,097)	-	-	(5,097)	-	(5,097)
Equity-settled share-based payments expense	-	-	3,387	-	-	-	3,387	-	3,387
Convertible bond converted into equity	5,597,529	5,094	22,395	-	-	-	27,489	-	27,489
Shares bought and taken into treasury	-	-	(15,217)	-	-	-	(15,217)	-	(15,217)
Balance at December 31, 2011	**40,033,921**	**36,431**	**190,741**	**13,123**	**19,085**	**(4,339)**	**255,041**	**1,022**	**256,063**
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 share 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**

[1] The outstanding number of Ordinary Shares includes 3,346,853 and 184,616 Treasury Shares at December 31, 2011 and December 31, 2010, respectively.

Consolidated Statement of Cash Flows

(euro in thousands)	Year ended December 31, 2011	2010
Cash flows from operating activities		
Operating income	34,674	49,856
Depreciation and amortization	11,159	10,325
Impairment	-	289
Share-based payments expense	3,387	273
Other non-cash items	-	(25)
Loss (gain) on disposal of assets	(72)	(207)
Effects on changes in assets and liabilities		
Decrease (increase) in trade receivables	20,161	(44,624)
Decrease (increase) in inventories	5,921	(15,654)
Increase (decrease) in trade payables	(21,249)	11,174
Changes in other working capital	(1,843)	5,389
Income tax paid	(2,116)	(2,528)
Interest received	311	482
Interest paid	(1,585)	(2,522)
Net cash provided by (used for) operating activities	**48,748**	**12,228**
Cash flows from investing activities		
Capital expenditures	(7,418)	(7,013)
Capitalized development expenses	(8,695)	(5,987)
Proceeds from sale of property, plant and equipment	84	387
Net cash provided by (used for) investing activities	**(16,029)**	**(12,613)**
Cash flows from financing activities		
Proceeds (payments) on bank lines of credit	7,558	1,696
Payments on debts and financial leases	(1,960)	(1,570)
Repurchase of Convertible Notes	-	(7,352)
Capital tax on capital received	-	(434)
Purchase treasury shares	(15,107)	-
Dividend paid to shareholders	(5,097)	-
Other financing activities	(81)	(81)
Net cash used for financing activities	**(14,687)**	**(7,741)**
Net change in cash and cash equivalents	18,032	(8,126)
Effect on changes in exchange rates on cash and cash equivalents	147	4,306
Cash and cash equivalents at beginning of the period	69,305	73,125
Cash and cash equivalents at end of the period	**87,484**	**69,305**

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, 2011, were authorized for issue in accordance with a resolution of the directors on February 28, 2012. The Consolidated Financial Statements of the Company as at December 31, 2011, are presented to the Annual General Meeting of Shareholders for their adoption on April 25, 2012.

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, 2011. 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.

As of December 31, 2011, 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%
Esec China Financial Ltd.	Hong Kong, China	100%
Esec (Shanghai) Trading Co., Ltd.	Shanghai, China	100%
Esec (Singapore) Pte. Ltd.	Singapore	100%

[1] In order to comply with local corporate law, a non-controlling shareholding (less than 0.1%) is held by Company Management.

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

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	
	2011	2010	2011	2010
US dollar	1.29	1.32	1.40	1.33
Swiss franc	1.22	1.24	1.23	1.38
Malaysian ringgit	4.10	4.10	4.27	4.30
Chinese yuan	8.15	8.80	9.03	9.00

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 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 intangible assets not yet in use, 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 reliably 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 or 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 assets are recognized initially at fair value plus any attributable transaction costs. Subsequent to initial recognition, loans and receivables are at amortized costs using the effective interest method, less any impairment losses. 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 accumulated other comprehensive income (loss).

A majority of the Company's Dutch employees participates 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

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 grant date fair value of share based payment awards ("Performance Stock Awards"/"Performance Shares") granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period between the grant date and the vesting date of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service condition is expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service condition at the vesting date.

The Besi Incentive Plan 2011-2016 contains specific conditions for the Performance Shares of the Board of Management. Reference is made to Note 20. The fair value of these Performance Shares is measured based on best estimate taking into account:
• Salary increase in line with general market expectations.
• Relevant life table / resignation risk.
• A value cap.
The grant date fair value of these Performance Shares is recognized as an employee expense with a corresponding increase in equity, over the period between the grant date and the vesting date.

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. Discounts are 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 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. 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 Notes 8, 9 and 10.

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 and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2011 and have not been applied in preparing these Consolidated Financial Statements. None of these is expected to have a significant effect on the Consolidated Financial Statements of the Company, except for IFRS 9 Financial Instruments, which becomes mandatory for the Company's 2013 Consolidated Financial Statements and could change the classification and measurement of financial assets. The Company does not plan to adopt this standard early and the extent of the impact has not been determined.

3. Cash and cash equivalents

(euro in thousands)	**December 31, 2011**	**December 31, 2010**
Short-term deposits	53,868	17,882
Cash on hand at banks	33,616	51,423
Total cash and cash equivalents	**87,484**	**69,305**

Interest rates are variable, except for some short-term deposits, which bear a fixed interest rate with an original maturity of maximum one year or less depending on the immediate cash requirements of the Company. At December 31, 2011, an amount of € 7.3 million in cash and cash equivalents was restricted (2010: € 4.0 million). These 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 € 849 and € 1,325 at December 31, 2011 and 2010, 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
2011	66,728	(849)	36,067	15,497	5,179	2,041	1,905	6,888
2010	86,889	(1,325)	50,887	13,409	8,040	5,183	2,247	8,448

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

(euro in thousands)	2011	2010
Balance at January 1,	1,325	1,503
Additions (releases)	(47)	123
Utilized	(423)	(363)
Foreign currency translation	(6)	62
Balance at December 31,	**849**	**1,325**

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, 2011	December 31, 2010
Raw materials	38,395	37,987
Work in progress	32,256	35,101
Finished goods	2,697	6,181
Total inventories, net	**73,348**	**79,269**

The amount of write-down of inventories recognized as a gain in 2011 is € 148 (2010: € 1,321 expense) 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, 2011	December 31, 2010
VAT receivables	2,677	2,788
Subsidies and development credits receivable	9	69
Interest receivable	139	29
Deposits	1,094	770
Insurance	981	896
Forward exchange contracts	2	2,269
Other	616	309
Total other receivables	**5,518**	**7,130**

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, 2011	December 31, 2010
Prepaid insurance	390	348
Prepaid rent	946	225
Prepaid annual maintenance contracts	337	414
Prepaid licenses	215	121
Other prepayments	696	382
Total prepayments	**2,584**	**1,490**

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, 2011					
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**
Changes in book value in 2011					
Additions	739	2,379	1,309	549	4,976
Disposals	-	(22)	5	-	(17)
Depreciation	(1,138)	(1,739)	(1,844)	-	(4,721)
Foreign currency translation	82	121	23	10	236
Total changes	**(317)**	**739**	**(507)**	**559**	**474**
Balance at December 31, 2011					
Cost	20,259	28,185	8,661	978	58,083
Accumulated depreciation	(4,445)	(21,277)	(5,855)	-	(31,577)
Property, plant and equipment, net	**15,814**	**6,908**	**2,806**	**978**	**26,506**

(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**

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, 2011	December 31, 2010
Buildings and leasehold improvements	181	181
Office furniture and equipment	728	728
Accumulated depreciation	(879)	(708)
Total	**30**	**201**

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)	Year ended December 31,	
	2011	2010
Cost of sales	1,242	1,642
Selling, general and administrative expenses	3,095	3,020
Research and development expenses	384	413
Subtotal depreciation	**4,721**	**5,075**
Impairment expenses	-	289
Total	**4,721**	**5,364**

9. Goodwill

Goodwill consists of the following:

(euro in thousands)	2011	2010
Balance at January 1,		
Cost	64,023	63,362
Accumulated impairment	(20,200)	(20,200)
Goodwill, net	**43,823**	**43,162**
Changes in book value		
Foreign currency translation	239	661
Total changes	**239**	**661**
Balance at December 31,		
Cost	64,262	64,023
Accumulated impairment	(20,200)	(20,200)
Goodwill, net	**44,062**	**43,823**

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, 2011	December 31, 2010
Die Attach	42,082	41,843
Plating	1,980	1,980
Total	**44,062**	**43,823**

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 2012 and financial projections per Product Group approved by Management for the projection period (2013-2016).

The key 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 2012.
  - Revenue forecasts for 2013-2016 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, research & development and selling, general and administrative expenses as per Management's strategic planning.

- A pre-tax discount rate of 13.0% to 13.9% representing the pre-tax weighted average cost of capital (WACC) is determined using the Capital Asset Pricing Model (in 2010 a pre-tax discount rate between 13.7% and 14.1%).

- Residual value is based on a 1.0% perpetual growth rate (in 2010: 1.0%).

- The risk free rate of 2.6% (in 2010: 3.0%) and equity risk premium 3.8% (in 2010: 3.7%).

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, 2011.

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, 2011					
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**
Changes in book value in 2011					
Capitalized development expenses	-	-	-	8,695	8,695
Capitalized expenditures	2,442	-	-	-	2,442
Amortization	(1,483)	(37)	(507)	(4,411)	(6,438)
Foreign currency differences	-	(4)	-	204	200
Total changes	**959**	**(41)**	**(507)**	**4,488**	**4,899**
Balance at December 31, 2011					
Cost	7,501	34,365	6,083	35,556	83,505
Accumulated amortization	(3,704)	(33,424)	(3,549)	(13,806)	(54,483)
Accumulated impairment	-	(802)	-	(402)	(1,204)
Other intangible assets, net	**3,797**	**139**	**2,534**	**21,348**	**27,818**

(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
Amortization	(1,012)	(537)	(507)	(3,194)	(5,250)
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**

Amortization and impairment charge

The amortization and impairment charges are recognized in the following line items in the Consolidated Statement of Comprehensive Income:

(euro in thousands)	Year ended December 31, 2011	2010
Cost of sales	37	537
Selling, general and administrative expenses	1,990	1,519
Research and development expenses	4,411	3,194
Subtotal amortization	**6,438**	**5,250**
Impairment expenses	-	-
Total	**6,438**	**5,250**

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, 2011	December 31, 2010
Software	3,220	3,220
Accumulated depreciation	(2,967)	(2,205)
Total	**253**	**1,015**

11. Income taxes

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

(euro in thousands)	December 31, 2011	December 31, 2010
Deferred tax assets (liabilities)		
- Operating loss carry forwards	11,317	16,123
- Intangible assets	(7,349)	(5,562)
- Inventories	583	689
- Provisions	1,633	1,180
- Debt issuance costs Convertible Notes	-	(60)
- Equity component Convertible Notes	-	(59)
- Other items	(724)	(836)
Total deferred tax assets (liabilities), net	**5,460**	**11,475**
Deferred tax asset to be recovered after more than twelve months	11,191	10,986
Deferred tax asset to be recovered within twelve months	1,315	1,145
Total deferred tax assets, net	**12,506**	**12,131**
Deferred tax liability to be settled after more than twelve months	(7,046)	(656)
Deferred tax liability to be settled within twelve months	-	-
Total deferred tax liabilities, net	**(7,046)**	**(656)**
Total deferred tax assets (liabilities), net	**5,460**	**11,475**

(euro in thousands)	December 31, 2010	Profit & loss	Other comprehensive income	Foreign currency	December 31, 2011
Deferred tax assets (liabilities)					
- Operating loss carry forwards	16,123	(4,897)	-	91	11,317
- Intangible assets	(5,562)	(1,628)	-	(159)	(7,349)
- Inventories	689	(108)	-	2	583
- Provisions	1,180	157	296	-	1,633
- Debt issuance costs Convertible Notes	(60)	60	-	-	-
- Equity component Convertible Notes	(59)	59	-	-	-
- Other items	(836)	(355)	-	467	(724)
Total	**11,475**	**(6,712)**	**296**	**401**	**5,460**

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 € 22.2 million expire during the period of 2017 and thereafter. The carry forwards related to the Dutch operating losses amount to approximately € 93.0 million and expire during the periods of 2013 through 2020. 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 € 102.9 million, and have various expiration terms. The carry forwards related to the Austrian operating losses have been utilized in 2011.

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 2011, 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 2011 are fully provided for (€ 1.6 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. In 2011, an amount of € 0.4 million loss has been written off due to the fact that a part of the loss carry forward expired and could not be realized as the taxable income in 2011 was lower than the loss carry forward that expired. At year end 2011, the realizability assessment has led to a provision of € 1.0 million.

As at December 31, 2011 for € 10.4 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 2017.

In assessing the realizability of the US tax losses carry forward, the future taxable income would be sufficient to cover an amount of € 1.3 million deferred tax asset. Given the fact that in the new business structure the US fiscal entity is expected to structurally realize profits, an amount of € 1.3 million deferred tax asset has been valued at year end 2011.

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 25.0% for the year ended December 31, 2011, and 25.5% for the year ended December 31, 2010. 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,**	
	2011	**2011 in % of income before taxes**	**2010**	**2010 in % of income before taxes**
"Expected" income tax expense based on domestic rate	8,648	25.0%	12,086	25.5%
Non-deductible expenses	739	2.1%	237	0.5%
Foreign tax rate differential	(1,026)	(3.0%)	(5,124)	(10.8%)
Impairment Eurotec tax credits	-	-	386	0.8%
Tax exempt income	(299)	(0.9%)	(79)	(0.2%)
Net operating losses ("NOL") not recognized	3,028	8.8%	2,785	5.9%
Valuation deferred tax NOL	(1,073)	(3.1%)	(13,587)	(28.7%)
Reversal of previous write-down NOL	(1,254)	(3.6%)	-	-
Expired deferred tax NOL	407	1.2%	-	-
Recognized tax credit	(1,059)	(3.1%)	-	-
Other	(187)	(0.5%)	3,439	7.3%
Income tax expense shown in Consolidated Statement of Comprehensive Income	**7,924**	**22.9%**	**143**	**0.3%**

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

(euro in thousands)	**Year ended December 31,**	
	2011	**2010**
Current	1,212	1,870
Deferred	6,712	(1,727)
Total	**7,924**	**143**

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, 2011	December 31, 2010
Funds with insurance companies for pension liability	1,080	1,030
Other	292	261
Total other non-current assets	**1,372**	**1,291**

13. Borrowing facilities

At December 31, 2011, Besi and its subsidiaries had available lines of credit aggregating € 38.8 million, under which € 26.8 million of borrowings were outstanding (of which € 23.7 million relate to notes payable to banks). Amounts available to be drawn under the lines were further reduced by € 0.7 million in outstanding bank guarantees. Interest is charged at the banks' base lending rates or Euribor plus an increment between 0.3% and 1.75%. All its credit facility agreements include covenants requiring Besi to maintain certain financial ratios and have no stated contractual maturity. Besi and all of its applicable subsidiaries were in compliance with all loan covenants at December 31, 2011. In case of breach, the respective banks are entitled to call in the creditlines.

- € 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. All borrowing facilities have no contractual maturity date.

- € 18.4 million of Besi's credit lines relate to its Datacon Technology GmbH, Austrian subsidiary and are on a non recourse basis to the parent company. Consistent with past practice, Datacon utilizes short-term bank lines of credit, long-term loans and government-granted loans for export and research and development activities. The principal restrictive covenant contains a minimum equity ratio. All borrowing facilities have no contractual maturity date.

- € 12.4 million of Besi's credit lines relate to its Asian manufacturing operations and are secured by legal charge over the land and building in Malaysia and a debenture creating charges over all fixed and floating present and future assets of Besi APac Sdn. Bhd. A part of the credit line is also secured by a standby letter of credit issued by the Royal Bank of Scotland (China) expiring September 30, 2012. The standby letter of credit is secured by cash pledged by Fico Tooling Leshan Company Ltd. for the sum of Chinese yuan 26 million for one year from October 14, 2011. The principal restrictive covenant includes a minimum tangible net worth, a maximum gearing ratio, a maximum days receivable and the requirement that Besi APac Sdn. Bhd. remains a direct/indirect 100% owned subsidiary of BE Semiconductor Industries N.V. at all times. All borrowing facilities have no contractual maturity date.

14. Provisions

(euro in thousands)	December 31, 2011	December 31, 2010
Warranty provision	6,180	5,784
Restructuring provision	3,262	4,514
Total provisions	**9,442**	**10,298**

Warranty Provision

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

(euro in thousands)	2011	2010
Balance at January 1,	5,784	3,324
Additions	3,291	5,640
Usage	(2,973)	(3,559)
Foreign currency translation	78	379
Balance at December 31,	**6,180**	**5,784**

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

Restructuring provision

Restructuring charges recorded by the Company in 2011 amount to € 0.8 million, which mainly relates to severance payments, legal consultancy and outplacement expenses. Changes in the restructuring provision were as follows:

(euro in thousands)	2011	2010
Balance at January 1,	4,514	5,199
Additions (releases)	745	4,767
Usage	(1,998)	(5,196)
Foreign currency translation	1	92
Other	-	(348)
Balance at December 31,	**3,262**	**4,514**

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

(euro in thousands)		Year ended December 31,
	2011	2010
Cost of sales	-	2,388
Selling, general and administrative expenses	745	1,600
Research and development expenses	-	779
Total	**745**	**4,767**

The provision of € 3.3 million at December 31, 2011 is expected to be fully utilized during 2012, except for the onerous contract of the building in Duiven which contract expires in June 2016.

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, 2011	December 31, 2010
Other taxes and social security	1,773	1,619
Salaries and payroll-related items	9,973	8,327
Interest payable	16	672
Forward exchange contracts	1,170	409
Other payables	186	445
Total other payables	**13,118**	**11,472**

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, 2011	December 31, 2010
Advances from customers	1,232	4,370
Accrued other payroll-related items	1,974	1,774
Accrued project costs	732	1,476
Accrued commissions	296	279
Accrued advisory expenses	402	408
Other	3,706	6,421
Total other liabilities	**8,342**	**14,728**

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, 2011	December 31, 2010
Convertible Notes, interest rate at 5.5%	-	27,386
Other long-term debt:		
A. Research and development loan from Österreichische Forschungsförderungsgesellschaft, Wien, Austria (Interest rates between 2% and 2.5% at December 31, 2011)	773	1,358
B. Long-term loan Royal Bank of Scotland, Malaysia (Interest rate at 5.25% at December 31, 2011)	73	367
C. Financial lease of IT investments	127	1,167
Financial leases at various interest rates	58	60
Subtotal	**1,031**	**30,338**
Less: current portion	(336)	(2,186)
Total long-term debt and financial leases	**695**	**28,152**

Aggregate required principal payments due on long-term debt and financial leases for the next five years and thereafter, are as follows:

(euro in thousands)	Long-term debt	Financial leases
2012	151	185
2013	393	-
2014	-	-
2015	302	-
2016 and thereafter	-	-
Total	**846**	**185**
Less: imputed interest	-	-
Less: current portion of long-term debt and financial leases	(151)	(185)
Non-current portion of long-term debt and financial leases	**695**	**-**

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 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 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.

In May 2011, the Company called for early redemption of its 5.5% Convertible Notes due January 2012. As of the close of trading on May 19, 2011, the aggregate principal amount of Notes outstanding was approximately € 25.2 million. All remaining holders of the 5.5% Notes elected to exercise their conversion rights to receive Besi Ordinary Shares in exchange for Notes outstanding. The total Note redemption in 2011 resulted in the issuance of 5.6 million new Besi Ordinary Shares.

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, 2011.

A. Represents 7 loans aggregating € 773 for the financing of the research and development projects at the Company's Datacon subsidiary. The fixed interest rates at December 31, 2011 vary from 2.00% to 2.50% for all loans. Loan repayments are due between January 2012 and September 2015.
B. Represents a loan of € 73 for the financing of the Company's Besi APac subsidiary. The fixed interest rate at December 31, 2011 was 5.25%. Loan repayments are due between January 2012 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. 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, 2011**
	Minimum payments	**Present value of payments**
Within one year	188	185
After one year but not more than five years	-	-
Total minimum lease payments	**188**	**185**
Less amounts representing financial charges	(3)	-
Present value of minimum lease payments	**185**	**185**

The Company and all of its applicable subsidiaries had no defaults for its long-term debt and finance leases at December 31, 2011.

19. Other non-current liabilities

Other non-current liabilities consist of the following:

(euro in thousands)	**December 31, 2011**	**December 31, 2010**
Pension liabilities Austria	334	330
Pension liabilities Switzerland	5,399	2,020
Severance obligations	1,647	1,572
Other	47	-
Other non-current liabilities	**7,427**	**3,922**

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. The Company has no obligation to pay for a possible deficit in the pension fund. Neither is the Company entitled to a possible surplus in the pension fund. On a yearly basis, the pension fund determines the new annual payments to be paid by the Company. Contributions under this plan were € 1.2 million in 2011 and € 1.6 million in 2010, respectively. Based on public information posted on the website of the Industry Pension Fund, the funding ratio decreased from 96% as of December 31, 2010 to 90% as of December 31, 2011.

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 accumulated other comprehensive income (loss). 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)	**2011**	**2010**
Discount rate for obligations	4.80%	4.25%
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**	**2011 Total**
Liability for defined benefit and severance obligations at January 1,	330	1,572	1,902
Service cost	26	113	139
Interest cost	14	67	81
Net actuarial loss (gain) recognized	(36)	(105)	(141)
Benefits paid	-	-	-
Liability for defined benefit and severance obligations at December 31,	**334**	**1,647**	**1,981**

(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 (gain) recognized	77	422	499
Benefits paid	-	(45)	(45)
Liability for defined benefit and severance obligations at December 31,	**330**	**1,572**	**1,902**

The accumulated defined benefit obligation amounts to € 2.0 million at December 31, 2011. 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 2011 and 2010 is presented as follows:

(euro in thousands)		**Year ended December 31,**
	2011	**2010**
Components of total expense recognized in net income for the period		
Service cost	139	101
Interest cost	81	67
Total expense recognized in net income for the period	**220**	**168**

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)	**2011**	**2010**
Assets at January 1,	1,030	940
Actual return on assets	(17)	37
Employer contribution/additions to assets	67	67
Benefits paid	-	(14)
Assets at December 31,	**1,080**	**1,030**

At December 31, 2011, the assets consist of bonds (7%), investment funds (32%) and insurance policies (61%), respectively bonds (7%), investment funds (36%) and insurance policies (57%) at December 31, 2010.

Historical information

(euro in thousands)	**2011**	**2010**	**2009**	**2008**	**2007**
Present value of the defined benefit obligation	1,981	1,902	1,280	2,622	3,117
Fair value of plan assets	1,080	1,030	940	2,094	1,950
Experience adjustments arising on plan liabilities ((gains)/losses)	(141)	499	56	(707)	(98)
Experience adjustments arising on plan assets ((gains)/losses)	-	-	-	-	-

Expected contribution related to employer contribution in 2012 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 in accumulated other comprehensive income (loss). 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. The expected return on the qualified insurance policies, which are 99% of the total plan assets, is determined by the discount rate for the pension expense during the fiscal year plus an excess return. The excess return is based on the law, that prescribes that 90% of the excess returns have to be allocated to the affiliated companies. This includes excesses from investment, risk and administration. Based on the past history, the long-term excess return for 2011 was estimated to be about 0.7%. 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)	2011	2010
Discount rate for obligations	2.40%	3.30%
Expected return on plan assets	3.50%	4.00%
Future salary increases	1.50%	1.50%
Future pension increases	0.10%	0.10%

Changes in the defined benefit obligations:

(euro in thousands)	2011	2010
Liability for defined benefit obligations at January 1,	35,302	25,028
Current service cost	1,758	1,414
Interest cost	1,009	961
Actuarial loss (gain) recognized	1,513	1,849
Plan participants' contribution	691	755
Benefits paid through pension assets and net transferrals	704	249
Foreign currency differences	825	5,046
Liability for defined benefit obligations at December 31,	**41,802**	**35,302**

Net benefit expense:

(euro in thousands)		Year ended December 31,
	2011	2010
Current service cost	1,758	1,414
Interest cost	1,009	961
Expected return on plan assets	(1,228)	(1,184)
Net benefit expense	**1,539**	**1,191**

Changes in the fair value of plan assets:

(euro in thousands)	2011	2010
Fair value of plan assets at January 1,	33,282	24,568
Expected return on plan assets	1,228	1,184
Gains (losses) on assets (recognized in actuarial gains (losses))	(1,598)	305
Plan participants' contribution	691	755
Company contributions	1,510	1,308
Benefits paid through pension assets	704	249
Others	(193)	-
Foreign currency differences	779	4,913
Fair value of plan assets at December 31,	**36,403**	**33,282**

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

(in percentage)	December 31, 2011	December 31, 2010
Qualified insurance policies	99%	97%
Others	1%	3%
Total	**100%**	**100%**

Net benefit liability:

(euro in thousands)	December 31, 2011	December 31, 2010
Defined benefit obligations	41,802	35,302
Fair value of plan assets	(36,403)	(33,282)
Net liability	**5,399**	**2,020**

Historical information

(euro in thousands)	2011	2010	2009
Present value of the defined benefit obligations	41,802	35,302	25,028
Fair value of plan assets	(36,403)	(33,282)	(24,568)
Deficit in the plan	**5,399**	**2,020**	**460**
Experience adjustments arising on plan liabilities ((gains)/losses)	1,513	1,849	(166)
Experience adjustments arising on plan assets ((gains)/losses)	(1,598)	(305)	23

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

Expected contribution related to employer contribution in 2012 is expected to be in line with prior year.

Share-based compensation plans

Description of share-based compensation plans

In the year 2000, the Company granted equity-settled stock options to all of its employees under the Share Option Plan 2000 and granted equity-settled options to the Board of Management under the Share Option Plan December 2000. 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.

On March 24, 2005, the Supervisory Board approved to extend the exercise period of the out-of-the-money equity-settled stock options outstanding under the Company's employee stock options plans.

In 2011, the Board of Management approved to prolong 62,986 out-of-the-money equity-settled options outstanding (outstanding as per January 1, 2011) until April 18, 2016 at the original exercise price of € 17.90 for employees other than the Board of Management.

Furthermore, the Supervisory Board approved to prolong 19,900 out-of-the-money equity-settled options outstanding for a member of the Board of Management, which have a revised exercise price of € 0.91 until April 18, 2016. The Supervisory Board also approved, subject to shareholders approval, to prolong 142,000 (outstanding as per January 1, 2011) out-of-the-money equity-settled options outstanding until December 5, 2016 at the original exercise price of € 9.80. The Supervisory Board deferred the decision of prolonging 100 out-of-the money equity-settled options outstanding until January 2012 and decided on January 30, 2012 not to prolong these 100 options. Consequently these options expired on January 30, 2012. The prolongation of the 142,000 out-of-the-money equity-settled options outstanding needs approval at the Annual General Meeting of Shareholders to be held on April 25, 2012. These options are held by a member of the Board of Management.

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 Performance Stock Awards ("PSAs") under the Incentive Plan 2005 to members of the Board of Management, executive officers and senior employees of the Company. Furthermore, the Company granted Stock Awards ("SAs") under the Incentive Plan 2005 to members of the Supervisory Board. The PSAs vested according to the allocation agreements. The SAs granted to the Supervisory Board vested in 2007 and as of 2008 no SAs were granted to the Supervisory Board anymore.

In March 2008, the General Meeting of Shareholders decided to vest all remaining PSAs and SAs granted in 2005 and 2006 on November 30, 2008, instead of one third in each of the following three years. The Company granted 495,373 SAs in 2007 of which 198,062 vested in 2007, in accordance with the allocation agreements. The Company granted 460,518 SAs in 2008 of which 76,950 vested in 2008, in accordance with the allocation agreements. All remaining SAs 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 PSAs 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 PSAs in 2010, of which 62,000 vested in 2010 and granted 312,210 PSAs in 2011, of which 37,710 vested in 2011. A total number of 33,000 granted PSAs forfeited in 2011. All remaining granted PSAs (685,500) 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.

In 2011 the Company established the BE Semiconductor Industries Incentive Plan 2011-2016 (the "Incentive Plan 2011-2016"). The total number of Ordinary Shares that will be awarded under the Incentive Plan 2011-2016 may not exceed 1.5% of the total number of outstanding shares at December 31 of the year prior to the year in which the award is made. The Company granted 12,000 Performance Shares in 2011 which 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.

The Incentive Plan 2011-2016 contains specific conditions for the Board of Management. The number of Performance Shares, if any, to be awarded to an individual member of the Board of Management will be determined by using the following elements:

- At the beginning of the three-year performance period, a number of Peformance Shares are conditionally awarded. After the three-year performance period the actual vesting will be determined based on:
  - The Net Income relative to the Revenues over a three-year performance period.
  - The average annual Total Shareholder Return growth over the three-year performance period.

The three-year performance period of the 2011 conditional awarded Performance Shares is defined as 2011-2013. The Performance Shares awarded will vest at the end of the three-year performance period, depending on the actual performance of the Company. At the moment of vesting, the maximum value of the actual number of shares vesting shall in no event exceed 80% of the individual's annual base salary in the year of vesting.

The number of Performance Shares conditionally awarded in 2011 amounts to 100,897. The fair value of these Performance Shares are measured based on best estimate taking into account:

- Salary increase in line with general market expectations.
- Relevant life table / resignation risk in total of 5%.

The total estimated costs for the period 2011-2013 for these Performance Shares to be awarded amount to € 360. The Company recognized € 120 in the 2011 Statement of Comprehensive Income. Reference is made to the Remuneration Policy 2011-2016 as adopted by the Annual General Meeting of Shareholders on April 28, 2011.

Financing of stock option plans

The option plan that was issued in 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	2011 Weighted average exercise price (in euro)	Number of options	2010 Weighted average exercise price (in euro)
Equity-settled option plans				
Outstanding, beginning of year	224,986	12.79	302,814	11.13
Options expired	-	-	(63,565)	6.10
Options exercised	-	-	-	-
Options forfeited	(2,600)	17.90	(14,263)	10.73
Outstanding and exercisable, end of year	**222,386**	**11.21**	**224,986**	**12.79**
Cash-settled option plans				
Outstanding, beginning of year	-	-	33,173	5.95
Options expired	-	-	(33,173)	5.95
Options exercised	-	-	-	-
Options forfeited	-	-	-	-
Outstanding and exercisable, end of year	**-**	**-**	**-**	**-**

Stock options outstanding and exercisable:

	Year Ended December 31, 2011			Year Ended December 31, 2010		
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						
9.80	142,000	4.92	9.80	142,000	0.92	9.80
17.90	60,386	4.29	17.90	82,886	0.29	17.90
17.90	100	0.08	17.90	100	0.29	17.90
0.91	19,900	4.29	0.91	-	-	-
Total equity-settled option plans	**222,386**			**224,986**		

Summary of outstanding PSAs and Performance Shares

Following is a summary of changes in Performance Stock Awards and Performance Shares:

	2011	2010
Outstanding, beginning of year	444,000	537,000
PSAs/Performance Shares granted	324,210	506,000
PSAs settled in equity instruments	-	(238,840)
PSAs settled in cash	-	(298,160)
PSAs forfeited	(33,000)	-
Shares reissued from Treasury Shares by the Company upon vesting	(37,710)	(62,000)
Outstanding, end of year	**697,500**	**444,000**

The market prices of the Company's Ordinary Shares at the date of grants in 2011 were € 4.98, € 5.15, € 6.45, € 7.16 and € 6.03, respectively, € 3.05, € 3.35 and € 5.04 for the grants in 2010.

The number of Performance Shares conditionally awarded in 2011 to a member of the Board of Management amounts to 100,897.

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

(euro in thousands)	Year ended December 31, 2011	2010
Performance Stock Awards/Performance Shares	3,267	397
Conditional Performance Shares Board of Management	120	-
Effect of changes in the fair value of cash-settled shares	-	(3)
Total expense recognized as employee costs	**3,387**	**394**

21. Share capital

At December 31, 2011 and December 31, 2010, 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, 2011 and December 31, 2010, 36,687,068 and 33,943,901 Ordinary Shares were outstanding, excluding Treasury Shares of 3,346,853 and 184,616, respectively. No Preference Shares were outstanding at each of December 31, 2011 and December 31, 2010. All issued shares have been paid in full.

Accumulated other comprehensive income (loss) consists of:

(euro in thousands)	December 31, 2011	December 31, 2010
Actuarial gains	(4,571)	(1,249)
Cash flow hedging reserve	(348)	21
Deferred taxes	580	284
Accumulated other comprehensive income (loss)	**(4,339)**	**(944)**

Dividends

Proposed for approval at the Annual General Meeting of Shareholders to be held on April 25, 2012 (not recognized as a liability as at December 31, 2011 and December 31, 2010):

(euro in thousands)	Year ended December 31, 2011	2010
22.00 cents per Ordinary Share (2010: 20.00 cents)	**8,071**	**6,789**

The Board of Management proposes to allocate the part of the net income for the year 2011 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, 2011	December 31, 2010
Within one year	4,703	4,715
After one year but not more than five years	11,080	12,691
After five years	-	847
Total	**15,783**	**18,253**

Committed rental expense was € 14.8 million and € 17.4 million as of December 31, 2011 and 2010, respectively. In addition, the Company has an unconditional obligation related to the purchase of equipment and materials totalling € 37.8 million and € 57.9 million as of December 31, 2011 and 2010, respectively. Lease and rental expenses amounted to € 4.8 million and € 4.7 million for the years ended December 31, 2011 and 2010, respectively.

Research and development subsidies and credits available to offset research and development expenses were € 3.0 million in 2011 and € 2.8 million in 2010.

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, 2011						
Revenue	71,847	264,020	6,133	80,152	(95,225)	326,927
Non-financial assets	12,090	65,739	8,953	11,604	-	98,386
Capital expenditures	1,763	3,782	26	1,847	-	7,418
Total assets	50,440	240,069	35,632	64,488	(41,714)	348,915
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

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

(euro in thousands)	Year ended December 31, 2011	2010
China	81,864	85,099
Malaysia	41,938	56,913
Taiwan	39,053	58,253
Korea	36,798	31,652
Germany	27,976	21,197
United States	24,043	27,226
Other Asia Pacific	43,721	45,029
Other Europe	28,143	24,991
Rest of the World	3,391	789
Total revenue	**326,927**	**351,149**

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

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 on April 28, 2011. Reference is made to the remuneration report on pages 39 to 42 of this Annual Report. 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, 2011 and 2010:

(in euro)		**Year ended December 31,**
	2011	**2010**
R.W. Blickman		
Salaries and other short-term employee benefits[1, 2]	751,245	654,858
Post-employment benefits[3]	170,749	94,530
Equity compensation benefits	270,000	100,500
J.W. Ruinemans[4]		
Salaries and other short-term employee benefits[1, 2]	-	293,853
Post-employment benefits[3]	-	27,000
Equity compensation benefits	-	67,000

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 the member 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.

The number of Performance Shares conditionally awarded in 2011 to R.W. Blickman amounts to 100,897. The Company recognized € 120 relating to these Performance Shares to be awarded resulting from the Incentive Plan 2011-2016 based upon total estimated costs for 2011-2013 of € 360. The Performance Shares awarded will vest at the end of the three-year performance period, depending on the actual performance of the Company. Reference is made to the remuneration report on pages 39 to 42 of this Annual Report.

Remuneration of the Supervisory Board

The aggregate remuneration paid to current members of the Supervisory Board was € 206 in 2011 (2010: € 232). The remuneration of the Supervisory Board is determined by the General Meeting of Shareholders.

The total cash remuneration of the members of the Supervisory Board for the years ended December 31, 2011 and 2010 was as follows:

(in euro)	Year ended December 31, 2011	2010
T. de Waard	52,000	57,417
D.J. Dunn	40,000	48,167
D. Lindenbergh	37,000	41,583
K.W. Loh	37,000	40,500
J.E. Vaandrager	40,000	43,833

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 PSAs held by members of the Board of Management

The aggregate number of Ordinary Shares and the aggregate number of options to purchase Ordinary Shares owned by the current member of the Board of Management as of December 31, 2011, are as follows:

Ordinary Shares	Number of shares
R.W. Blickman	436,363
Total	**436,363**

Options	Year of grant	Expiration date	Exercise price (in euro)	Number of options outstanding
R.W. Blickman	2000	2016	0.91	19,900
	2000	2012	17.90	100
	2000	2016	9.80	142,000
Total				**162,000**

At December 31, 2011, there was € 274 of loans outstanding (December 31, 2010 was € 274) 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 Supervisory Board approved to prolong 19,900 out-of-the-money equity-settled options outstanding for a member of the Board of Management, which have a revised exercise price of € 0.91 until April 18, 2016. The Supervisory Board also approved, subject to shareholders approval, to prolong 142,000 (outstanding as per January 1, 2011) out-of-the-money equity-settled options outstanding until December 5, 2016 at the original exercise price of € 9.80. The Supervisory Board deferred the decision of prolonging 100 out-of-the money equity-settled options outstanding until January 2012 and decided on January 30, 2012 not to prolong these 100 options. Consequently these options expired on January 30, 2012. The prolongation of the 142,000 out-of-the-money equity-settled options outstanding needs approval at the Annual General Meeting of Shareholders to be held on April 25, 2012. These options are held by a member of the Board of Management.

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:

PSAs	Year of grant	Number of PSAs
R.W. Blickman	2011	37,710
Total		**37,710**

Ordinary Shares held by members of the Supervisory Board

The aggregate number of Ordinary Shares held by the current members of the Supervisory Board as of December 31, 2011, were as follows:

Ordinary Shares	Number of shares
T. de Waard	24,610
D. Lindenbergh	2,242,424
Total	**2,267,034**

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, 2011, is as follows:

Options	Year of grant	Expiration date	Exercise price (in euro)	Number of options outstanding
J.W. Rischke	2000	2016	17.90	16,000
Total				**16,000**

In 2011, the Board of Management approved to prolong the out-of-the-money equity-settled options outstanding until April 18, 2016 at the original exercise price of € 17.90.

At December 31, 2011, there was an € 66 loan outstanding (December 31, 2010 was € 66) 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,	
	2011	2010
Wages and salaries	74,026	69,254
Social security expenses	8,880	7,770
Pension and retirement expenses	4,678	4,402
Share-based compensation plans	3,387	394
Total personnel expenses	**90,971**	**81,820**

The average number of employees during 2011 and 2010 was 1,549 and 1,435, respectively. For pension and retirement expenses, reference is made to Note 20.

The total number of personnel employed per department was:

	December 31, 2011	December 31, 2010
Sales and Marketing	405	404
Manufacturing and Assembly	700	666
Research and Development	294	301
General and Administrative	144	139
Total number of personnel	**1,543**	**1,510**

As of December 31, 2011 and 2010, a total of 230 and 237 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, 2011	2010
Interest income	422	311
Gain on repurchase Convertible Notes	-	759
Net foreign exchange gain	605	-
Subtotal financial income	**1,027**	**1,070**
Interest expense	(988)	(1,175)
Interest Convertible Notes	(119)	(1,542)
Net foreign exchange loss	-	(813)
Subtotal financial expense	**(1,107)**	**(3,530)**
Financial income (expense), net	**(80)**	**(2,460)**

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:

	2011	2010
Shares outstanding at beginning of the year	33,943,901	33,643,061
Weighted average shares reissued from Treasury Shares for the vesting of Performance Stock Awards	23,349	251,357
Weighted average shares issued for share dividend	177,977	-
Weighted average shares issued for the conversion of the Convertible Notes	3,159,958	-
Weighted average shares bought under the share repurchase program	(1,259,723)	-
Average shares outstanding - basic	**36,045,462**	**33,894,418**

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, 2011	December 31, 2010
Financial assets			
Cash and cash equivalents	3	87,484	69,305
Trade receivables	4	66,728	86,889
Forward exchange contracts	6	2	2,269
Other receivables	6	5,516	4,861
Total		**159,730**	**163,324**
Financial liabilities			
Notes payable to banks	13	23,749	16,038
Current portion of long-term debt and financial leases	18	336	2,186
Trade payables	15	21,377	42,626
Forward exchange contracts	16	1,170	409
Other payables	16	11,948	11,063
Convertible Notes	18	-	27,386
Long-term debt and financial leases	18	695	766
Total		**59,275**	**100,474**

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 63% of its sales in 2011 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 2011 and 2010, 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 € 348 was reported in 2011 as other comprehensive income at December 31, 2011. The amount in 2011 released from equity in revenue in the Consolidated Statement of Comprehensive Income was € 161. 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 2011, directly in the Consolidated Statement of Comprehensive Income was a loss of € 7 (2010: a loss of € 55).

Movement cash flow hedging reserve:

(euro in thousands)	**2011**
Balance at January 1,	21
Amount recognized in equity	(362)
Amount reclassified to Consolidated Statement of Comprehensive Income	(7)
Balance at December 31,	**(348)**

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 and € 2,269 at December 31, 2011 and 2010, 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,**	
	2011	**2010**
To sell US dollars for euros	19,673	25,095
To sell US dollars for Swiss francs	7,585	40,838
To buy Swiss francs for euros	-	7,880

At December 31, 2011, the unrealized loss on forward foreign currency exchange contracts that were designated as a hedge of firmly committed transactions amounted to € 1,125. At December 31, 2010, the unrealized gain on forward foreign currency exchange contracts amounted to € 1,860.

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, 2011 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)		**2011**		**2010**
	Positive	**Negative**	**Positive**	**Negative**
Forward exchange contracts				
Fair value	**2**	**1,170**	**2,269**	**409**

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, 2011 and 2010, a foreign currency loss of € 7 and a loss of € 55, respectively, are 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)	**2011**	**2010**
0–3 months	24,090	56,786
3–6 months	2,920	16,954
6–9 months	248	48
Thereafter	-	25
Total	**27,258**	**73,813**

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 2011 and 2010, 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 euro and Swiss franc, with all other variables held constant.

(euro in thousands)	**Increase/decrease in US dollar rate compared to euro**	**Effect on profit before tax**	**Effect on equity**
2011	+10%	900	(400)
	-10%	(900)	400
2010	+10%	300	(400)
	-10%	(300)	400

(euro in thousands)	**Increase/decrease in US dollar rate compared to Swiss franc**	**Effect on profit before tax**	**Effect on equity**
2011	+10%	1,500	-
	-10%	(1,500)	-
2010	+10%	(400)	(600)
	-10%	400	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 presented by US dollar or US dollar-linked currencies amounted to approximately 63% of total revenue in the year ended December 31, 2011, whereas revenue denominated in euro amounted to approximately 36% and other currencies amounted to approximately 1%. Approximately 37% of its costs and expenses were denominated in euro, 32% in Swiss franc, 21% in Malaysian ringgit and the remaining 10% 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 the Company 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 (2010: € 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 (2010: € 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 re¬quiring 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 at the beginning of Note 28, 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, 2011 and 2010, 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, 2011						
Long-term debt and financial leases	-	151	185	695	-	1,031
Interest payable long term debt and financial leases	-	2	19	19	-	40
Accounts payable	1,680	14,321	5,186	184	6	21,377
Other payables	8,754	4,364	-	-	-	13,118
Total	**10,434**	**18,838**	**5,390**	**898**	**6**	**35,566**

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**

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, 2011 and December 31, 2010. 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)	2011	2010
Equity	256,063	219,012
Solvency ratio	73.4%	62.5%
Solvency ratio (excluding intangible fixed assets)	66.5%	53.7%
Return on average investment	11.2%	25.2%

The total number of Ordinary Shares that will be awarded under the Incentive Plan 2011-2016 may not exceed 1.5% of the total number of outstanding shares at December 31 of the year prior to the year in which the award is made.

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, 2011	December 31, 2010
Assets			
Property, plant and equipment	**2**	**2**	**3**
Other intangible assets	**3**	**714**	**408**
Investments in subsidiaries	4	184,501	193,651
Subordinated loans due from subsidiary	4	8,000	8,000
Loans due from subsidiaries	4	51,302	43,408
Deferred tax assets		3,474	3,513
Financial fixed assets		**247,277**	**248,572**
Total fixed assets		**247,993**	**248,983**
Amounts due from subsidiaries		8,173	2,941
Other receivables		369	551
Receivables		**8,542**	**3,492**
Cash and cash equivalents		**4,906**	**3,408**
Total current assets		**13,448**	**6,900**
Total assets		**261,441**	**255,883**
Shareholder's equity, provisions and liabilities			
Share capital	5	36,431	31,057
Share premium	5	190,741	180,456
Foreign currency translation adjustment	5	19,085	15,899
Accumulated other comprehensive income (loss)	5	(4,339)	(944)
Retained deficit	5	(13,321)	(55,214)
Undistributed result	5	26,444	46,990
Shareholder's equity		**255,041**	**218,244**
Convertible Notes	6	-	27,386
Long term debt and financial leases	7	-	128
Loans due to subsidiaries		3,600	7,110
Other non-current liabilities		47	-
Non-current liabilities		**3,647**	**34,624**
Trade payables		694	865
Current portion of long term debt	7	127	165
Amounts due to subsidiaries		574	74
Other payables		1,358	1,911
Current liabilities		**2,753**	**3,015**
Total shareholder's equity, provisions and liabilities		**261,441**	**255,883**

Parent Company Statement of Income and Expense

(euro in thousands)	Year ended December 31, 2011	2010
Income (loss) from subsidiaries, after taxes	29,331	49,579
Other income and expenses	(2,887)	(2,589)
Net income	**26,444**	**46,990**

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. In case of a negative net equity value of a subsidiary, the negative value is deducted from the loan due from the respective subsidiary.

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.

Certain comparative amounts in the Parent Company Balance Sheet have been reclassified to conform to the current year's presentation (see note 4).

2. Property, plant and equipment

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

(euro in thousands)	**Office furniture and equipment**
Balance at January 1, 2011	
Cost	132
Depreciation	(129)
Property, plant and equipment, net	**3**
Changes in book value in 2011	
Depreciation	(1)
Total changes	**(1)**
Balance at December 31, 2011	
Cost	109
Depreciation	(107)
Property, plant and equipment, net	**2**

3. Other intangible assets

Other intangible assets, net consist of the following:

(euro in thousands)	**Software**
Balance at January 1, 2011	
Cost	490
Accumulated amortization	(82)
Other intangible assets, net	**408**
Changes in book value in 2011	
Capital expenditures	474
Amortization	(168)
Total changes	**306**
Balance at December 31, 2011	
Cost	964
Accumulated amortization	(250)
Other intangible assets, net	**714**

The other intangible fixed assets consist of capitalized SAP licenses and consulting and are depreciated in three 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, 2011	193,651	8,000	43,408	245,059
Income for the period	29,331	-	-	29,331
Granted additional loans	-	-	7,257	7,257
Negative equity adjustments (2011)	(302)	-	302	-
Dividend payments	(37,793)	-	-	(37,793)
Changes in accumulated OCI	(3,237)	-	-	(3,237)
Currency translation adjustment	2,851	-	335	3,186
Balance at December 31, 2011	**184,501**	**8,000**	**51,302**	**243,803**
Balance at January 1, 2010	104,592	8,000	24,333	136,925
Adjustment relating to negative equity subsidiaries	21,726	-	(21,726)	-
Reclassification loans from subsidiaries	-	-	31,972	31,972
Granted additional loans	-	-	12,717	12,717
Repayment of loans	-	-	(1,436)	(1,436)
Income for the period	49,579	-	-	49,579
Negative equity adjustments (2010)	3,684	-	(3,684)	-
Capital tax	(424)	-	-	(424)
Changes in accumulated OCI	(1,713)	-	-	(1,713)
Currency translation adjustment	16,207	-	1,232	17,439
Balance at December 31, 2010	**193,651**	**8,000**	**43,408**	**245,059**

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 ABN AMRO Bank N.V.

Change in classification

During the current year, the Company modified the Parent Company Balance Sheet classification within the financial fixed assets by separately showing the effects of subsidiaries with a negative net equity value (by deducting the negative net equity value from the loans due from the respective subsidiaries) and also reclassified a part of the 'amounts due from subsidiaries' towards the financial fixed assets.

Comparative amounts in the Parent Company Balance Sheet were reclassified as per January 1, 2010 for consistency, which resulted in € 31,972 being reclassified from 'amounts due from subsidiaries' (out of receivables) towards financial fixed assets and € 21,726 being reclassified within financial fixed assets as being the negative net equity value from subsidiaries which is deducted from the loans due from the respective subsidiaries.

Since the amounts are reclassifications within the Parent Company Balance Sheet, this reclassification did not have any effect on the Parent Company Statement of Income and Expense.

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 shareholders equity[3]
Balance at January 1, 2011	34,128,517	31,057	180,456	(55,214)	15,899	(944)	46,990	218,244
Total comprehensive income (loss) for the period	-	-	-	-	3,186	(3,395)	26,444	26,235
Dividend paid to owners of the Company	307,875	280	(280)	-	-	-	(5,097)	(5,097)
Appropriation of the result	-	-	-	41,893	-	-	(41,893)	-
Equity-settled share-based payments expense	-	-	3,387	-	-	-	-	3,387
Convertible bond converted into equity	5,597,529	5,094	22,395	-	-	-	-	27,489
Shares bought and taken into treasury	-	-	(15,217)	-	-	-	-	(15,217)
Balance at December 31, 2011	**40,033,921**	**36,431**	**190,741**	**(13,321)**	**19,085**	**(4,339)**	**26,444**	**255,041**
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**

[1] The outstanding number of Ordinary Shares includes 3,346,853 and 184,616 Treasury Shares at December 31, 2011 and December 31, 2010, respectively.

[2] Included in the Share Premium is a legal reserve of € 21.3 million (2010: € 16.9 million) related to capitalized development expenses. The amount stated as foreign currency translation adjustment is classified as legal reserve.

[3] In total an amount of € 91.5 million is classified as a restricted reserve (2010: € 73.0 million).

Preference Shares

At December 31, 2011 and December 31, 2010, 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 December 31, 2011 and December 31, 2010.

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, 2011	December 31, 2010
Actuarial gains (losses)	(4,571)	(1,249)
Cash flow hedging reserve	(348)	21
Deferred taxes	580	284
Accumulated other comprehensive income (loss)	**(4,339)**	**(944)**

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 25, 2012 (not recognized as a liability as at December 31, 2011 and December 31, 2010):

(euro in thousands)	Year ended December 31, 2011	2010
22.00 cents per Ordinary Share (2010: 20.00 cents)	**8,071**	**6,789**

The Board of Management proposes to allocate the part of the net income for the year 2011 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, 2011	December 31, 2010
Within one year	127	165
After one year but not more than five years	-	128
Total	**127**	**293**

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, 2011	December 31, 2010
Within one year	56	45
After one year but not more than five years	118	110
Total	**174**	**155**

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, 2011	2010
Audit costs	155	127
Other services	226	125
Total costs	**381**	**252**

Total number of personnel

The Company employed 10 employees at December 31, 2011, respectively 9 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 28, 2012

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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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 25, 2012 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

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 2011 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, 2011, 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, 2011, the parent company statement of income 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, 2011 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the company financial statements

In our opinion, the parent company financial statements give a true and fair view of the financial position of BE Semiconductor Industries N.V. as at December 31, 2011 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 28, 2012

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 2011 at € 0.22 per Ordinary Share (either in cash or in shares), amounting to a total of € 8,071. The Board of Management proposes to allocate the part of the net income for the year 2011 remaining after payment of the dividend to the retained deficit. The Supervisory Board has approved this proposal.

The General Meeting of Shareholders approved the 2010 statutory financial statements on April 28, 2011.

Events after the balance sheet date

No events after balance sheet date.

Preference Shares

At December 31, 2011 and December 31, 2010, 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 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.

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. Except for Mr De Waard, none of the members of the board of the Foundation are connected to 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).