ANNUAL REPORT 2008

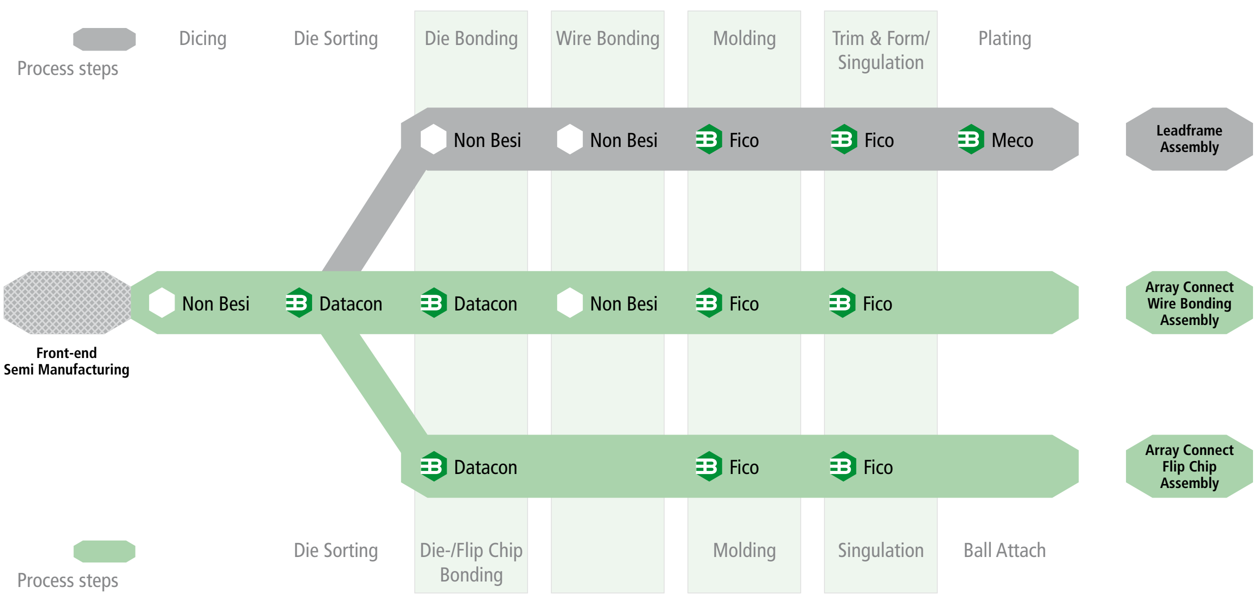
Besi

Besi

Content

Report of the Board of Management

Semiconductor Assembly - From Processed Wafer to Completed Chip



Company Profile

BE Semiconductor Industries N.V. and its subsidiaries ("Besi" or the "Company") is a leading manufacturer of semiconductor die sorting, flip chip and multi-chip die bonding, packaging and plating equipment, for both array connect and leadframe assembly processes. Our technologically advanced equipment and integrated systems are used principally to produce semiconductor assemblies or "packages", which provide the electronic interface and physical connection between the chip and other electronic components and protect the chip from the external environment. Our innovative systems offer customers high productivity and improved yields of defect-free devices at a low total cost of ownership. Our products are used to assemble chips for a wide variety of end-use applications including electronics, computer, automotive, industrial, RFID ("Radio Frequency Identification Device") and solar energy.

Besi's principal product groups include:

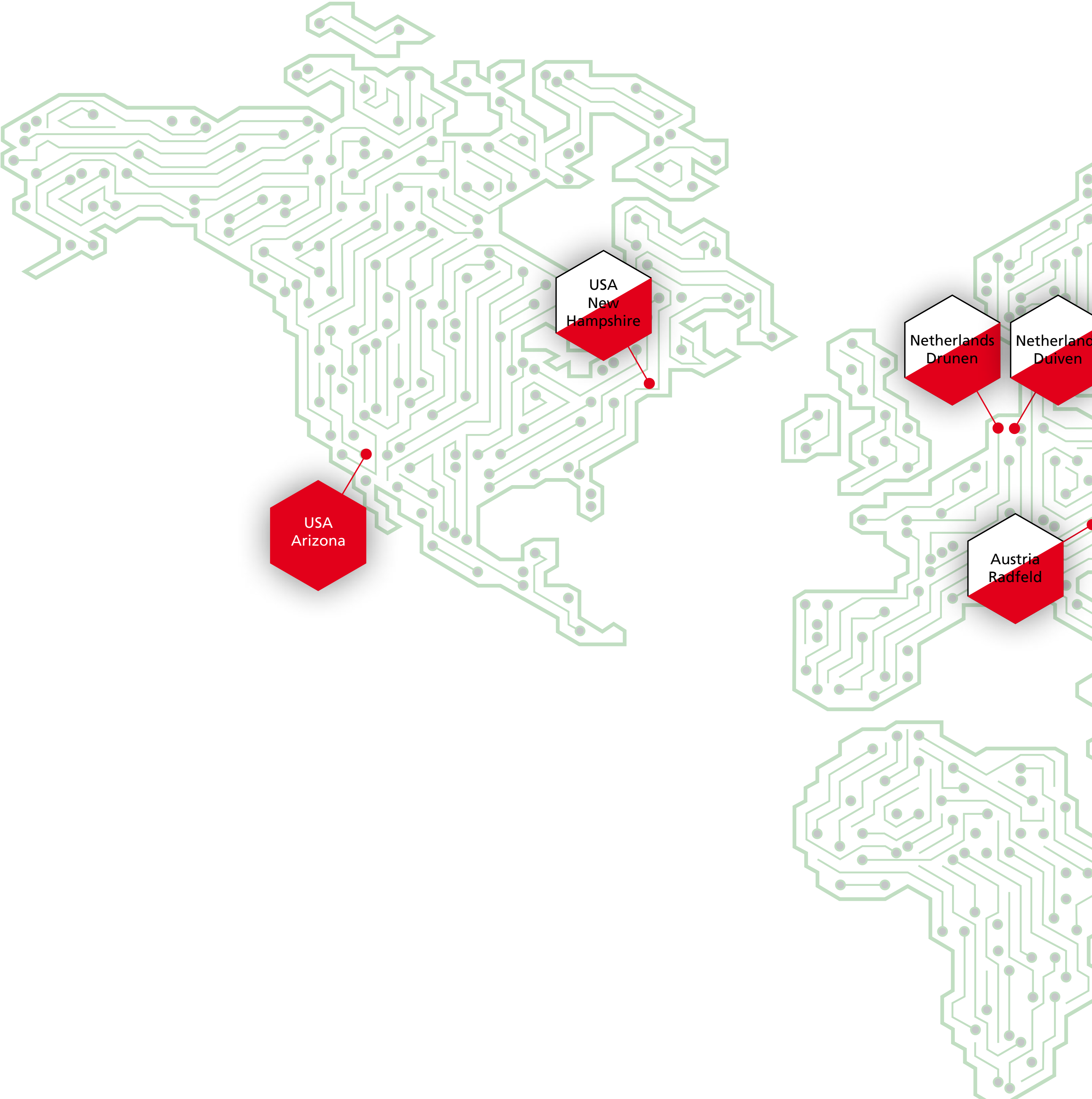
- **Die bonding equipment:** Consisting of:
  - Single-, multi-chip and flip chip die bonding systems which place the chip onto a multi-layer substrate.
  - Die sorting systems which are used to inspect, select and sort bare dies, flip chips, wafer level chip scale packages and opto-electronic devices for further processing in assembly operations.
- **Packaging equipment:** Consisting of:
  - Molding systems that encapsulate bonded semiconductor devices in epoxy resin.
  - Trim and form systems used to cut and then form metallic leads of encapsulated semiconductor devices in leadframe applications.
  - Singulation systems used to cut packaged array connect devices.
- **Plating equipment:** Consisting of:
  - Fully automated tin plating and spot plating systems for conventional leadframe applications.
  - Flexible antenna plating systems for new RFID and thin film solar cell applications.

The Company is engaged in one line of business, the design, manufacture, marketing and servicing of assembly equipment for the semiconductor industry.

Our customers are primarily leading US, European and Asian semiconductor manufacturers, assembly subcontractors and electronics and industrial companies including Amkor, ASE, Epcos, Fairchild, Infineon, Osram, UTAC, STATS ChipPac, Samsung, Siliconware, SPIL and STMicroelectronics and Texas Instruments. Our equipment performs critical functions in our customers' semiconductor assembly operations and in many cases represents a significant percentage of their installed base of assembly equipment. Our business has benefited from close, long-term relationships with our customers, many of whom have been purchasing our equipment and services for over 40 years.

At December 31, 2008, we employed 1,182 people of whom 485 were located in Asia, 650 in Europe and 47 in North America. At such date, we owned or leased six facilities worldwide comprising 525,000 square feet of production space and had ten sales and service offices globally from which to service our customers' installed base of equipment.

Besi was incorporated under the laws of the Netherlands in May 1995 and had an initial public offering in December 1995. Our Ordinary Shares are listed on Euronext Amsterdam by NYSE Euronext (symbol: BESI). Our principal executive offices are located at Ratio 6, 6921 RW Duiven, the Netherlands, and our telephone number at that location is (31) 26 3194500. More detailed information about the Company can be found at our website: **www.besi.com.**


USA
New
Hampshire
USA
Arizona
Netherlands
Drunen
Netherland
Duiven
Austria
Radfeld

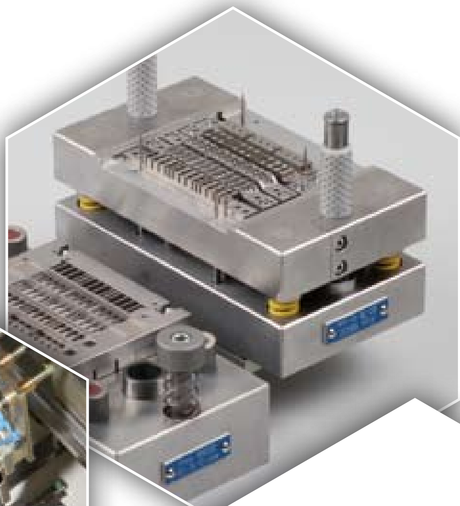
Global Sales and Manufacturing Presence in Key Markets

● Sales/Service Offices

○ Manufacturing Facilities/Offices

- owned: Malaysia, China, Austria
- leased: Netherlands, USA

Key Highlights



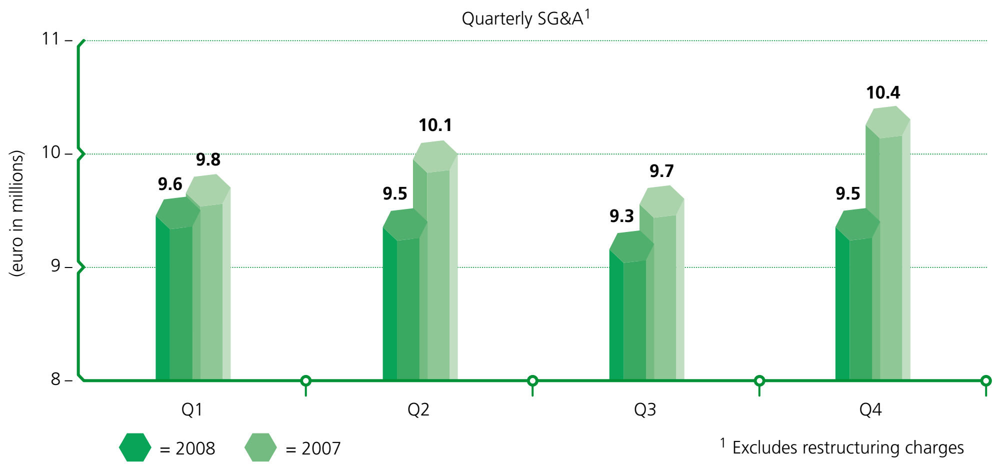
(euro in thousands, except share and per share data)	Year Ended December 31, 2008	2007	% Change 2008/2007	Year Ended December 31, 2008	2007	% Change 2008/2007
		Excluding charges[1]				
Statement of operations data						
Revenue	149,399	166,471	(10.3%)	149,399	166,471	(10.3%)
Gross profit	50,199	59,929	(16.2%)	49,885	57,979	(14.0%)
Operating income (loss)	(3,719)	(1,137)	n/m	(28.143)	(5,679)	n/m
EBITDA	3,780	7,546	(49.9%)	(444)	3,783	n/m
Income (loss) before taxes	(5,595)	(3,407)	(64.2%)	(28,646)	(7,949)	n/m
Net income (loss)	(4,138)	(1,750)	n/m	(33,468)	(5,496)	n/m
As% of revenue						
Gross profit	33.6	36.0	(2.4)	33.4	34.8	(1.4)
Operating income (loss)	(2.5)	(0.7)	(1.8)	(18.8)	(3.4)	(15.4)
EBITDA	2.5	4.5	(2.5)	(0.3)	2.3	(2.6)
Income (loss) before taxes	(3.7)	(2.0)	(1.7)	(19.2)	(4.8)	(14.4)
Net income (loss)	(2.8)	(1.1)	(1.7)	(22.4)	(3.3)	(19.1)
Net income (loss) per share						
Basic	(0.13)	(0.05)	n/m	(1.09)	(0.17)	n/m
Diluted	(0.13)	(0.05)	n/m	(1.09)	(0.17)	n/m
Average number of shares outstanding						
Basic	30,740,487	32,168,570		30,740,487	32,168,570	n/m
Diluted	30,740,487	32,168,570		30,740,487	32,168,570	n/m
Balance Sheet Data						
Cash and cash equivalents				74,008	74,781	(1.0%)
Total debt				61,624	71,514	(13.8%)
Total equity				146,284	178,718	(18.1%)
Financial Ratios						
Current ratio				2.9	3.4	n/m
Solvency ratio				60.2	62.7	n/m
Return on average equity				(20.6%)	(2.9%)	n/m
EBITDA/Interest expense, net[2]				(0.2) x	1.7x	n/m
Other Information						
Orders						
Array connect				91.5	104.9	(12.8%)
Leadframe				34.8	55.8	(37.6%)
Total				126.3	160.7	(21.4%)
IDMs				71.2	89.0	(20.0%)
Subcontractors				55.1	71.7	(23.2%)
Total				126.3	160.7	(21.4%)
Backlog						
Array connect				13.0	22.4	(42.0%)
Leadframe				12.4	25.9	(52.1%)
Total				25.4	48.3	(47.4%)
Total headcount-fixed				1,182	1,141	3.6%
Total headcount-temporary				72	134	(46.3%)
Stock Price (High/Low Close)				3.86/1.55	5.20/3.11	n/m

[1] Excludes the following charges:	**2008**	**2007**
Restructuring charges	4,224	4,542
Impairment of goodwill	20,200	-
Write down of deferred tax assets	7,000	-
Gain on repurchase of convertible debt	(1,373)	-
Total charges	30,051	4,542

[2] Excluding gain on repurchase convertible

Letter to Shareholders

One Besi Organization - 2008 - 2007 SG&A Trend



Dear Shareholders,

Unprecedented turmoil and uncertainty in financial markets weakened the global economy and directly affected Besi's business in 2008. Commencing in the second half of the year, demand for our assembly equipment from both IDMs and subcontractors, declined significantly as many customers responded to the global economic crisis by delaying, foregoing or cancelling bookings until a clearer picture of the economy develops. As such, our orders declined by 49.5% as compared to the first half of the year and led to a net loss of € 3.9 million in the fourth quarter of 2008 prior to any restructuring charges and asset write-downs. Prior to the fourth quarter, we had managed to operate at roughly break even net income levels for 2008. As a result of deteriorating market conditions and uncertain industry prospects during the latter part of the fourth quarter, we wrote down the value of goodwill and deferred tax assets by € 27.2 million at year end. Such write-downs do not affect Besi's liquidity, cash flow from operations or debt covenants and in no way alter our constructive view of the future of the semiconductor equipment industry.

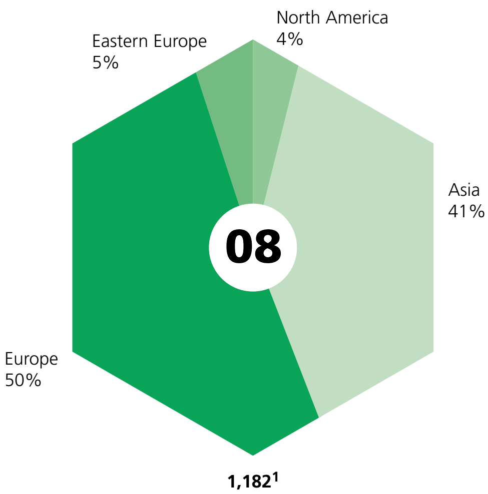
At present, we cannot predict the duration or severity of the current downturn and its effects on our results of operations and financial condition. However, by means of our Dragon restructuring program, we are actively seeking to reduce our structural costs to align with lower revenue levels anticipated for 2009. We also have a strong liquidity position to help us absorb near term anticipated losses until the market can recover from current depressed levels. In this regard, we ended the year with approximately € 46.9 million of cash in excess of our bank debt and capital leases. In addition, we generated cash flow from operations of € 23.4 million in 2008 versus € 0.6 million in 2007, which we utilized primarily to reduce indebtedness by approximately € 14 million and to fund the completion of and equipment for our Malaysian and Chinese production facilities.

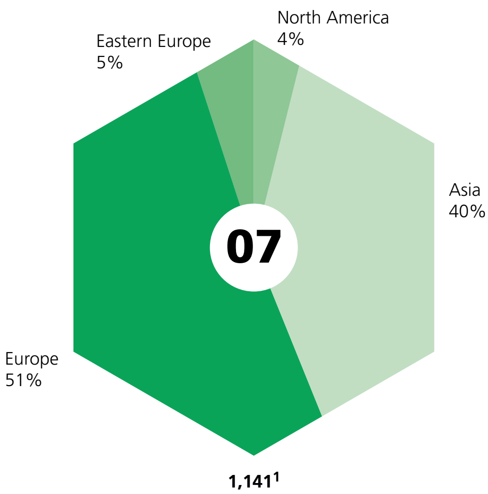
After the year under review, we signed an agreement to acquire the Esec business unit from OC Oerlikon Corporation AG. In combination with Besi's Datacon product portfolio, the addition of Esec will significantly expand our share of the die bonding system market, one of the most rapidly growing segments of the assembly equipment business. We anticipate closing the transaction in April and are actively at work on transition and integration plans to maximize potential synergies for the benefit of Besi shareholders.

Key Financial Highlights 2008:

- Revenues down 10.3% to € 149.4 million and net loss of € 4.1 million in 2008 versus € 1.8 million in 2007 before restructuring charges, asset write-downs, goodwill impairment and gain on retirement of debt
- Net loss of € 33.5 million in 2008 including all charges versus € 5.5 million in 2007
- Cash flow from operations increased to € 23.4 million in 2008 versus € 0.6 million in 2007
- Balance sheet improvement:
    - Total debt and lease obligations decreased € 9.9 million to € 61.6 million at year end 2008 versus 2007
    - Net cash and cash equivalents increased from € 3.3 million at at year end 2007 to € 12.4 million at year end 2008
- Solid liquidity position: € 46.9 million of cash in excess of bank borrowings and lease obligations at year end 2008

One Besi Organization - Headcount 2008/2007





[1]As per December 31, excluding temporary employees

Dragon Stategic Review

In November 2008, we reported to shareholders on the progress of our Dragon strategic plan and its key elements. As part of the strategic review, we retained a leading management consulting firm to help us further articulate and seek ways in which to accelerate our Dragon strategic plan.

To summarize, Besi's business strategy focuses principally on:

- expanding and leveraging our core assets: our leading edge technology position and strategic long term customer relationships,
- accelerating our revenue growth and market share by expanding the development of both system and non system products and opportunistically acquiring complementary products/companies,
- leveraging our "One-Besi" organizational concept to facilitate and accelerate both revenue development, cost reduction and process efficiency through a more streamlined and centralized corporate structure, and
- reducing our structural costs and overhead through the utilization of common system platforms, expansion of our Asian manufacturing and tooling operations and efficiencies to be derived from centralized management of our supply chain network.

Dragon II and 2009 Strategic Objectives

The Dragon strategic review led to the development of the second phase of our Dragon plan. Dragon II, announced in December 2008, involves a series of initiatives and actions focused on further improvements to the Company's strategic and market position, processes and structure as we seek to drive profit growth and improvements in working capital management through the One Besi organizational concept. Initial Dragon II initiatives and actions focus on cost savings in excess of € 15 million, all of which are expected to be achieved by 2010 principally through:

- 15% reduction of global fixed and temporary personnel in 2009,
- rationalization of Besi's Meco plating business unit and Datacon's Hungarian die bonding operations, and
- transfer of additional system and tooling production to Besi's Asian operations.

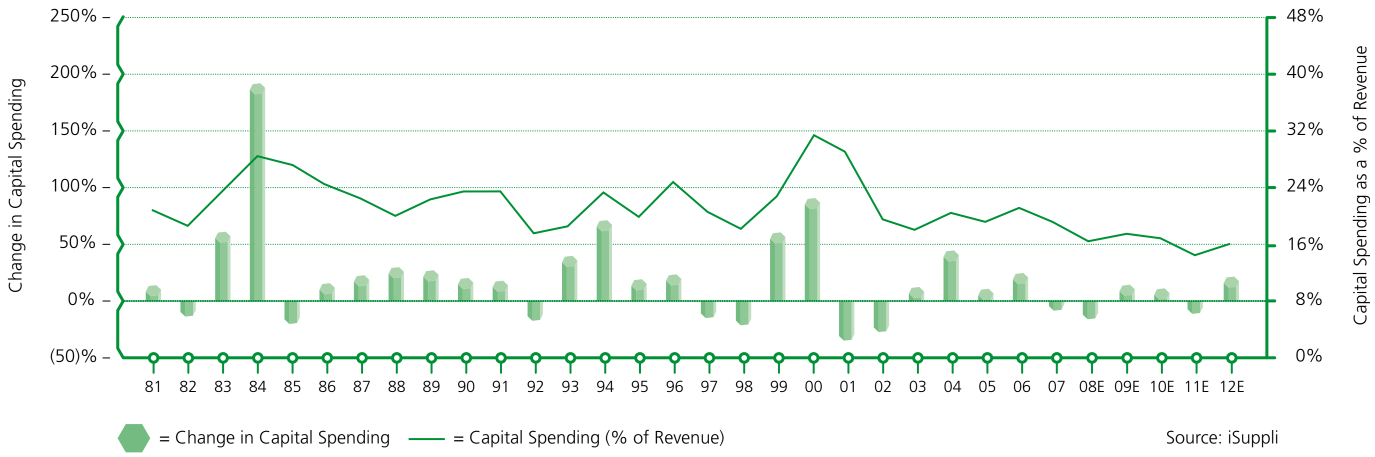
The Company is on target to achieve its planned headcount reduction and the restructuring of its Meco and Datacon operations by the second quarter of 2009.
Other key strategic objectives for 2009 include a comprehensive review of our global sales, service and development groups and the completion and commercial introduction of our next generation singulation platform.

Agreement to Acquire Esec

On January 25, 2009, Besi agreed to acquire the Esec business unit ("Esec") from OC Oerlikon Corporation AG. Esec is a leading global manufacturer of die bonding equipment for the semiconductor, telecommunications and smart card industries based in Cham, Switzerland. It also manufactures and services wire bonding systems from its Singapore assembly facility. Esec has an estimated installed base in excess of 9,000 systems at customer locations worldwide. Closing of the transaction is anticipated in April 2009 subject to certain customary closing conditions and regulatory approvals.

In combination with Besi's Datacon product portfolio, the addition of Esec will significantly expand our share of the die bonding system market, one of the most rapidly growing

Semiconductor Equipment Capital Spending Trends



Source: iSuppli

One Besi Organization - "One Company, One Philosophy"

segments of the assembly equipment business. It will expand Besi's market penetration of many key European, American and Asian global accounts including STMicroelectronics, STATS ChipPAC, Infineon, ASE, SPIL, UTAC and Fairchild. It will also significantly expand Besi's global installed base of equipment from which to increase its non system revenue growth.

The Company will develop and execute plans to realize synergies from the Esec acquisition by:

- utilizing Besi's Asian manufacturing operations and global supply chain network,
- integrating and coordinating research and development activities with Besi's Datacon die handling activities,
- leveraging the respective resources of the combined sales and customer support networks, and
- sharing and coordinating global IT and general and administrative functions.

Outlook 2009

Current analyst forecasts for the assembly equipment industry in 2009 vary significantly but all expect a substantial contraction in demand for semiconductors and related equipment in comparison to 2008. In response, we plan to continue and redouble our efforts to execute our Dragon strategy to lower structural costs in alignment with the industry contraction. We will also selectively consider acquisitions this year that have the potential to further strengthen our technology led strategy and leverage economies of scale through our One Besi concept. In addition, we have balance sheet strength and excess liquidity which should help us navigate the current industry environment.

The Company has indentified a number of risk factors that could affect our key operational objectives and outlook for 2009. Reference is made to page 44 of this Annual Report.

We would like to thank our customers, our shareholders, our employees, our partners and our suppliers for their continued support as we make significant changes to the organization to adjust to the current environment. Although we cannot predict when, there will be an industry upturn in the future. We will be there when it occurs, ready to capitalize on profitable expansion opportunities for the benefit of all our stakeholders.

Board of Management

Richard Blickman

Claus Lichtenberg

Helmut Rutterschmidt

February 18, 2009

Strategy

Our objective is to become the world's leading supplier of advanced semiconductor assembly equipment incorporating both array connect and leadframe process technologies and achieve best of breed industry benchmarks of profitability. In order to achieve our objectives, we seek to provide customers worldwide with advanced back-end assembly solutions of the highest technological quality and highest productivity at the lowest cost of ownership, leverage our position as a leading edge supplier and exploit opportunities in both niche and mainstream assembly equipment markets.

Our strategy focuses principally on:

- expanding and leveraging our core assets, our leading edge technology position and strategic long term customer relationships,
- accelerating our revenue growth and market share by expanding the development of both system and non system products and selectively acquiring complementary products/ companies,
- leveraging our "One-Besi" organizational concept to facilitate and accelerate both revenue development, cost reduction and process efficiency through a more streamlined and centralized corporate structure, and
- reducing our structural costs and overhead through the utilization of common system platforms, expansion of our Asian manufacturing and tooling operations and efficiencies to be derived from centralized management of our supply chain network.

1. Expand and Leverage Core Assets: Leading Edge Technology Position and Long-Term Customer Relationships

Expand Technology Leadership by Developing and Exploiting New Technologies

Our customers' success depends on our timely development of manufacturing processes and equipment to address changing requirements for semiconductor packaging. In the array connect market, we have introduced advanced molding systems, flip chip die bonders and singulation systems designed to address our customers' requirements for miniaturization and higher chip density and at lower overall cost. We have been involved in the development and production of chip scale ball grid array technology since the early 1990s and we are one of the leading suppliers of equipment used in chip scale ball grid array molding. Recently, we have expanded our product portfolio to include die bonding and flex antenna plating systems for Radio Frequency Identification Device ("RFID") applications and plating systems for thin-film solar cell applications. We believe that the development of the RFID and solar device markets have great potential to expand our equipment sales and market penetration over the next five years.

Focus on Strategic Long Term Customer Relationships

Our close relationships with our customers, many of which exceed forty years, provide us with valuable knowledge about semiconductor assembly requirements as well as new opportunities to develop assembly systems in conjunction with our customers. We believe that these relationships, combined with our position as a leading supplier of integrated assembly systems, provide us an important insight into future market trends as well as an opportunity to broaden the range of products we sell to these customers.

Leverage Leading Edge Technology to Drive Revenue Growth

We focus our technology efforts on the fastest growing, leading edge segments of the assembly equipment market which is consistent with our core competency and primary competitive advantage. Strategically, we enter such markets with leading edge technology and products appealing to the first movers of our industry. Upon commercial acceptance, we then seek to maximize the return on investment of our product portfolio through continued cost reduction so that our products appeal to a broader mainstream of customers and applications and have a longer product life cycle. We exit product markets when our technology becomes commoditized and returns on investment become unattractive. In such a way, we utilize our core competency to drive our revenue development and maximize the return on our technology investment.

2. Accelerate Revenue Growth and Market Share

Expand Opportunities to Generate Both System and Non System Product Revenue

One of the key components of our strategy is to increase both our addressable market as well as the market shares of our existing portfolio of assembly systems. Our strategy focuses on expanding our share of the premium market represented by leading edge independent device manufacturers ("IDMs") and other advanced industrial end users through new applications in the areas of RFID, Solar and LED and new package roadmaps for ultra thin power and memory devices. It also focuses on increasing Besi's position in the more mainstream assembly market represented by Asian IDMs and subcontractors by means of leveraging the Company's recent technology and cost reduction initiatives and expansion of its Asian manufacturing base.

In addition, Besi's Dragon II strategic review emphasized an increased focus on the development of greater "non-system" revenues from both sales of tooling and spares to our installed base of systems worldwide. Non system revenues represent a significant opportunity to increase a less cyclical component to the Company's revenue mix.

Maintain Global Sales and Service Presence
We maintain nine regional sales and service offices in Europe, the Asia Pacific region and the United States and have customers in each region. As part of our strategy, we intend to expand our customer base in critical global markets, particularly China, Taiwan and Japan. Given the globalization of the semiconductor industry, we believe that it is critical to maintain a significant presence in sales and after-market services in each geographic region in order to sustain close relationships with customers and generate new product sales.

Selectively Pursue Acquisitions
We believe that in order to provide customers with highly automated, state-of-the-art process solutions with optimal flexibility, it is critically important to identify and incorporate new technologies and processes on a timely basis. Towards that end, we intend to actively identify and evaluate acquisition candidates that could assist us in: (i) maintaining process technology leadership and increasing market share in those assembly markets with the greatest long-term potential, (ii) augmenting the development of less cyclical, "non-system" related revenues from tooling and spares and (iii) enhancing the productivity of our Asian manufacturing operations.

We have made two acquisitions over the past five years. In January 2002, we acquired our Laurier subsidiary in order to incorporate intelligent die sorting capabilities into our product portfolio. In January 2005, we acquired our Datacon subsidiary in order to extend our presence in the flip chip and die bonding equipment markets and to increase our scale and presence in the semiconductor assembly equipment market.

On January 25, 2009, Besi agreed to acquire the Esec business unit ("Esec") from OC Oerlikon Corporation AG. Esec is a leading global manufacturer of die bonding equipment for the semiconductor, telecommunications and smart card industries based in Cham, Switzerland. It also manufactures and services wire bonding systems from its Singapore assembly facility. The proposed acquisition will significantly expand the Company's share of the die bonding system market, one of the most rapidly growing segments of the assembly equipment business.

3. Implement "One-Besi" Corporate Organization and Dragon Strategic Restructuring

In the first quarter of 2007, the Board of Management agreed to fundamentally re-organize Besi's global operations and management structure in order to achieve industry benchmarks of profitability in the context of an increasingly competitive and global assembly equipment market. This initial strategic review was named Dragon I, of which the first phase was implemented during 2007/2008 and the second phase, Dragon II was announced in December 2008.

Dragon I Program
The Dragon I plan adopted the "One-Besi" concept to achieve an integrated and streamlined global organization structure under the Besi umbrella while maintaining the separate integrity and quality of its Datacon, Fico and Meco brands. The objective of Dragon I was to reduce structural costs, increase cash flow generation and facilitate the addition of incremental products, processes and acquisitions to the new One Besi corporate platform. Specific Dragon I actions involved the:

- reduction of European and North American headcount by 7%,
- achievement of cost savings of € 6 million in 2008,
- elimination of our decentralized holding company structure,
- containing seven autonomous entities and the formation of three principal business units,
- creation of a single management structure with key operating responsibilities centrally managed on a global basis,
- integration of all marketing, sales and customer support services,
- hiring of a COO to manage global manufacturing, procurement and infrastructure, and
- development of common platforms through which to produce more efficiently and compete more effectively in the market.

Dragon II Program
In 2008, Besi confirmed its Dragon strategic plan and embarked on the second phase of its strategic repositioning, Dragon II involves a series of initiatives and actions focused on further improvements to the Company's strategic and market position,

processes and structure. Initial Dragon II initiatives and actions focus on cost savings in excess of € 15 million, all of which are expected to be achieved by 2010 principally through:

- 15% reduction of global fixed and temporary personnel in 2009,
- rationalization of Besi's Meco plating business unit and Datacon's Hungarian die bonding operations, and
- transfer of additional system and tooling production to Besi's Asian operations.

The Company continues to explore and evaluate other opportunities to streamline its operations, improve organizational efficiency and further reduce structural costs in the current industry environment which should help position Besi favourably for expanded profitability in the next industry upturn.

4. Reduce Structural Costs and Overhead of Global Organization

Develop Common System Platforms

As part of our Dragon strategic review, we determined that it was essential to re-engineer some of our existing products in order to standardize design and production across our various assembly operations as a means of further reducing costs and cycle times. As part of the streamlining process, we have focused initially on the development of common parts and common system platforms by 2011 for our Datacon die bonding/die sorting systems and our Fico packaging equipment products. By means of adopting common parts and common system platforms for two versus five product platforms previously, we expect to (i) reduce the number of components and machine parts per system, (ii) reduce average component costs, (iii) greatly simplify design engineering, and (iv) reduce cycle times and warranty expenses. In this manner, we expect to achieve incremental labor cost, supply chain and working capital efficiencies.

Expand Asian Production Capabilities

In our efforts to improve profitability and enhance our competitive position, we have significantly restructured our manufacturing operations in recent years. Our production strategy focuses on the transfer over time of substantially all component sourcing, system manufacturing and tooling operations to our Asian facilities while maintaining product ownership and responsibility for new product development at our European operations. By such means, we aim to achieve further cost reductions, improvements in working capital management and employee productivity.

Toward this objective, we have significantly reduced our European and North American workforce, closed inefficient operations and begun the transfer of production and tooling capacity for our systems manufacturing to our Malaysian and Chinese facilities. Since 2005, we have increased the percentage of our systems produced in Asia from approximately 10% to 80% in 2008. In this regard, as part of the Dragon II strategic review, we decided to cease production of flip chip die bonding systems at our Gyor Hungary facility in 2009 and transfer all such production to our Malaysian facility.

We have invested approximately € 10 million since 2005 to expand our Asian production capacity to handle increased manufacturing requirements of which € 5 million was spent in 2008 to (i) construct and equip a new 44,000 sq.ft. Malaysian production facility consolidating three separate local operations and (ii) increase our tooling capacity in Malaysia and China as we continue to transfer production from Europe to those regions.

Centralize Global Supply Chain Network

As part of the corporate reorganization in 2007, Besi started to consolidate supply chain purchasing in a central organization to encourage efficiencies in global operations. As a result, Besi has significantly reduced its number of vendors and established joint purchasing to achieve fewer, but more standard common parts and component cost reduction across its three principal business units. The Dragon II program, announced in December 2008, further focuses on supply chain efficiencies, an increased sourcing of component parts and modules in Asia and efficiencies to be derived from the centralization of spares activities and inventory management.

Selected Consolidated Financial Data

(euro in thousands, except share and per share data)	Year Ended December 31, 2008 Excluding charges [(a)]	2007 Excluding charges [(a)]	2008	2007	Year Ended December 31, 2006	2005	2004 Including Datacon [(b)]
Consolidated Statement of Operations							
Revenue	149,399	166,471	149,399	166,471	191,191	164,262	194,323
Cost of sales	99,200	106,542	99,514	108,492	116,437	111,757	135,178
Gross profit	50,199	59,929	49,885	57,979	74,754	52,505	59,145
Selling, general and administrative expenses	37,920	40,081	41,755	41,567	43,439	41,059	44,218
Research and development expenses	15,998	20,985	16,073	21,312	18,217	12,421	18,231
Impairment intangible assets	-	-	20,200	779	-	-	-
Total operating expenses	53,918	61,066	78,028	63,658	61,656	53,480	62,449
Operating income (loss)	(3,719)	(1,137)	(28,143)	(5,679)	13,098	(975)	(3,304)
Other income	-	-	-	-	1,216	-	-
Financial income (expense), net	(1,876)	(2,270)	(503)	(2,270)	(3,094)	(3,174)	(579)
Income (loss) before taxes	(5,595)	(3,407)	(28,646)	(7,949)	11,220	(4,149)	(3,883)
Goodwill adjustment relating to deferred tax asset	-	-	-	-	2,300	-	-
Income taxes (benefit)	(1,457)	(1,657)	4,822	(2,453)	(1,879)	(1,798)	(1,251)
Net income (loss)	(4,138)	(1,750)	(33,468)	(5,496)	10,799	(2,351)	(2,632)
Attributable to:							
Equity holders of the parent	(4,246)	(1,854)	(33,576)	(5,600)	10,667	(2,392)	(2,568)
Minority interest	108	104	108	104	132	41	(64)
Net income (loss)	(4,138)	(1,750)	(33,468)	(5,496)	10,799	(2,351)	(2,632)
Income (loss) per share							
Basic	(0.13)	(0.05)	(1.09)	(0.17)	0.33	(0.07)	(0.08)
Diluted	(0.13)	(0.05)	(1.09)	(0.17)	0.31	(0.07)	(0.08)
Weighted average number of shares used to compute income (loss) per share							
Basic	30,740,487	32,168,570	30,740,487	32,168,570	32,760,572	32,710,934	32,709,309
Diluted	30,740,487	32,168,570	30,740,487	32,168,570	41,840,875	32,710,934	32,709,309

(euro in thousands, except share and per share data)	2008	2007	Year Ended December 31, 2006	2005	2004
Consolidated Balance Sheet Data					
Cash and cash equivalents	74,008	74,781	98,012	81,765	116,351
Working capital	98,227	125,921	142,276	129,305	142,833
Total assets	242,879	285,005	314,008	298,518	222,056
Total debt	61,624	71,514	80,028	75,485	11,435
Total equity	146,284	178,718	194,531	185,510	175,238
Consolidated Statement of Cash Flow Data					
Capital expenditures	7,519	4,036	2,695	6,418	3,427
Depreciation of property, plant and equipment	4,077	4,413	4,386	5,020	4,399
Net cash provided by (used in) operating activities	23,434	561	12,499	4,715	(4,603)
Net cash provided by (used in) investing activities	(10,365)	(4,185)	(1,120)	(73,679)	11,231
Net cash provided by (used in) financing activities	(14,065)	(19,030)	5,515	33,645	(8,060)
Net change in cash and cash equivalents	(773)	(23,231)	16,894	(35,319)	(1,432)

(a) Excludes the following charges:	2008	2007
Restructuring	4,224	4,542
Goodwill impairment	20,200	-
Write down of deferred tax assets	7,000	-
Gain on repurchase of convertible debt	(1,373)	-
Total charges	30,051	4,542

(b) On January 4, 2005, we completed the acquisition of Datacon Technology GmbH (formerly Datacon Technology AG), ("Datacon") for € 73.1 million which consisted of € 65.0 million in cash and 1,933,842 of our Ordinary Shares. In order to facilitate a meaningful comparison of our fiscal year 2005 - 2008 results, we have prepared unaudited comparative financial information for 2004 to incorporate the results of operations of Datacon as if the transaction had occurred on January 1, 2004. The 2004 adjustments include (a) the results of operations of Datacon prepared in accordance with IFRS as adopted by the EU, (b) the effects of the purchase accounting adjustments related to the acquisition of Datacon resulting in the amortization of intangibles of € 0.7 million in 2004 and (c) the elimination of interest income of € 1.4 million related to the € 68.4 million cash utilized to help fund the Datacon acquisition. The number of shares outstanding for the year ended December 31, 2004 including Datacon includes 1,933,842 of our Ordinary Shares issued in the Datacon acquisition.

Operating and Financial Review and Prospects

Overview

We design, develop, manufacture, market and service products for the semiconductor industry's back-end assembly operations. The Company is engaged in one line of business, the design, manufacture, marketing and servicing of assembly equipment for the semiconductor industry. Since the Company 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.

Our revenues 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 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. Historically, as demand for these devices has increased, semiconductor manufacturers have sought to increase their capacity by increasing the number of wafer fabrication facilities and equipment production lines, and installing equipment that incorporates new technology to increase the number of devices and the amount of computing power per device. As demand has increased, semiconductor prices have also typically risen. Conversely, if the additional capacity outstrips the demand for semiconductor devices, manufacturers historically cancel or defer additional equipment purchases. Under such circumstances, semiconductor prices typically fall.

Capital expenditures of our customers 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 economic downturns at various times. These downturns have involved periods of production overcapacity, oversupply, reduced prices and lower revenues, and have regularly been associated with substantial reductions in capital expenditures for semiconductor facilities and equipment. 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 effect on our revenues, results of operations and backlog. Industry downturns can be severe and protracted and could continue to adversely affect our revenues, results of operations and backlog. Our results of operations historically have fluctuated significantly both on an annual and quarterly basis depending on overall levels of semiconductor demand globally and the specific production requirements of our principal customers.

At present, unprecedented turmoil and uncertainty in financial markets has dramatically weakened the global economy and has directly affected Besi's business. Commencing in the second half of 2008, demand for our assembly equipment declined significantly from both IDMs and subcontractors as many customers have responded to the global economic crisis by delaying, foregoing or cancelling bookings until a clearer picture of the economy develops. As such, our orders declined by 49.5% as compared to the first half of the year and led to a net loss of € 3.9 million in the fourth quarter of 2008 prior to any restructuring charges and asset write-downs. Prior to the fourth quarter, we had managed to operate at roughly break even net income levels for 2008. As a result of deteriorating market conditions and uncertain industry prospects during the latter part of the fourth quarter, we wrote down the value of goodwill and deferred tax assets by € 27.2 million at year end.

At present, we cannot predict the duration or severity of the current downturn on our results of operations and financial condition. However, by means of our Dragon restructuring program, we are actively seeking to reduce our structural costs to align with lower revenue levels anticipated for 2009. In addition, we had approximately € 46.9 million of cash in excess of our bank debt and capital leases outstanding at December 31, 2008 which should help us absorb near term anticipated losses until the market can recover from current depressed levels.

Our revenues are generated primarily by shipments to the Asian manufacturing operations of leading European and American semiconductor manufacturers and Taiwanese, Chinese, Korean and other Asian manufacturers and subcontractors. We face competition on a worldwide basis from established companies based in Japan and various other Pacific Rim countries, Europe and the United States. Most of our principal competitors in our packaging equipment operations are Japanese, which historically have dominated the Japanese market, because Japanese semiconductor manufacturers typically purchase equipment from domestic suppliers.

Our sales to specific customers tend to vary significantly from

year to year depending on our customers' capital expenditure budgets, new product introductions, production capacity and packaging requirements. For the year ended December 31, 2008, one customer accounted for 7% of our revenues and our three largest customers accounted for approximately 19% of our revenues. In addition, we derive a substantial portion of our revenues from products that have an average selling price in excess of € 300,000 and that have significant lead times between the initial order and delivery of the product. The timing and recognition of revenues from customer orders can cause significant fluctuations in operating results from quarter to quarter.

Accounting Presentation

Since our initial public offering in December 1995, Besi has presented its Consolidated Financial Statements in accordance with United States Generally Accepted Accounting Principles ("US GAAP"). Beginning in 2005, the European Commission required companies listed on a European stock market to publish their financial statements in accordance with International Financial Reporting Standards, or IFRS. Accordingly, we have published our Consolidated Financial Statements in accordance with IFRS as adopted by the EU since its formal requirement for adoption by the European Union.

Our discussion and analysis of our financial condition and results of operations are based upon our Consolidated Financial Statements, which are included elsewhere in this Annual Report and which have been prepared in accordance with IFRS as adopted by the EU. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Areas where significant judgements are made include, but are not limited to, revenue recognition, inventories, long-lived assets and goodwill and intangible assets. Actual results could differ materially from these estimates. For a more detailed discussion of our accounting principles, please see "Notes to the Consolidated Financial Statements – Summary of Significant Accounting Principles" elsewhere in this Annual Report.

Dragon Strategic Review and Restructuring Program

In the first quarter of 2007, the Board of Management agreed to fundamentally re-organize Besi's global operations and management structure in order to achieve industry benchmarks of profitability in the context of an increasingly competitive and global assembly equipment market. This initial strategic review was named Dragon I, of which the first phase was implemented during 2007/2008 and the second phase, Dragon II was announced in December 2008.

2007 Dragon I Organizational Restructuring

In June 2007, we announced a significant restructuring of our management and corporate structure in order to position Besi for future growth and profitability. The Dragon I restructuring plan principally involved: i) the integration of Besi's Laurier subsidiary, located in Londonderry, New Hampshire, USA, with Besi's Datacon subsidiary located in Radfeld, Austria, ii) the consolidation of all Besi's packaging equipment product activities and iii) the consolidation and integration of all sales and customer support services for die bonding, die sorting and packaging equipment products in one global organization. We believe that the operational restructuring generated annual pre-tax cost savings of approximately € 6 million in 2008.

As a result of the restructuring, we reduced our worldwide fixed headcount by 83 people, or 7% as compared to the total at March 31, 2007. Besi recorded restructuring charges of € 4.5 million in 2007, of which (i) € 2.8 million related to severance and social charges involved in the proposed workforce reduction as well as lease termination costs and legal/advisory fees in connection with the restructuring, (ii) approximately € 0.9 million related primarily to the write-off of inventory in connection with the common platform initiative at Fico Netherlands and Fico Asia and the transfer of inventory and production activities between Datacon and Laurier and (iii) approximately € 0.8 million related to the write-off of patents and trademarks at Laurier in connection with an evaluation of its product portfolio. The remaining balance of the restructuring reserve was € 0.6 million at December 31, 2007, all of which was utilized in 2008.

2008 Dragon II Organizational Restructuring

In 2008, Besi confirmed its Dragon strategic plan and embarked on the second phase of its strategic repositioning, Dragon II involves a series of initiatives and actions focused on further improvements to the Company's strategic and market position, processes and structure. Initial Dragon II initiatives and actions focus on cost savings in excess of € 15 million, all of which are expected to be achieved by 2010 principally through:

- 15% reduction of global fixed and temporary personnel in 2009
- Rationalization of Besi's Meco plating business unit and Datacon's Hungarian die bonding operations and
- Transfer of additional system and tooling production to Besi's Asian operations.

We anticipate that restructuring charges associated with the 2008 Dragon II plan will not exceed approximately € 6 million of which approximately € 4.2 million was recorded in the second half of 2008. The balance is expected to be incurred during the first half of 2009. Of the total anticipated charges, we estimate that approximately € 3 million relates to severance and social charges involved in the proposed workforce reduction and the balance relates to consulting, legal and other costs to be incurred in connection with the restructuring.

Intangible Asset Impairment and Valuation Allowance for Deferred Tax Assets

As a result of deteriorating market conditions and uncertain industry prospects during the latter part of the fourth quarter, Besi recorded non cash charges of € 27.2 million of which € 20.2 million related to the write-down to fair value of goodwill at December 31, 2008 and € 7.0 million related to the write-down of deferred tax assets associated with our Dutch subsidiaries. Of the goodwill write-down, € 19.7 million was associated with the January 2005 acquisition of Datacon and € 0.5 million was associated with Fico's acquisition of its singulation system product line. Such write-downs will not affect Besi's liquidity, cash flow from operations or debt covenants nor have any impact on its future operations. Further, these write-downs relate to current market realities and in no way alter our constructive view of the future of the semiconductor equipment industry.

Agreement to Acquire Esec

On January 25, 2009, Besi agreed to acquire the Esec business unit ("Esec") from OC Oerlikon Corporation AG. Esec is a leading global manufacturer of die bonding equipment for the semiconductor, telecommunications and smart card industries based in Cham, Switzerland. It also manufactures and services wire bonding systems from its Singapore assembly facility.

Closing of the transaction is anticipated in April 2009 subject to certain customary closing conditions and regulatory approvals. The purchase price of the transaction and other terms and conditions of the agreement were not disclosed based on a confidentiality agreement between the parties. In order to complete the transaction, Besi does not require additional debt financing and will incur share dilution of approximately 8%. In addition, we do not believe that our earnings per share for 2009 nor our financial condition will be adversely affected as a result of the transaction.

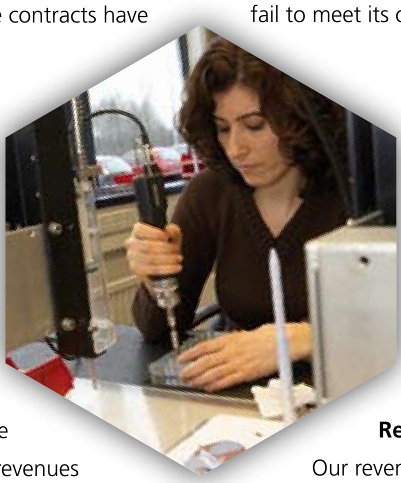
Quantitative and Qualitative Disclosures about Market Risk

We are exposed to market risks which may adversely affect our results of operations and financial condition.

Foreign Currency Exchange Rate Risk

As a consequence of the global nature of our businesses, our 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 us to adjust our 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 our international business into euro affects year-over-year comparability. We historically have not hedged translation risks, because cash flows from international operations have generally been reinvested locally. We estimate that a 10% year-over-year change in the exchange rate of the euro versus the US dollar or US dollar-linked currencies would affect our reported net income in 2008 by approximately € 0.9 million. The current outstanding forward exchange contracts have been included in this calculation.

Our currency risk exposure primarily occurs because we generate a portion of our revenues in currencies other than the euro while the major share of the corresponding cost of revenues is incurred in euro. The percentage of our consolidated revenues which was denominated in euro amounted to approximately 50% of total revenues in the year ended December 31, 2008, whereas revenues represented by US dollars or US dollar-linked currencies amounted to approximately 50%. Approximately 65% of our costs and expenses were denominated in euro and the remaining 35% in various currencies, principally the US dollar and US dollar-linked currencies. In order to mitigate the impact of currency exchange rate fluctuations, we continually assess our remaining exposure to currency risks and hedge such risks by means of using derivative financial instruments. The principal derivative financial instruments currently used by us to cover foreign currency exposures are forward foreign currency exchange contracts that qualify for hedge accounting.



Interest Rate Risk

Our 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 affect our results of operations over the next fiscal year by approximately € 0.3 million, net of tax.

Customer Relationships

Historically, a limited number of our customers has accounted for a significant percentage of our revenues. In 2008, our three largest customers accounted for approximately 19% of our revenues, with the largest customer accounting for approximately 7% of our revenues. We anticipate that our results of operations in any given period will continue to depend to a significant extent upon revenues from a small number of customers.

Credit Risk

Management has a credit policy in place and monitors exposure to credit risk on an ongoing basis. Credit evaluations are performed on all customers requiring credit over specified thresholds. Transactions involving derivative financial instruments are with counterparties that have high credit ratings. Currently the Company does not expect any counterparty to fail to meet its obligations.

Tax Risk

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

2008 Compared to 2007

Revenues

Our revenues consist of sales of die sorting systems, or die sorting equipment, flip chip and multi-chip die bonding systems, or die bonding equipment, molding, trim and form integration and singulation systems, or packaging equipment, and conventional leadframe, flex antenna plating and thin film solar cell plating systems, or plating equipment.

As a result of the Datacon acquisition, we changed our presentation of revenue, orders, backlog and gross margins to better reflect our business strategy and to better communicate the development of our operations. We present this information as per assembly process and end-use customer application as opposed to a disclosure by individual product as per the tables below.

In the array connect category, we include:

- Flip chip and multi-chip die bonding systems and die sorting systems made by Datacon in Malaysia, Austria and Hungary.
- Singulation, laser cutting and certain molding systems made

by Fico in Malaysia and the Netherlands.
- Flex antenna plating and die bonding systems made respectively by Meco in the Netherlands and Datacon in Austria for RFID applications.
- Thin film solar cell plating systems made by Meco in the Netherlands.

In the leadframe category, we include:
- Conventional molding and trim form systems made by Fico in the Netherlands, Malaysia and China and sales of tooling related thereto.
- Leadframe plating equipment made by Meco in the Netherlands.

Our revenues decreased from € 166.5 million in 2007 to € 149.4 million in 2008, a decrease of 10.3%. Revenue contraction accelerated in the second half of 2008 due to rapidly deteriorating global economic conditions and its associated impact on the semiconductor industry and its suppliers. Demand for our assembly equipment declined significantly from both IDMs and subcontractors as many customers have responded to the global economic crisis by delaying, foregoing or cancelling bookings until a clearer picture of the economy develops. In comparison to 2007, our revenue and order development for the first nine months of 2008 was also adversely affected by a 11.6% decline of the US dollar versus the euro which caused in certain instances a loss of orders due to pricing considerations. The US dollar rebounded strongly in the fourth quarter of 2008 versus the euro, but such recovery was too late to benefit our revenue development and was associated with a substantial and rapid deterioration of global economic conditions.

More specifically, the year-over-year revenue decrease was due primarily to a € 20.5 million, (16.9%) decline in equipment sales for more advanced array connect applications, principally packaging and die bonding systems reflecting a general retrenchment in spending by IDMs and Asian subcontractors for new process technologies. In contrast, revenue from leadframe applications increased by € 3.4 million (7.6%) due to higher sales of packaging equipment.

Backlog

We include in backlog only those orders for which we have received a completed purchase order. Such orders are subject to cancellation by the customer with payment of a negotiated charge. Because of the possibility of customer changes in delivery schedules, cancellation of orders and potential delays in product shipments, our backlog as of any particular date may not be representative of actual sales for any succeeding period.

Backlog declined from € 48.3 million at December 31, 2007, to € 25.4 million at December 31, 2008. Orders for array connect and leadframe applications represented approximately 51% and 49%, respectively, of backlog at December 31, 2008. The book-to-bill ratio was 0.85 for 2008 as compared to 0.97 for 2007.

New orders in 2008 totaled € 126.3 million, a decrease of € 34.4 million, or 21.4%, as compared to 2007. Order contraction in 2008 resulted from decreased demand for our assembly equipment by IDMs and subcontractors (down 20.0% and 23.2%, respectively) for both array connect and leadframe applications (down by 12.8% and 37.6%, respectively). A decline in orders in 2008 was experienced by each product in our assembly equipment portfolio. The pattern of quarterly orders in 2008 fluctuated as is characteristic of the cyclical industry in which Besi participates. In 2008, orders increased through the second quarter but declined significantly in the second half of the year (down 49.5% as compared to the first half of 2008) as global economic conditions deteriorated rapidly.

Gross Profit

Cost of sales includes materials, purchased components and subassemblies from subcontractors, direct labor and manufacturing overhead. It also includes costs related to the pre-production and customization of new equipment for a customer once a product has advanced beyond the prototype stage. Changes in cost of sales typically lag changes in revenue due to our manufacturing lead times. Furthermore, if applicable, cost of sales includes (i) restructuring charges for severance and other benefit payments associated with a reduction in workforce and (ii) amortization of certain intangible assets.

Our revenues per end-use customer process application for the years ended December 31, 2008 and 2007, respectively, were as follows:

(euro in millions)				Year Ended December 31,	% Change
	2008	% total	2007	% total	2008/2007
Array Connect	101.0	68%	121.5	73%	(16.9%)
Leadframe	48.4	32%	45.0	27%	7.6%
Total revenues	149.4	100%	166.5	100%	(10.3%)

Our gross profit per end-use customer application and as a percentage of revenues for the years ended December 31, 2008 and 2007, respectively, were as follows:

(euro in millions)				Year Ended December 31,	Margin Change
		2008		2007	2008/2007[1]
		% revenues		% revenues	
Array Connect	35.3	35.0%	44.7	36.8%	(1.8%)
Leadframe	16.2	33.5%	16.9	37.6%	(4.1%)
Subtotal	51.5	34.5%	61.6	37.0%	(2.5%)
Amortization of intangible assets	(1,3)	(0.9%)	(1.6)	(1.0%)	0.1%
Restructuring charges	(0.3)	(0.2%)	(2.0)	(1.2%)	1.0%
Gross profit	49.9	33.4%	58.0	34.8%	(1.4%)

[1] Change in absolute percentage points

Gross profit decreased by 14.0% from € 58.0 million in 2007 to € 49.9 million in 2008. In 2008, cost of sales included restructuring charges of € 0.3 million for the termination of fixed and temporary production personnel in connection with the Dragon II strategic plan. In 2007, cost of sales included restructuring charges of € 2.0 million for the termination of production personnel and inventory write-offs.

Besi's gross margin before restructuring charges and the amortization and impairment of intangible assets decreased from 37.0% in 2007 to 34.5% in 2008. The gross margin decline was primarily due to (i) a significant decrease in equipment sales for array connect applications, (ii) adverse movements in the relationship of the euro versus the US dollar for the first nine months of 2008 and (iii) a significant decrease in gross margins, realized for packaging and plating systems due to lower revenue levels and the write off in the fourth quarter of € 1.6 million of trim and form Brightline inventory and a plating system order. The decline in gross margins realized in 2008 was partially offset by an improvement in die bonding system gross margins due to a favourable product mix of IDM versus subcontractor customer orders.

Selling, General and Administrative Expenses

Selling, general and administrative expenses consist of expenses related to sales of products and services, admini-

Detail of our selling, general and administrative expenses for the years ended December 31, 2008 and 2007, respectively, follows:

(euro in millions)				Year Ended December 31,	% Change
		2008		2007	2008/2007
		% revenues		% revenues	
Selling, general and administrative expenses	37.5	25.1%	39.6	23.8%	(5.3%)
Restructuring charges	3.8	2.5%	1.5	0.9%	n/m
Amortization of intangible assets	0.5	0.3%	0.5	0.3%	-
Total selling, general and administrative expenses	41.8	28.0%	41.6	25.0%	0.5%

strative and other corporate-level expenses not related to the production of products and all expenses associated with ongoing customer support. Furthermore, if applicable, selling, general and administrative expenses include (i) restructuring charges for severance and other benefit payments associated with a reduction in workforce and (ii) amortization of certain intangible assets.

Total selling, general and administrative expenses in 2008 were € 41.8 million and represented 28.0% of revenues compared to € 41.6 million or 25.0% of revenues in 2007. We recorded € 3.8 million of charges in 2008 related to management consulting, legal and other costs related to Dragon II as well as severance and social charges involved in the proposed workforce reduction. In 2007, we recorded € 1.5 million of charges related to the termination of personnel in the restructuring of our global sales/service activities and certain legal and advisory costs.

Excluding restructuring charges and the amortization of intangible assets, such expenses decreased by € 2.1 million or 5.3% in 2008 versus 2007 and represented 25.1% of revenues in 2008 versus 23.8% in 2007. The decrease in selling, general and administrative expenses in 2008 (excluding restructuring charges and the amortization of intangible assets) was primarily due to the benefits of Besi's Dragon I program as well as less temporary help employed during the year and lower warranty costs. In the third quarter of 2008, Besi sold its former Fico Tooling BV facility in Brunssum, the Netherlands, for € 0.5 million in cash to a private investor. The sale of the 16,000 square foot facility resulted in a one-time pre tax gain of € 0.4 million.

Research and Development Expenses

Research and development spending varies from year-to-year depending on our new product development cycles. As research and development expenses do not include pre-production and customization costs, which are included in cost of sales, our research and development expenses decrease as products move from prototype development to production and final customer acceptance.

Expenditures for development activities whereby research findings are applied to a plan or design for the production of new or substantially improved products or processes are capitalized if the product or process is technically and commercially feasible and we have sufficient resources to complete development. Expenditures capitalized include the cost of materials, direct labour and appropriate proportion of overheads.

Set forth below is detail of the Company's research and development activities for the years ended December 31, 2008 and 2007, respectively:

(euro in millions)				Year Ended December 31,	% Change
		2008		2007	2008/2007
		% revenues		% revenues	
Research and development expenses	18.2	12.2%	19.2	11.5%	(5.2%)
Capitalization of development costs	(3.5)	(2.3%)	(0.3)	(0.2%)	n/m
Amortization of development costs	1.3	0.8%	2.1	1.3%	(38.1%)
Restructuring charges	0.1	0.1%	0.3	0.2%	(66.7%)
Research and development expenses, net	16.1	10.8%	21.3	12.8%	(24.4%)

If applicable, our research and development expenses also include: (i) restructuring charges for severance and other benefit payments associated with a reduction in workforce and (ii) amortization of capitalized development costs.

Our research and development expenses decreased by 24.4% from € 21.3 million in 2007 to € 16.1 million in 2008, primarily as a result of a significant increase in capitalized development costs related to common platform development and new product applications as well as increased R&D government subsidies. As a percentage of revenues, research and development expenses were 10.8% and 12.8% in 2008 and 2007, respectively. Excluding restructuring charges, the capitalization of development costs, (net of related amortization), research and development expenses ("adjusted research and development expenses") decreased by € 1.0 million, or 5.2% in 2008 versus 2007.

Restructuring Charges

2007

In June 2007, we announced a significant restructuring of our management and corporate structure. In connection with the restructuring, we reduced our worldwide fixed headcount by 83 people, or 7% as compared to the total at March 31, 2007. Besi recorded restructuring charges of € 4.5 million in 2007, of which (i) € 2.6 million related to severance and social charges involved in the proposed workforce reduction as well as lease termination costs and legal/advisory fees in connection with the restructuring, (ii) approximately € 1.1 million related primarily to the write-off of inventory in connection with the common platform initiative at Fico Netherlands and Fico Asia and the transfer of inventory and production activities between Datacon and Laurier and (iii) approximately € 0.8 million related to the write-off of patents and trademarks at Laurier in connection with an evaluation of its product portfolio. The remaining balance of the restructuring reserve was € 0.6 million at December 31, 2007, all of which was utilized in 2008.

2008

In November 2008, Besi confirmed its Dragon strategic plan and embarked on the second phase of its strategic repositioning ("Dragon II"). The initial Dragon II initiatives and actions include, among others a 15% reduction of global fixed and temporary personnel (approximately 200 people), a rationalization of Besi's Meco plating business unit and the transfer of die bonding production from its Hungarian to its Malaysian manufacturing operations. We expect to achieve cost savings in excess of € 15 million, all of which are expected to be achieved by 2010. Besi anticipates that restructuring charges associated with the 2008 Dragon II plan will not exceed approximately € 6 million of which € 4.2 million was recorded in the second half of 2008. The balance is expected to be incurred during the first half of 2009. Of the total anticipated charges, we estimate that approximately € 3 million relates to severance and social charges involved in the proposed workforce reduction and the balance relates to consulting, legal and other costs to be incurred in connection with the restructuring.

Impairment of Intangible Assets

Besi annually tests the value of its goodwill and other intangible assets on its balance sheet according to IFRS. As a result of its review this year, Besi recorded a non cash charge of € 20.2 million related to the write-down to fair value of goodwill at December 31, 2008 of which € 19.7 million was associated with the January 2005 acquisition of Datacon and € 0.5 million was associated with Fico's acquisition of its singulation system

Restructuring charges (credits) are recognized in the following line items in our consolidated statement of operations:

(euro in thousands)	2008	2007
Cost of sales	314	1,950
Selling, general and administrative expenses	3,835	1,486
Research and development expenses	75	327
Impairment of intangible assets	-	779
Total	4,224	4,542

Changes in the restructuring reserve in the periods 2008 and 2007 were as follows:

(euro in thousands)	2008	2007
Balance at January 1,	553	35
Additions (releases)	2,461	1,862
Cash payments	(553)	(1,308)
Foreign currency translation	-	(36)
Balance at December 31,	2,461	553

The restructuring reserve only relates to severance payments in connection with the termination of headcount.

product line. There was no tax effect as a result of the goodwill impairment charge.

Operating Income (Loss)

We incurred an operating loss of € 28.1 million in 2008 as compared to an operating loss of € 5.7 million in 2007. Our operating losses in 2008 and 2007 reflected restructuring charges of € 4.2 million and € 4.5 million, respectively, related to the ongoing Dragon organizational restructuring. In addition, operating losses in 2008 reflected an impairment charge of € 20.2 million resulting from the write-down of goodwill. Excluding restructuring and impairment charges, Besi's operating loss in 2008 was € 3.7 million as compared to € 1.1 million in 2007 as cost cutting measures and efficiencies resulting from the Dragon program and lower development spending could not offset a € 17 million (10.3%) decline in revenue and lower gross margins related thereto and the adverse development of the euro versus the US dollar. Our fixed and temporary headcount decreased by 21 people, or 1.6% in 2008 as compared to 2007 but does not reflect the full impact of the 15% workforce reduction announced in December 2008 as part of the Dragon II plan.

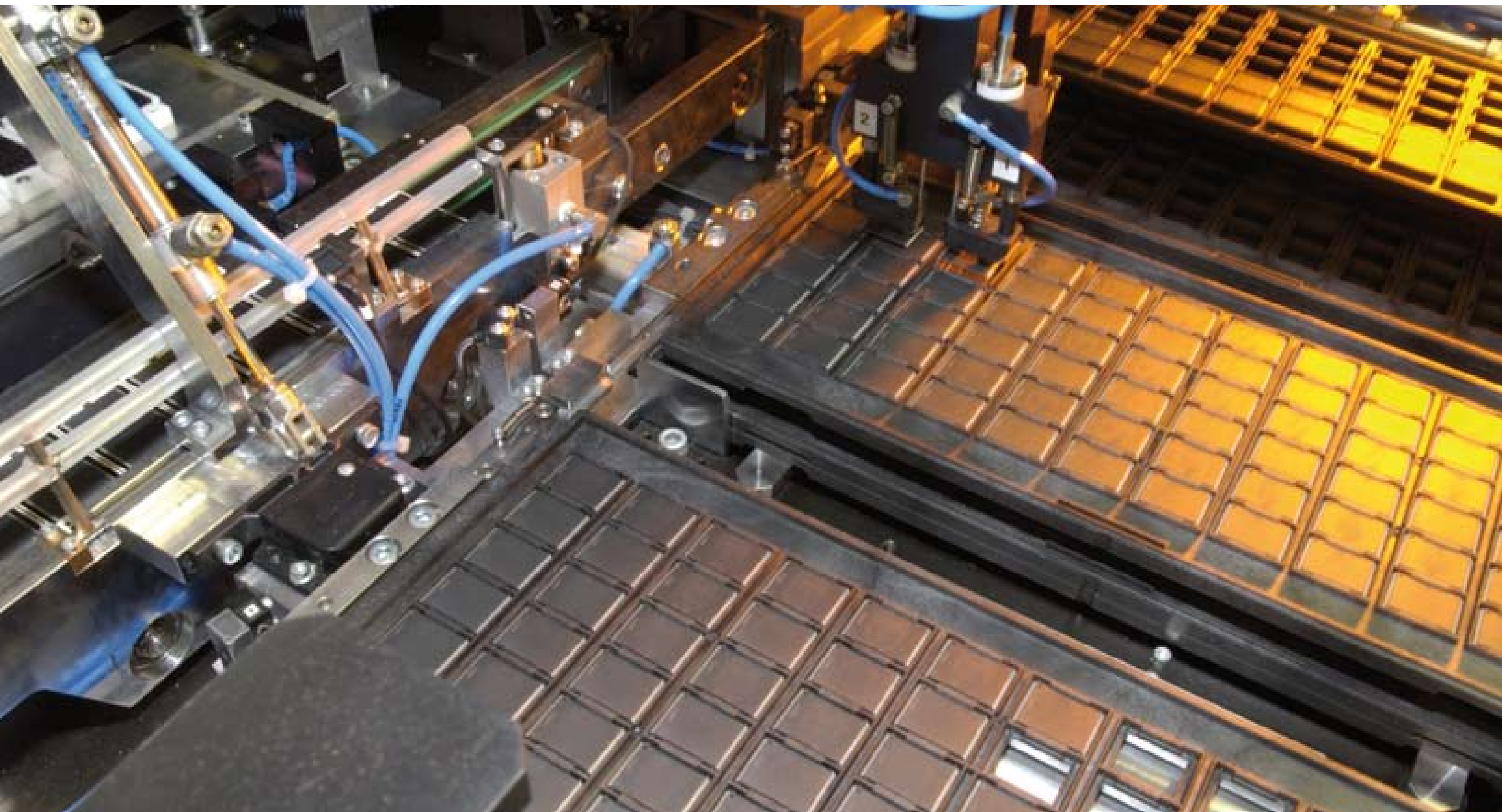
We incur annual patent and other identifiable asset amortization charges related to the acquisitions of various product lines and our capitalization of certain development costs. Such charges were € 3.1 million in 2008 as compared to € 5.0 million in 2007.

Financial Income (Expense), Net

The components of our financial income (expense), net for the years ended December 31, 2008 and 2007, respectively, were as follows:

Our financial expense, net decreased from € 2.3 million in 2007 to € 0.5 million in 2008 due primarily to a one-time gain of € 1.4 million from the retirement of € 9.7 million principal amount of our 5.5% Convertible Notes at a discount as well as € 0.4 million representing an interest credit received from the Dutch government in resolution of prior tax claims.

(euro in millions)	Year Ended December 31,		% Change
	2008	2007	2008/2007
Interest income	2.5	3.8	(34.2%)
Interest expense	(4.1)	(5.9)	30.5%
Interest expense, net	(1.6)	(2.1)	23.8%
Foreign exchange gains (losses), net	(0.3)	(0.2)	(50%)
Gain on repurchase convertible	1.4	-	n/m
Financial income (expense), net	(0.5)	(2.3)	78.3%



Income Taxes (Benefit)

In spite of net losses in 2008, we recorded income tax expense of € 4.8 million in 2008 due to the write-off at December 31, 2008 of € 7.0 million of certain deferred tax assets of our Dutch subsidiaries as a result of current market conditions and prospects for our assembly equipment markets.

As a result of our pre-tax losses, we recorded a net tax benefit of € 2.5 million in 2007 (net of a goodwill adjustment relating to deferred tax assets). The effective tax rate was (16.8%) in 2008 and 30.9% in 2007.

Net Loss

Our net losses for 2008 and 2007 were € 33.5 million and € 5.5 million, respectively. Set forth below is a table presenting our reported net income for 2008 and 2007 and as adjusted for special charges/income incurred during each respective period.

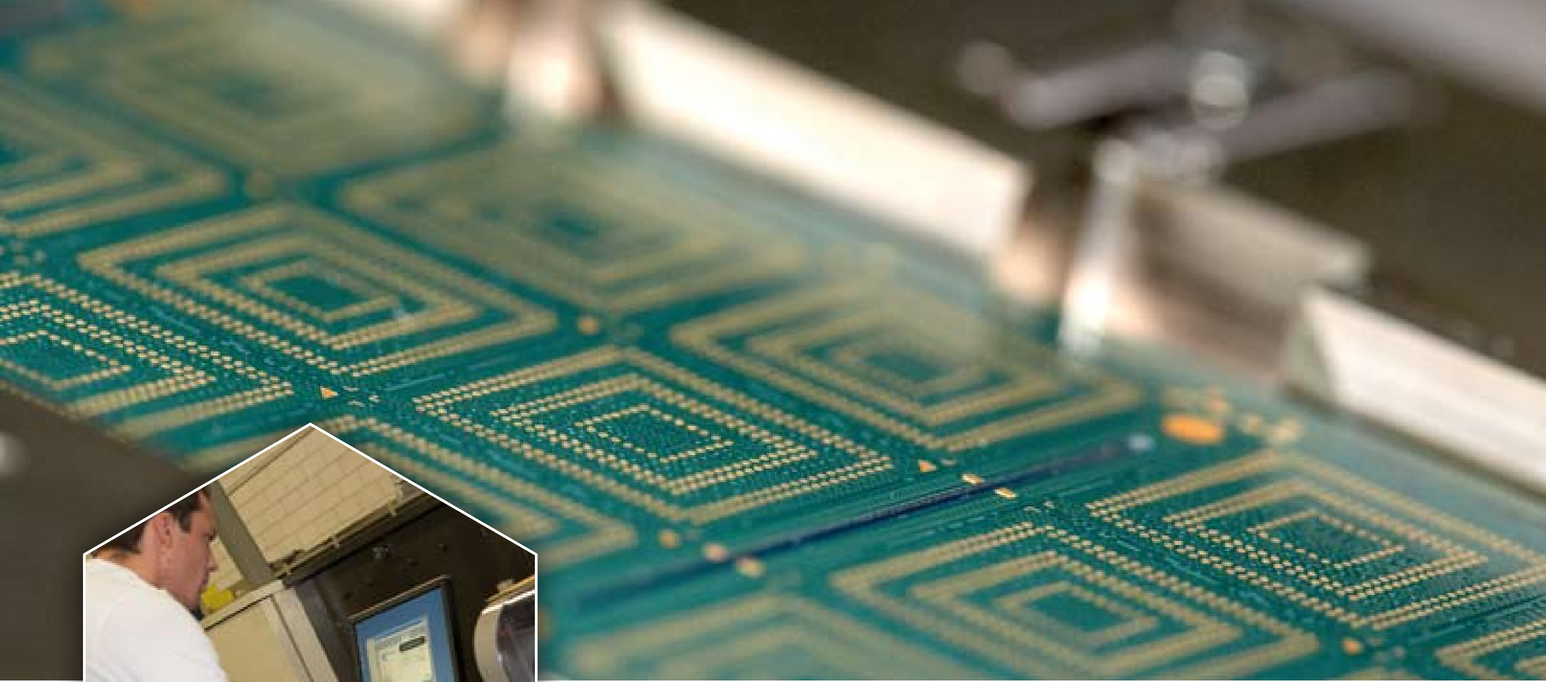
(euro in thousands)	2008	2007
Net loss as reported	33.5	5.5
Restructuring charges	(4.2)	(4.5)
Goodwill impairment	(20.2)	-
Write down of deferred tax assets	(7.0)	-
Gain on extinguishment of debt, net	1.4	-
Tax effects	0.6	0.8
Net loss, as adjusted	4.1	1.8

As compared to 2007, our adjusted net loss in 2008 increased due to lower revenues and lower gross margins which were partially offset by lower operating expenses and financial expense, net.

Liquidity and Capital Resources

We had € 74.0 million and € 74.8 million in cash and cash equivalents at December 31, 2008 and December 31, 2007, respectively. At December 31, 2008, our total debt and capital lease obligations totaled € 61.6.million as compared to € 71.5 million at December 31, 2007. As a result, our net cash and cash equivalents increased from € 3.3 million at December 31, 2007 to € 12.4 million at December 31, 2008. At year end 2008, Besi had € 46.9 million of cash and cash equivalents in excess of its bank borrowings and capital lease obligations outstanding.

In general, we fund our operations through cash generated from operations and, in some instances, fund the operations of our subsidiaries through intercompany loans. Furthermore, to meet local financing needs, our subsidiaries maintain lines of credit with various local commercial banks. The credit lines for our Dutch subsidiaries are on a stand-alone basis, without recourse to the parent company and are currently unsecured, except for pledges on the accounts of these subsidiaries with the banks that provide the facilities and a positive/negative pledge agreement related to assets. The principal restrictive covenant contained in each Dutch line of credit is a solvency ratio, which generally is based on a ratio of each subsidiary's equity to its assets. Consistent with past practice, our Datacon subsidiary utilizes short-term bank lines of credit, long-term loans and government-granted loans for export and research and development activities.



At December 31, 2008, Besi and its subsidiaries had available lines of credit aggregating € 24.3 million, under which € 12.4 million of borrowings were outstanding. Amounts available to be drawn under the lines were further reduced by € 0.6 million in outstanding bank guarantees. Interest is charged at the banks' base lending rates or Euribor plus an increment between 0.30% and 1.0%. All our credit facility agreements include covenants requiring us to maintain certain financial ratios. Besi and all of its applicable subsidiaries were in compliance with all loan covenants at December 31, 2008, or received no default notice.
On January 12, 2006, we replaced a € 7.5 million line of credit at Fico with a new line of credit of € 5.0 million and a loan of € 6.0 million with an interest rate of 4.08% and maturity date of January 1, 2009. In July 2006, Meco replaced its existing credit line of € 6.0 million with a new € 3.0 million credit line and a € 5.0 million three-year term loan of which € 2.0 million carries an interest rate of 4.63% and € 3.0 million carries an interest rate of 4.72%. Both the Fico and Meco credit and loan arrangements are on a stand-alone basis without recourse to the parent company.

At January 19, 2007, Fico Asia Sdn. Bhd. signed a credit agreement, on a stand-alone basis, consisting of (i) a five-year term loan amounting to MYR 6 million (€ 1.3 million) with an interest rate of 5.25% per annum and (ii) a General Banking Facility of MYR 14 million (€ 3.0 million). The loans pursuant to the credit agreement are secured by a mortgage on the land and buildings of Fico Asia Sdn. Bhd. and certain other fixed and floating present and future assets of Fico Asia Sdn. Bhd.

The loan is without recourse to the parent company. Interest is charged at the bank's base lending rate plus an increment of 0.90%.

The working capital requirements of our subsidiaries are affected by the receipt of periodic payments on orders from their customers. Although our 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.

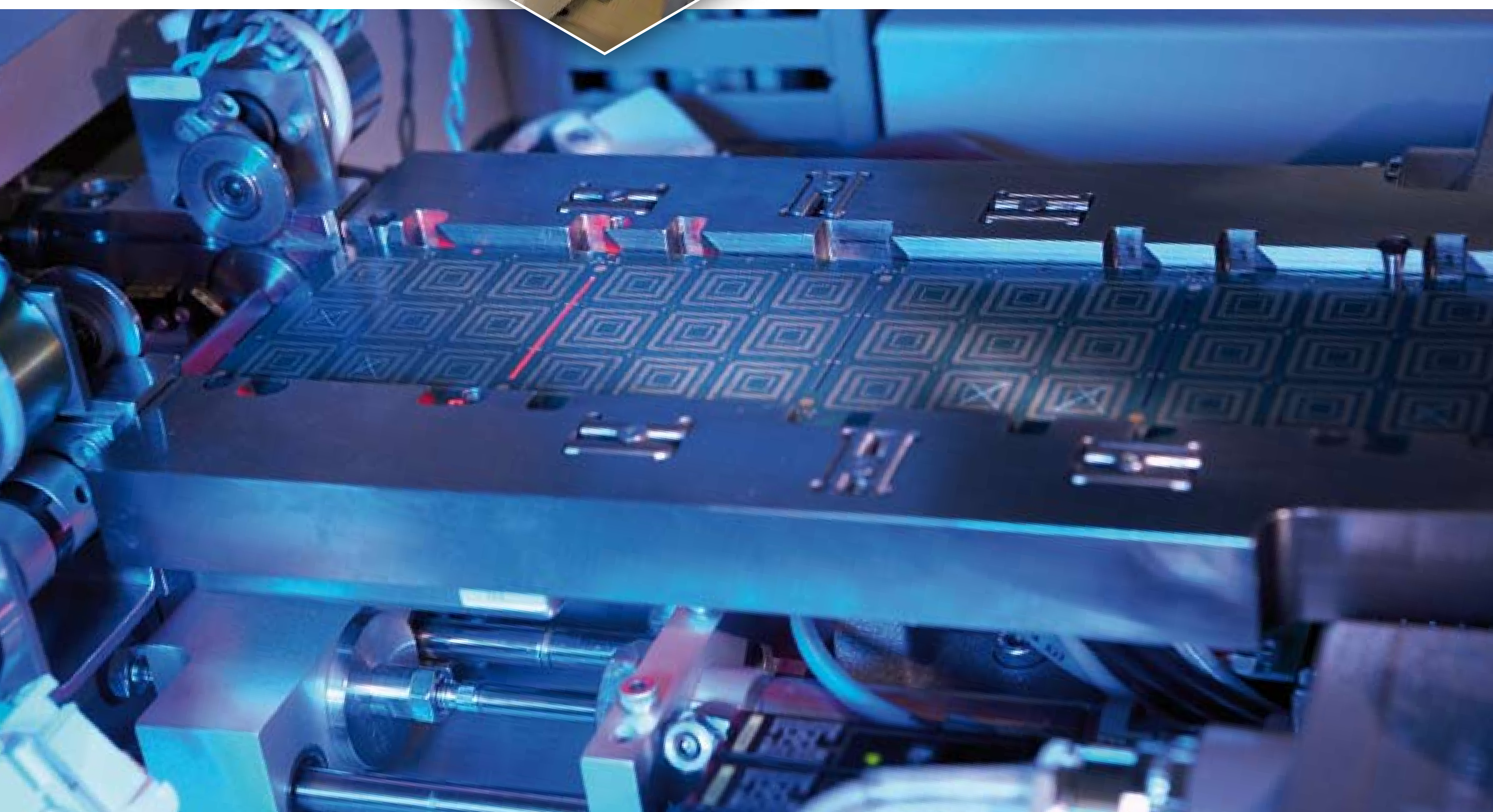
In 2008, we generated € 23.4 million of net cash flow from operations as compared to € 0.6 million in 2007. Net cash flow from operations increased primarily as a result of decreased working capital requirements of € 25.3 million, primarily a decrease in accounts and income tax receivables of € 18.1 million and € 6.4 million, respectively. In 2008, we generated € 0.5 million from the sale of our Brunssum, the Netherlands, tooling facility to a private investor.

Our capital expenditures were € 7.5 million and € 4.0 million in 2008 and 2007, respectively. Our expenditures in 2008 consisted primarily of approximately € 5 million (net of insurance reimbursements) for (i) the construction and equipment of a new replacement production facility in Malaysia and (ii) increasing our tooling capacity in Malaysia and China as we continue to transfer production from Europe to those regions.

We expect capital expenditures in 2009 of € 2.5 million, focused primarily on equipment purchases for our Asian manufacturing operations.

Our total cash and cash equivalents decreased by € 0.8 million in 2008 as compared to 2007 due primarily to the utilization of € 24.1 million of cash flow from operations to fund, (i) capital spending of € 7.5 million, (ii) debt retirement of € 13.7 million of which € 8.3 million represented the purchase of € 9.7 million principal amount of our 5.5% Convertible Notes at a discount, and (iii) capitalized research and development spending of € 3.5 million. No Ordinary Shares were purchased during the year.

We believe that our cash position, internally generated funds and available lines of credit will be adequate to meet our anticipated levels of capital spending, research and development and working capital requirements for at least the next twelve months including the potential acquisition and operation of Esec and ancticipated operating losses to be incurred as a result of the current economic recession.



Shareholder Information

General

Stock symbol:	BESI
Stock exchange:	Euronext Amsterdam by NYSE Euronext

Share capital at December 31, 2008:

Authorized share capital (maatschappelijk kapitaal):	€ 145,600,000
Issued and paid up capital (gestort kapitaal):	€ 30,692,950
Nominal value Ordinary Shares and Preference Shares:	€ 0.91 each
Ordinary Shares authorized:	80,000,000
Of which issued and outstanding:	33,728,517
Of which paid up:	33,728,517
Preference Shares authorized:	80,000,000
Of which issued and outstanding:	0

During 2008, the issued share capital of Besi was not increased either by new share issuance or by the exercise of existing options by employees. A list of all outstanding employee options and conditions related thereto and Performance Stock Award Units is shown on pages 99 and 100. A list of Ordinary Shares, Performance Stock Award Units and options held by members of the Board of Management is shown on pages 104 and 105.

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, 2010, subject to the prior approval of the Supervisory Board, to issue Ordinary Shares up to a maximum of 10% of the Ordinary Shares included in Besi's authorized capital, increased with an additional 10% if the issue takes place in connection with a merger or acquisition.

Shareholders have a pro-rata pre-emptive right of subscription to any Ordinary Shares issued for cash, which right may be limited or excluded. Shareholders have no pro-rata pre-emptive subscription right with respect to (i) any Ordinary Shares issued for contributions other than cash, (ii) any issuance of Preference Shares or (iii) Ordinary Shares issued to employees. On the basis of a designation by the General Meeting of Shareholders, the Board of Management has the power, subject to approval of the Supervisory Board, to limit or exclude shareholder pre-emptive rights through May 14, 2010. 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.

On January 25, 2009, Besi agreed to acquire the Esec business unit ("Esec") from OC Oerlikon Corporation AG. Closing of the transaction is anticipated in April 2009 subject to certain customary closing conditions and regulatory approvals. The purchase price of the transaction and other terms and conditions of the agreement were not disclosed based on a confidentiality agreement between the parties. In order to complete the transaction, Besi does not require additional debt financing and will incur share dilution of approximately 8% via the placement of existing Ordinary Shares held in treasury.

Issuance of Preference Shares

The provisions in our 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. If the issuance of Preference Shares is effected pursuant to a resolution of a corporate body other than the General Meeting of Shareholders, but the amount of Preference Shares to be issued would not exceed 100% of the number of outstanding Ordinary Shares, then prior approval of the General Meeting of Shareholders is not required, but the reasons for the issuance must be explained at an extraordinary General Meeting of Shareholders to be held within four weeks after such issuance. Furthermore, within two years after the first issuance of such Preference Shares, a General Meeting of Shareholders will be held to resolve to repurchase or cancel the Preference Shares. If no such resolution is adopted, another General Meeting of Shareholders with the same agenda must be convened and held within two years after the previous meeting and this meeting will be repeated until no

Preference Shares are outstanding. This procedure does not apply to Preference Shares that have been issued pursuant to a resolution by, or with the prior approval of, the General Meeting of Shareholders.

In connection with the issuance of Preference Shares, it may be stipulated by the Board of Management that an amount not exceeding 75% of the nominal amount ordinarily payable upon issuance of shares may be paid only if the Company requests payment.

The Foundation

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

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

Voting Rights

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

Repurchase and Cancellation of Shares

Pursuant to a resolution by the Board of Management, the Company may repurchase any class of shares in its own capital subject to certain provisions of Dutch law and its articles of association, if (a) shareholder's equity less the payment required to make the acquisition does not fall below the sum of the paid-up and called part of the issued share capital and any reserves required by Dutch law or Besi's articles of association and (b) the Company and its subsidiaries would thereafter not hold shares with an aggregate nominal value exceeding 10% 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 the issued share capital through October 3, 2010.

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

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.

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.

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 the office of Besi 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.

Change of Control Provisions in Significant Agreements

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

Dividend Policy

Currently we intend to retain any future earnings to finance our operations especially in view of the volatility of our industry as demonstrated by the significant contraction in demand for semiconductors and related equipment that is expected in comparison with 2008 and for financing the development and future growth of Besi including the acquired company Esec.

We are continuing and accelerating our efforts to execute the Dragon strategy to lower the costs in alignment with the industry contraction. We will selectively keep on considering acquisitions that have the potential to further our technology led strategy and leverage economies of scale through our One Besi concept.

In case sustainable profit levels throughout the cycle are demonstrated, management will start considering to commence paying dividend in light of the then prevailing market outlook, Besi strategy, market position and liquidity situation as well as the acquisition strategy of the Company.

5% Ownership Interests in the Ordinary Shares

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

D. Lindenbergh	
notification effective on December 19, 2008	6.62%
Aviva plc	
notification effective on May 4, 2007	6.37%
Darlin N.V.	
notification effective on December 19, 2008	5.86%
De Kolk Beheer B.V.	
notification effective on June 10, 2008	5.52%
A. Strating	
notification effective on February 15, 2007	5.07%
Gestion Deelnemingen V B.V.	
notification effective on May 8, 2008	5.06%
Marsala B.V.	
notification effective on February 15, 2007	5.01%

The applicable ownership percentage is based on 33,728,517 Ordinary Shares outstanding (including 2,913,206 Ordinary Shares held in treasury) as of December 31, 2008. A list of ownership interests in the Company exceeding 5% can be found on the AFM website.

Liquidity Providers

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

Analysts

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

Investor Relations

Besi uses a range of activities to initiate and maintain contacts with investors. After publication of its annual and quarterly results, roadshows are held in the Netherlands and other countries to meet existing and potential new institutional investors. Besi is represented at these roadshows by either the CEO or the CFO. A current list of planned roadshows can be found on the Besi website, where the presentations given are also available. Contacts with institutional investors are further maintained by means of conference calls, conferences organised by brokers and Euronext and by investor visits to Besi. A total of 20 meetings with institutional investors were held in 2008 including roadshows, conference calls and broker conferences.

Important investor relations dates in 2009 that are currently planned (subject to change) are as follows:

12 May 2009	Annual General Meeting of Shareholders, to be held at Besi in Duiven at 2.00 p.m.
28 April 2009	2009 first quarter results
30 July 2009	2009 second quarter results
29 October 2009	2009 third quarter results
February 2010	2009 fourth quarter and annual results

Internal Rules Regarding Insider Knowledge

The code of conduct regarding the reporting and regulation of transactions in Besi securities (and other designated securities) and treatment of price-sensitive information is applicable to the Supervisory Board, the Board of Management, and other specified persons who have access to price-sensitive information, including key staff members. Besi has appointed a compliance officer who is responsible for monitoring compliance with its code of conduct and communicating with the AFM.

Performance of Besi Shares:

The following table sets forth certain information with respect to Besi's stock price for the years ended December 31, 2008 and 2007:

(euros)	2008	2007
Highest closing price	3.86	5.20
Lowest closing price	1.55	3.11
Last closing price	1.66	3.79
Price/earnings ratio (at year end)	n/m	n/m
Ordinary Shares traded (average number per day)	27,656	111,031
Number of fully diluted shares outstanding	30,740,487	32,168,570

The chart below tracks the development of Besi's stock price versus the SOX Index for the period ending in March 2009.

Share Price Performance Last Year (Rebased January 1, 2008 = 100)

Source Factset as of 27 March 2009

Share Price Performance Last 3 Years (Rebased January 1, 2006 = 100)

Source Factset as of 27 March 2009

Geographic Information

The following table summarizes the geographic distribution of our revenues, orders and personnel (including part time) for the years ended December 31, 2008 and 2007:

(euros)	2008	%	2007	%
Revenues per geographic area:				
Asia Pacific	91.4	61.2	104.3	62.6
Europe and Rest of World	46.5	31.1	46.0	27.7
USA	11.5	7.7	16.2	9.7
Total	149.4	100	166.5	100
Orders per geographic area:				
Asia Pacific	79.0	62.6	100.9	62.8
Europe and Rest of World	35.8	28.3	46.2	28.7
USA	11.5	9.1	13.6	8.5
Total	126.3	100	160.7	100

The following table summarizes the principal manufacturing facilities worldwide that we leased or owned as of December 31, 2008:

Plant Location	Principal Activities	Leased/ Owned	Area (sq.ft.)
Duiven, the Netherlands	Executive offices, packaging systems	Leased	175,000
Radfeld, Austria	Die bonding, flip chip die bonding, die sorting systems	Owned	114,000
Drunen, the Netherlands[1]	Plating systems	Leased	95,000
Shah Alam, Malaysia	Packaging, die sorting, die bonding systems; tooling	Owned	54,000
Gyor, Hungary	Die bonding, flip chip die bonding systems	Leased	35,000
Leshan, China	Packaging systems, tooling	Owned	30,000
Londonderry, New Hampshire, United States	Research and development, die sorting systems and sales/service activities	Leased	22,000

[1] The company sublet 53,000 square feet of its Drunen facility in 2008 to a third party.

Directors' Statement of Responsibilities

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

The financial statements, as shown on pages 71 to 113 of this report, provide a true and fair view of the assets, liabilities, financial position and result for the financial year of BE Semiconductor Industries N.V. and its subsidiaries included in the consolidated statements.

The Annual Report, as shown on pages 4 to 53 of this report, provides a true and fair view of the position at the balance sheet date and the business conducted during the financial year of BE Semiconductor Industries N.V. and its subsidiaries, details of which are contained in the financial statements.

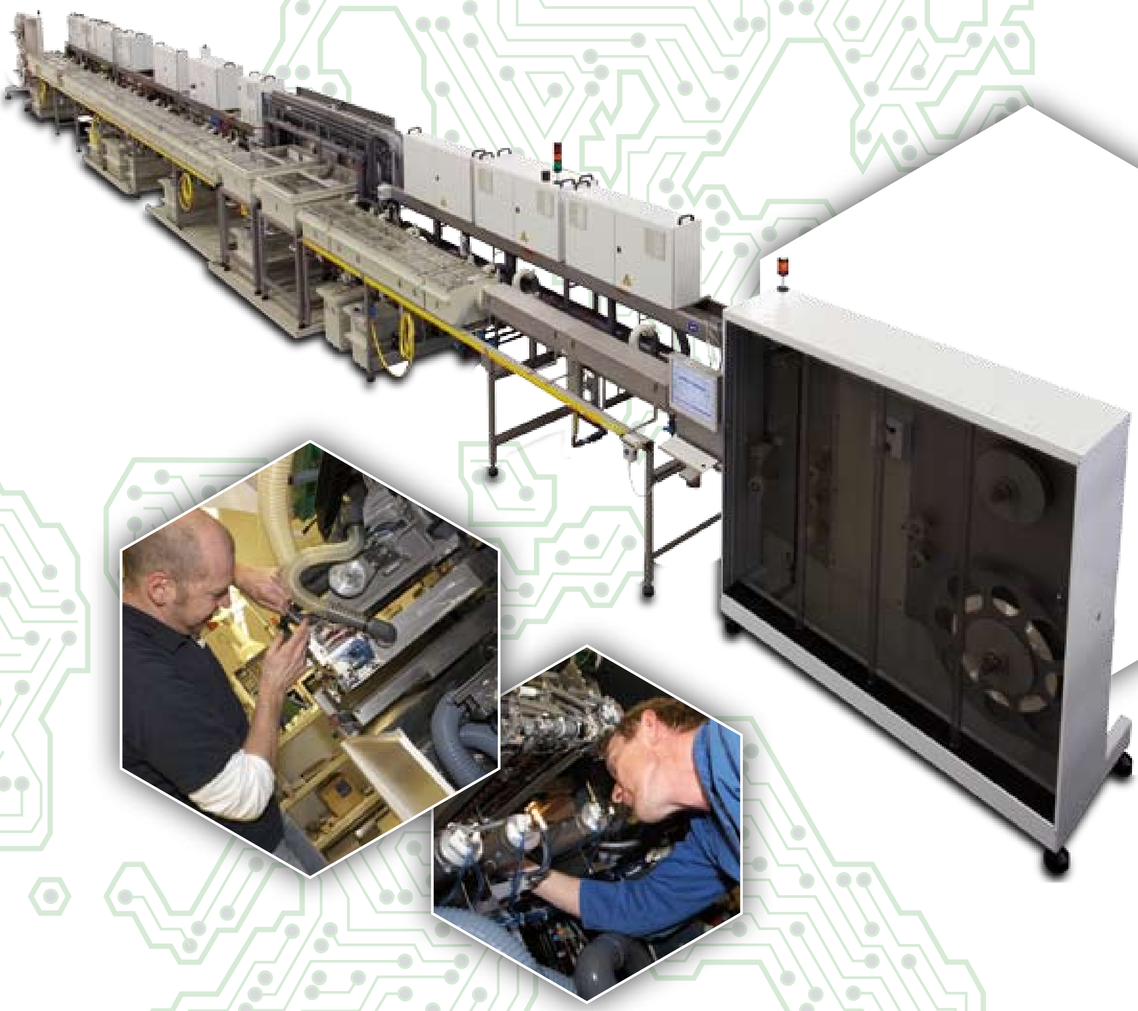
The Annual Report provides information on any material risks to which BE Semiconductor Industries N.V. is exposed.

R.W. Blickman

C.K. Lichtenberg

H. Rutterschmidt

Risk Factors



This Annual Report, as well as comments presented elsewhere by our management from time to time, contain forward-looking statements. Use of words such as "believes," "continues," "expects," "anticipates," "intends," "plans," "estimates," "should," "likely" or similar expressions indicates a forward-looking statement. The following important factors, among others, could cause our actual results to differ materially from those contained in forward-looking statements. Our forward-looking statements are based on the beliefs and assumptions of our management based on information currently available to them. We specifically disclaim any obligation to update any forward-looking statements as a result of new information, future events or otherwise.

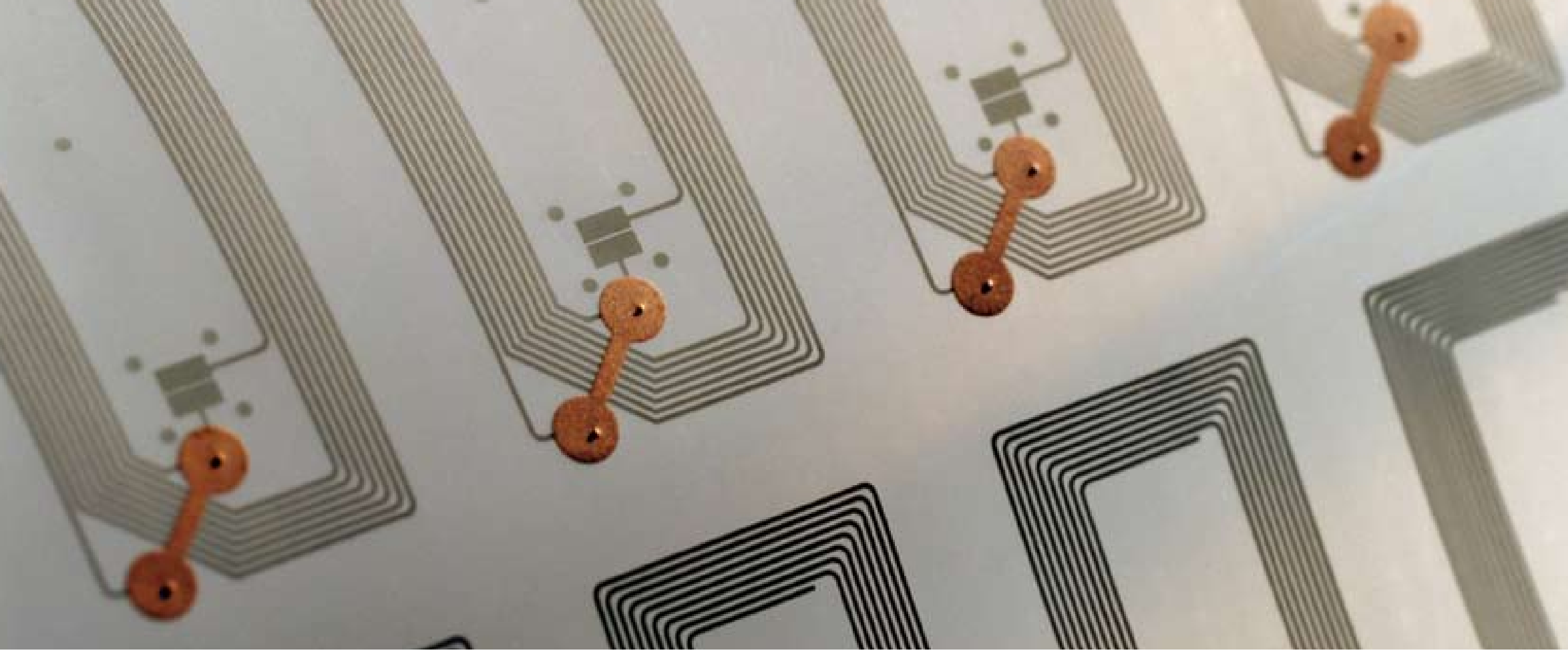
Our revenues and results of operations depend in significant part on demand for semiconductors, which is highly cyclical

We are currently experiencing a severe industry downturn which we expect will be protracted and our revenues and results of operations have been and will continue to be adversely impacted as a result of this downturn.

Our 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. We are in the midst of one of the most severe downturns experienced by the semiconductor industry since the founding of Besi and we are unable to determine how long it will continue. 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 our revenues, results of operations and backlog. Downturns in the industry can be severe and protracted and will continue to adversely affect our revenues, results of operations and backlog.

Our business and results of operations may be negatively affected by general economic and financial market conditions and such conditions may increase the other risks that affect our business

The world's financial markets are currently experiencing significant turmoil, resulting in reductions in available credit, dramatically increased costs of credit, extreme volatility in security prices, potential changes to existing credit terms, rating downgrades of investments and reduced valuations of securities generally. In light of these economic conditions, certain of our customers have reduced their spending plans, leading them to draw down their existing inventory and reducing anticipated orders for semiconductor equipment. Furthermore, it is possible that these customers, or others, will continue to significantly reduce capital expenditures in the near term, draw down their inventories, reduce production levels of existing products and defer the introduction of new products. Our results of operations for the second half of 2008 were materi-



ally adversely affected by this global economic turmoil which greatly reduced demand from both IDMs and subcontractors for our assembly equipment as many customers deferred spending on new assembly technologies and opted to retrofit/extend current capacity instead of ordering additional assembly production capacity. This customer retrenchment has significantly reduced our order backlog for assembly equipment and led to lower shipment levels and a net loss of € 3.9 million (before impairment charges, asset write downs and restructuring charges) in the fourth quarter of 2008.

As a result of deteriorating market conditions and uncertain industry prospects in the latter part of the fourth quarter of 2008, Besi recorded non cash charges of € 27.2 million, of which € 20.2 million related to the write-down to fair value of goodwill at December 31, 2008 and € 7.0 million related to the write-down of deferred tax assets. Based on our order backlog at December 31, 2008, we also anticipate a net loss in the first quarter of 2009.

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

At present, we cannot predict the duration or severity of the current downturn. However, by means of our Dragon restructuring program, we are actively seeking to reduce our structural costs to align with lower revenue levels anticipated for 2009. In addition, we had approximately € 46.9 million of cash in excess of our bank debt and capital leases outstanding at December 31, 2008 which should help us absorb near term anticipated losses until the mar-ket can recover from current depressed levels.

Our quarterly revenues and operating results fluctuate significantly

Our quarterly revenues and operating results have varied in the past and may continue to fluctuate in the future. We believe that period-to-period comparisons of our operating results are not necessarily indicative of future operating results. Factors that have caused our operating results to fluctuate in the past and which are likely to affect us in the future, many of which are beyond our control, include the following:

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

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

Our backlog at any particular date may not be indicative of our future operating results

Our backlog was € 25.4 million at December 31, 2008. During market downturns, semiconductor manufacturers historically have cancelled or deferred additional equipment purchases. The orders in our backlog are subject to cancellation by the customer at any time upon payment of a negotiated charge. Because of the possibility of changes in delivery schedules, cancellations of orders and delays in product shipments, our backlog at any particular date may not be representative of actual revenues for any succeeding period. Our current and future dependence on a small number of customers increases the revenue impact of each customer's delay or deferral activity.

We may not be able to adjust our costs and overhead levels quickly enough to offset further decreases in revenues that we may experience in the future

Due to the nature of our industry and the products we manufacture, our 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 our manufacturing equipment. Our expense levels in future periods will be based, in large part, on our expectations regarding future revenue sources and, as a result, our operating results for any given period in which material orders fail to occur, are delayed or deferred could vary significantly. Due to their fixed nature, we may not be able to reduce many of our fixed costs sufficiently or in a timely manner to offset any future declines in revenue. Our inability to align revenues and expenses in a timely and sufficient manner will have an adverse impact on our gross margins and results of operations.

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

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

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

These lengthy sales cycles may cause our net sales and results of operations to vary from period to period and it may be difficult to predict the timing and amount of any variations. We may not succeed in closing such large transactions on a timely basis or at all, which could cause significant variability in our net sales and results of operations for any particular period.

In addition, we are required to invest significant amounts in the development of new products or upgrades to existing products and in our sales and marketing efforts before such products are made commercially available and before we are able to determine whether they will be accepted by the market. Revenue from such products will not be recognized until long after we have incurred the costs associated with designing, creating and selling such products. In addition, due to the rapid technological changes in our market, a customer may cancel or modify a product before we begin manufacture of the product and receive revenue from the customer. While we do impose a fee when our customers cancel an order, that fee may not be sufficient to offset the costs we incurred in designing and manufacturing such product. In addition, the customer may refuse or be unable to pay the cancellation fee we assess. It is difficult to predict with any certainty, particularly in the present economic climate, the frequency with which customers will cancel or modify their projects, or the effect that any cancellation or modification would have on our results of operations.

A limited number of customers have accounted for a significant percentage of our revenues, and our future revenues could decline if the industry experiences significant customer consolidation or we cannot keep or replace these customer relationships

Historically, a limited number of our customers has accounted for a significant percentage of our revenues. In 2008, our three largest customers accounted for approximately 19% of our revenues, with the largest customer accounting for approximately 7% of our revenues. We anticipate that our results of operations in any given period will continue to depend to a significant extent upon revenues from a small number of customers. In addition, we anticipate that the identity of such customers will continue to vary from year-to-year, so that the achievement of our long-term goals will require the maintenance of relationships with our existing clients and obtaining additional customers on an ongoing basis. Our failure to enter into, and realize revenue from a sufficient number of contracts during a particular period could have a significant adverse effect on our net sales.

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

We may fail to compete effectively in our market

We face substantial competition on a worldwide basis from established companies based in Japan, various other Pacific Rim countries, Europe and the United States, many of which have greater financial, engineering, manufacturing and marketing resources than we do. We believe 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 us to sell our products to these companies.

Most of our principal competitors in our packaging equipment operations are Japanese, which historically have dominated the Japanese market because Japanese semiconductor manufacturers typically purchase equipment from domestic suppliers. To date, our sales of packaging equipment to Japanese customers have been limited. We believe that the limited growth of the Japanese semiconductor industry in recent years and the current global economic environment has caused our Japanese competitors to intensify their efforts to export their products to other areas of the world, particularly other countries in Asia. As a result, competition in these markets has become increasingly intense. We believe that Japanese suppliers will be our most significant competitors in sales of packaging equipment for the foreseeable future due to their strength in the supply of systems for high-volume, low-cost production and their high levels of excess capacity relative to other suppliers. We believe that a decrease in the value of the Japanese yen or the US dollar and US dollar-linked currencies in relation to the euro could lead to intensified price-based competition in our markets resulting in lower prices and margins and could have a negative impact on our business and results of operations.

Our ability to compete successfully in our markets depends on a number of factors both within and outside our control, including:

- Price, product quality and system performance.
- Ease of use and reliability of our products.
- Manufacturing lead times, including the lead times of our subcontractors.
- Cost of ownership.
- Success in developing or otherwise introducing new products.
- Market and economic conditions.

We must introduce new products in a timely fashion and we are dependent upon the market acceptance of these products

Our industry is subject to rapid technological change and new product introductions and enhancements. The success of our business strategy and results of operations are largely based upon accurate anticipation of customer and market requirements. Our ability to implement our overall strategy and remain competitive will depend in part upon our ability to develop new and enhanced products and to introduce them at competitive price levels. We must also accurately forecast commercial and technical trends in the semiconductor industry so that our products provide the functions required by our customers and are configured for use in their facilities. We 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 our existing products uncompetitive from a pricing standpoint, obsolete or unmarketable.

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

We are largely dependent upon our international operations

We have manufacturing and/or sales and service facilities and personnel in, amongst other locations, the Netherlands, Austria, Hungary, Malaysia, Korea, Hong Kong, Singapore, Japan, China, Philippines and the United States and our products are marketed, sold and serviced worldwide. Our 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 our 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.

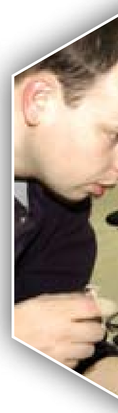
We are dependent on revenues from customers in various Pacific Rim countries who experienced economic difficulties in the past

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

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

Our results of operations have in the past and could in the future be affected by currency exchange rate fluctuations

For the year ended December 31, 2008, approximately 50% of our consolidated revenues were denominated in euro and approximately 50% were denominated in US dollars or US dollar-linked currencies. Approximately 65% of our costs and expenses were denominated in euro for such period. As a result, our results of operations could be adversely affected by fluctuations in the value of the euro against the US dollar. In recent periods, the value of the US dollar has declined significantly in comparison with the euro which has adversely affected our results of operations. We seek to manage our exposure to such fluctuations in part by hedging firmly committed sales contracts denominated in US dollars. While management will continue to monitor our exposure to currency fluctuations and may use financial hedging instruments to minimize the effect of these fluctuations, we cannot assure you that exchange rate fluctuations will not have an adverse effect on our results of operations or financial condition.



If we fail to continue to attract and retain qualified personnel, our business may be harmed

Our future operating results depend in significant part upon the continued contribution of our senior executive officers and key employees, including a number of specialists with advanced university qualifications in engineering, electronics and computing. In addition, our business and future operating results depend in part upon our ability to attract and retain other qualified management, technical, sales and support personnel for operations. We believe that our ability to increase the manufacturing capacity of our subsidiaries has from time to time been constrained by the limited number of such skilled personnel. Competition for such personnel is intense, and we 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 our business, financial condition and results of operations.

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

As part of our growth strategy, we may from time to time acquire or make investments in companies and technologies. We 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 our ongoing operations, divert management resources and attention from day-to-day activities, increase our expenses and adversely affect our results of operations. In addition, these types of transactions often result in charges to earnings for items such as the amorti-


zation 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 our cash and the incurrence of debt.

On January 25, 2009, Besi agreed to acquire the Esec business unit ("Esec") from OC Oerlikon Corporation AG. Esec is a leading global manufacturer of die bonding equipment for the semiconductor, telecommunications and smart card industries based in Cham, Switzerland. It also manufactures and services wire bonding systems from its Singapore assembly facility. Closing of the transaction is anticipated in April 2009 subject to certain customary closing conditions and regulatory approvals. The acquisition is expected to result in dilution to our existing shareholders of approximately 8%.

There can be no assurance that the closing of the transaction will occur as scheduled or that, subsequent to any closing, Besi will be able to recognize any of the expected synergies from the acquisition or that our results of operations and financial condition in 2009 will not be adversely affected by the integration of Esec into our operations. Factors that could adversely affect the operations of the combined entity include, among others, the current turmoil in global financial markets, the onset of a global economic recession, the timing of restructuring actions necessary to rationalize and integrate Esec into Besi and other factors beyond the Company's control.

We may incur additional restructuring charges of a material nature that could adversely affect our results of operations

Commencing in 2007, we developed the Dragon strategic plan which has involved a series of related restructuring efforts and announcements in both 2007 and 2008. In 2007, we incurred restructuring charges of € 4.5 million in connection with the implementation of the Dragon I program which resulted in the reduction of overhead of approximately € 6 million in 2008. In 2008, we announced potential restructuring charges of € 6 million in connection with the Dragon II plan, of which € 4.2 million were realized in the fourth quarter of 2008 and the balance of which are expected to be realized in 2009. Besi believes that it can achieve cost savings in excess of € 15 million by 2010 as a result of the Dragon II plan.

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

Any significant disruption in our operations could reduce the attractiveness of our products and result in a loss of customers

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

We may not be able to protect our intellectual property rights, which could make us less competitive and cause us to lose market share

Although we seek to protect our intellectual property rights through patents, trademarks, copyrights, trade secrets, confidentiality and assignment of invention agreements and other measures, we cannot assure you that we will be able to protect our technology adequately, that our competitors will not be able to develop similar technology independently, that any of our pending patent applications will be issued, or that intellectual property laws will protect our intellectual property rights. In addition, we operate internationally and intellectual property protection varies among the jurisdictions in which we conduct business. Litigation may be necessary in order to enforce our patents, copyrights or other intellectual property rights, to protect our 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 our management from operating the business and could have a material adverse effect on our business and operating results. Due to the competitive nature of our industry, it is unlikely that we could increase our prices to cover such costs.

Furthermore, our competitors may independently develop similar products or duplicate our products. In which case, the significant amount of technical and financial resources that we have expended and may continue to expend on our research and development efforts may not provide us with any competitive advantage in the market.

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

We are subject to environmental rules and regulations in a variety of jurisdictions

We are subject to a variety of governmental regulations relating to the use, storage, discharge and disposal of chemical by-products of, and water used in, our 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 us, suspension of production or a cessation of operations. New regulations could require us to acquire costly equipment or to incur other significant expenses. Any failure by us to control the use or adequately restrict the discharge of hazardous substances could subject us 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 our Ordinary Shares

Our articles of association provide for the possible issuance of Preference Shares. In April 2000, we established the foundation "Stichting Continuïteit BE Semiconductor Industries", which we refer to as the Foundation, whose board consists of five members, four of whom are independent of BE Semiconductor Industries N.V. We have 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 our Ordinary Shares.

Price volatility of the Ordinary Shares

The current market price of our Ordinary Shares may not be indicative of prices that will prevail in the trading market in the future. In particular, since our initial public offering in December 1995, the market price of our 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 our initial public offering, the market price of the Ordinary Shares has experienced significant fluctuations, including fluctuations that are unrelated to our performance. We expect that market price fluctuations will continue in the future.

Report of the Supervisory Board

Supervision

We have 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 three members for which one additional member will be proposed to be appointed at the Annual General Meeting of Shareholders to be held on May 12, 2009 in Duiven, the Netherlands. The Supervisory Board is currently comprised of three members. At the Annual General Meeting of Shareholders it will be proposed to increase the number of Supervisory Board members to five.

The Board of Management as a whole, the Chairman of the Board of Management, or two members of the Board of Management acting jointly, are authorized to represent Besi. In addition to the members of the Board of Management, Besi management is currently comprised of four key members, who do not form part of the Board of Management itself.

The Supervisory Board supervises the management policies of the Board of Management as well as the general course of our corporate affairs and business, and provides advice to the Board of Management. The Board of Management must keep the Supervisory Board informed, consult with the Supervisory Board on important matters and submit certain matters as discussed below to the Supervisory Board for its prior approval. In performing its duties, the Supervisory Board is required to act in the interests of Besi's business as a whole. The members of the Supervisory Board are not authorized to represent Besi. All of the members of the Supervisory Board are independent as defined in article II.2.3 of the Besi Corporate Governance code (the "Besi Code"), which is in compliance with the Dutch Corporate Governance Code.

The Supervisory Board is comprised of three independent, non-executive members. In 2008 the Supervisory Board proposed to appoint two new members of the Supervisory Board at the Annual General Meeting of Shareholders held on April 3, 2008 in Duiven. However, on April 3, 2008, prior to the Annual General Meeting of Shareholders, we withdrew such proposal due to insufficient shareholder support.

As a result of suggestions discussed at the Annual General Meeting of Shareholders held on April 3, 2008, the following actions were carried out during the year:

- The engagement of the management consulting firm Bain & Company to confirm the Company's strategy and support and advance the Dragon II process.
- The installation of a Coordinating Committee to guide the process of confirming the Company's strategy.
- The ongoing implementation of the Dragon II plan and preparation of the Dragon III process following the confirmation of the strategy by Bain.
- The engagement of Professor Kortman to issue a binding opinion on the question of whether the list of proxy voters at the Annual General Meeting of Shareholders should be made public.

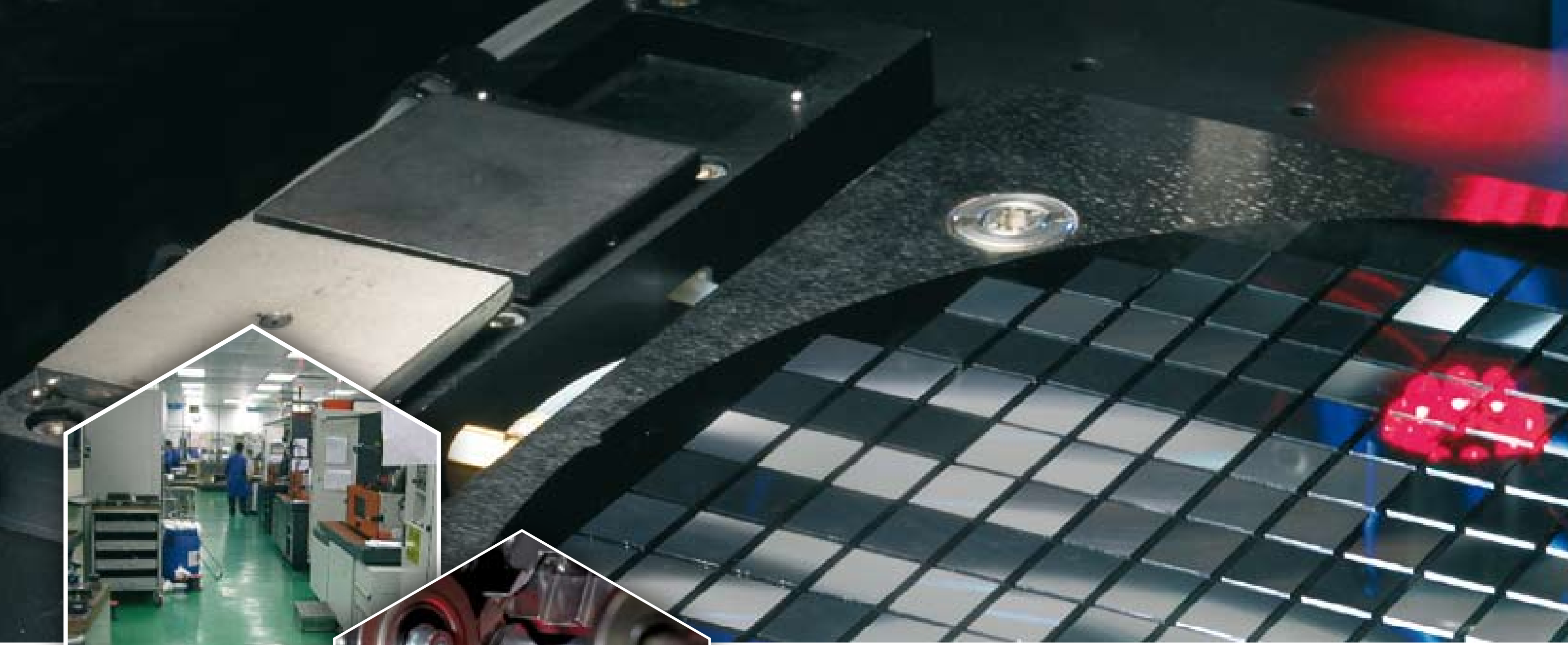
The Supervisory Board has established a schedule for retirement by rotation, as discussed at the Annual General Meeting of Shareholders in 2004. One supervisory director will retire each year according to the following schedule:

	Year elected	Term end
Mr. E. B. Polak	2005	2009
Mr. W. D. Maris, Chairman	2006	2010
Mr. T. de Waard, Vice-Chairman	2007	2011

Mr. Polak has indicated to the Supervisory Board that he is not available for reappointment in 2009.

The Besi Code and the Regulations Supervisory Board establish guidelines for the Supervisory Board in the exercise of its duties and responsibilities. The Besi Code and the Regulations Supervisory Board are designed to ensure that Besi is operated and managed in a manner consistent with our best interests and the best interests of our shareholders and other stakeholders. The Besi Code and the Regulations Supervisory Board specifically provide that:

- The role of the Supervisory Board is to supervise the policies of the Board of Management and the general affairs of Besi.
- Members of the Supervisory Board have full and free access to Besi management and, as necessary and appropriate, independent advisors.
- At least annually, the Supervisory Board and its committees will conduct a self-evaluation.

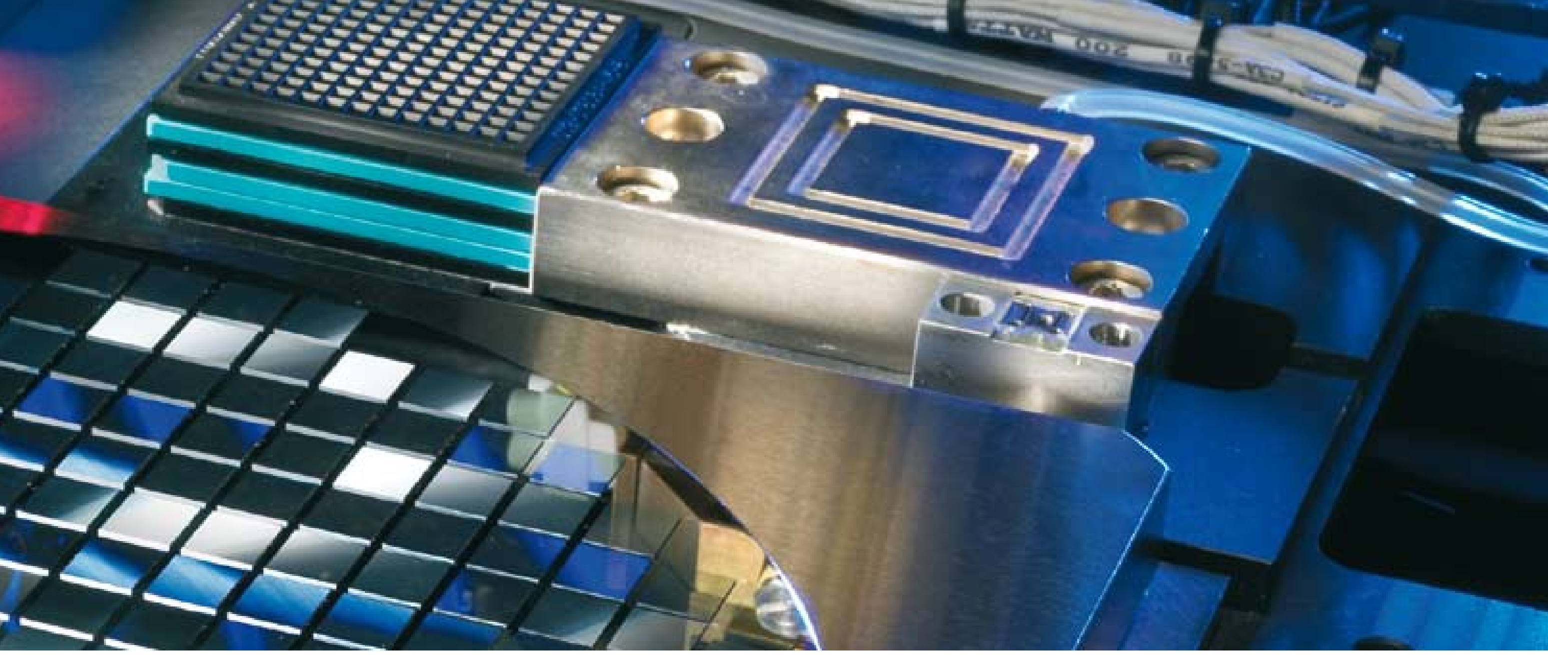


The Supervisory Board met seven times during 2008. No members of the Supervisory Board have been absent frequently from meetings of the Supervisory Board. Topics of the meetings included, among other items:

- Our general strategy.
- The process of reconfirming the strategy as discussed during the Annual General Meeting of Shareholders held on April 3, 2008 in Duiven.
- Our financial and business performance.
- Approval of filings with the Autoriteit Financiële Markten.
- The operational restructuring of Besi, consisting of, amongst others, the implementation of an integrated and streamlined global organization structure and the adoption of common system platforms by our die handling and packaging equipment operations.
- The engagement of the management consulting firm Bain & Company, to confirm, support and advance the Dragon II process as described in the Letter to Shareholders on page 11 of this Annual Report.
- Consideration of the composition of the Board of Management.
- The announcement of details of the Dragon II plan on December 5, 2008.
- The performance and internal division of tasks of the Board of Management.
- The hiring of the Company's Chief Financial Officer, Mr. Jan Willem Ruinemans as of October 1, 2008.
- Potential strategic alliances and acquisitions.
- The general risks associated with our operations.
- The Supervisory Board's own performance, composition and succession.
- The assessment and review provided by the Board of Management of the structure and operation of Besi's internal risk management and control systems, as well as any significant changes thereto.

In 2008, the Supervisory Board conducted a self-evaluation of the functioning of the Supervisory Board as a whole and the performance of individual members and discussed the functioning of the Board of Management as a whole and the performance of the individual members of the Board of Management. Management of the Company was not present at these meetings.

The Chairman of the Supervisory Board and the Chairman of the Board of Management of the Company met on a regular basis and had frequent contact during the year. Furthermore, the Chairman of the Supervisory Board and the Vice Chairman of the Supervisory Board had frequent meetings with the Coordinating Committee and with the management consulting firm Bain & Company, in the fulfilment of their commitments, which consisted of, amongst other things, coordinating the process of confirming the Company's strategy.
Members of the Board of Management are appointed by the General Meeting of Shareholders at the proposal of the Supervisory Board and serve until voluntary retirement, suspension or dismissal by the General Meeting of Shareholders or suspension by the Supervisory Board or, if applicable, until the end of the agreed term, unless the relevant member is reappointed.



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.

Supervisory Board Committees

The Supervisory Board has established three committees, the Audit Committee, the Remuneration Committee and the Selection, Appointment and Governance 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

In view of the limited number of members of the full Supervisory Board, the Supervisory Board also serves as the Audit Committee. All members of the Audit Committee are independent members. The Chairman of the Audit Committee was Mr. Sinninghe Damsté, who was not available for reappointment in 2008 because he served two terms. Mr. De Waard is currently acting as Chairman of the Audit Committee. He is supported in this role by KPMG as an independent advisor. Reference is made to the report of the Selection, Appointment and Governance Committee on page 62 of this Annual Report.

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 operation of internal risk management and control systems.
- Our systems of internal controls regarding finance, accounting and compliance.
- Our auditing, accounting and financial reporting processes generally.
- Being directly responsible for the oversight of Besi's independent auditor including having primary authority and responsibility for their selection (subject to appointment by the General Meeting of Shareholders), termination and compensation. The independent auditor reports directly to the Audit Committee and the committee is responsible for the resolution of any disagreements between management and the independent auditor regarding financial reporting.
- Approving all audit fees and terms and all non-audit services provided by the independent auditor, and considering whether the auditor is independent.
- Monitoring our financial reporting process and internal control system.
- Reviewing 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, as well as any significant changes thereto.
- 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 2008, the Audit Committee met four times to discuss (i) the scope and results of the audit of the financial statements by Besi's independent external auditor, Ernst & Young Accountants LLP, who issued an unqualified opinion for the year 2007, (ii) to review our relevant periodic filings with the Autoriteit Financiële Markten and (iii) to review our quarterly financial statements prior to issuing our quarterly earnings releases. Our independent external auditor, Ernst & Young Accountants LLP, attended two meetings of the Audit Committee. Also, the Audit Committee separately met with Ernst & Young Accountants LLP twice without the presence of management. Frequent contact took place between the Chairman of the Audit Committee and management of the Company. During 2008, the Audit Committee reviewed Besi's internal controls over financial reporting, the quality of financial information systems and financial risk analyses, critical accounting policies, new accounting pronouncements, the further development of International Financial Reporting Standards ("IFRS") and the financing of the Company.

In 2008, in compliance with the Dutch Corporate Governance Code, the Audit Committee invited a number of audit firms to participate in a tender for Besi's audit services for the fiscal years 2009–2011. Upon completion of the tender, the Audit Committee recommended to the Supervisory Board that KPMG be appointed as our auditor for the fiscal years 2009-2011. This proposal will be presented to the shareholders at the Annual General Meeting of Shareholders to be held on May 12, 2009 in Duiven.

The Audit Committee Charter is posted on Besi's website at **www.besi.com.**

Remuneration Committee

The Remuneration Committee consists of all Supervisory Board members. The Chairman of the Remuneration Committee is Mr. T. de Waard. In 2004, the Supervisory Board adopted regulations governing the Remuneration Committee in which the tasks and responsibilities of the Remuneration Committee are laid down (the "Regulations Remuneration Committee"). The responsibilities of the Remuneration Committee include:

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

The Remuneration Committee met once in 2008. The Remuneration Committee reviewed, discussed and made a proposal to the Supervisory Board to determine the remuneration of the individual members of the Board of Management, including adjustments to their base salary, payment of an appropriate performance cash bonus, the grant of Annual PSA Units (as defined below), pension arrangements and other benefits. The Remuneration Committee also discussed and reviewed the application of our remuneration policy as described in detail below. In its proposal to the Supervisory Board for the remuneration of the individual members of the Board of Management, the Remuneration Committee took into account our remuneration policy, the performance of Besi, the criteria for allocation of the performance cash bonus and long-term incentives as well as remuneration market practices. The remuneration of the Supervisory Board members has been reviewed and is considered adequate at present. In addition, the remuneration policy with respect to senior management has been reviewed and is considered adequate at present.

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

Remuneration Structure

The Remuneration Committee considers the Company's remuneration structure each year in accordance with our corporate remuneration policy. The aim of our remuneration policy is to establish a base salary and, where appropriate, variable performance compensation consisting of cash bonuses and stock-based equity incentives. In 2005, the Supervisory Board prepared the remuneration policy for the Board of Management, which was adopted at the Annual General Meeting of Shareholders held on March 24, 2005.

The total remuneration package of the members of the Board of Management consists of:

- Base salary.
- A performance cash bonus.
- Annual conditional performance stock awards.
- Pension provisions.
- Other benefits like company car or car allowance.

None of the employment agreements with the current members of the Board of Management contains "change-of-control" provisions, with the exception of the employment agreement with Mr. Lichtenberg, who was appointed to the Board of Management at the Annual General Meeting of Shareholders held on April 3, 2008 in Duiven.

As it is important to attract and retain top management, the Remuneration Committee considers the compensation awarded by comparable companies when establishing compensation for members of the Board of Management.

As stated below, both the cash bonus and PSAs will in no event exceed 60% of an individual's base salary and the maximum number of PSAs as defined in the Besi Incentive Plan.

Application of the Remuneration Policy

Base Salary and Other Benefits

Each year, the Remuneration Committee considers whether to adjust the base salary for members of the Board of Management. The increase of the base salary in 2008 as compared to 2007 was limited to the respective inflation rates.

The pension arrangements for the Board of Management are defined contribution plans that are 100% paid by the Company. Reference is made to Note 23 to the Statutory Financial Statements 2008.

Performance Cash Bonus

Short-term incentives are provided to the Board of Management through an annual cash bonus. The total amount of cash bonuses per annum that may be granted to individual members of the Board of Management shall in no event exceed 60% of the individual's gross annual base salary including vacation allowance ("Base Annual Salary"). The total annual cash bonus per person shall be determined using the following components:

a) A maximum of 21% of the individual's Base Annual Salary based on Besi's net income for the applicable fiscal year.
b) A maximum of 21% of the individual's Base Annual Salary based on net income of the relevant business unit for the applicable fiscal year.
c) A maximum of 18% of the individual's Base Annual Salary based on individual performance.

The amount of the annual cash bonus, if any, is based on a percentage of the Company's net income according to the following grid:

Net Income as % of Revenues	0-1%	1-4%	5-7%	8-9%	10%+
a) The Besi Group	0	8.5%	14%	19%	21%
b) Net Income Besi subsidiary/ operating entity	max. 21%				
c) Individual employee	max. 18%				

Besi considers the targets included in the scale presented above as ambitious. Besi prefers net income (over, for instance, shareholder return) as a financial criterion for two reasons. Firstly, net income is a key factor for evaluating the Company and therefore important for shareholder value. Secondly, net income is an important and appropriate criterion because of the cyclical nature of the market in which Besi participates.

Criteria for individual performance were developed by the Remuneration Committee by analyzing relevant data for comparable companies, Besi's market share development, the progress of Besi's current restructuring and the introduction of new products.

The individual performance component, with a maximum of 18% of the individual's Base Annual Salary, may be considered at the discretion of the Supervisory Board, taking into account the proposal of the Remuneration Committee. In light of current market and economic conditions, no annual cash bonus was granted to the Board of Management in 2008.

As a result of new Dutch corporate governance rules, the Remuneration Committee developed new criteria to determine the Company's performance cash bonus plans subject to approval of the shareholders at the Annual General Meeting on May 12, 2009 in Duiven.

Long-Term Incentive – Performance Stock Award Units

In 2005, the Company established the BE Semiconductor Industries Incentive Plan 2005–2009 (the "Incentive Plan 2005"). Under the Incentive Plan 2005, we may grant annual awards in the form of rights to receive Ordinary Shares of the Company, based on defined targets as compared to the preceding year ("Annual PSA Units"). The awarded Annual PSA Units will vest in accordance with the vesting schedule contained in the individual allocation agreement. The total number of Ordinary Shares that we may grant under the Incentive Plan 2005 to the relevant employees, including members of the Board of Management, may not exceed 1.5% of the total number of Ordinary Shares outstanding in any applicable fiscal year, subject to adjustments for share splits, share dividends, recapitalizations and similar events.

The Ordinary Shares granted under the Incentive Plan 2005 may consist, in whole or in part, of unauthorized and unissued Ordinary Shares or Treasury Shares. The Company anticipates that it will, on an annual basis, continue to grant Annual PSA Units under the Incentive Plan 2005 to members of the Board of Management, executive officers and senior employees of Besi. The Incentive Plan 2005 is posted on the Company's website at **www.besi.com.**

The maximum number of Annual PSA Units per year that may be awarded is fixed for members of the Board of Management and is as follows:

Chief Executive Officer	50,000
Other members	35,000

The number of Annual PSA Units to be awarded each year will be determined by considering the following components:

a) A maximum of 35% of the above-mentioned number based on Besi's net income for the applicable fiscal year.
b) A maximum of 35% of the above-mentioned number based on the relevant business unit's net income for the applicable fiscal year.
c) A maximum of 30% of the above-mentioned number based on individual performance.

The total number of Annual PSA Units to be awarded in any given year depends on whether the individual achieved specific and clearly quantifiable targets specified beforehand from year-to-year. These targets are directly related to the creation of long-term value for shareholders and are specified in the following grid:

Net Income as % of Revenues	0-1%	1-4%	5-7%	8-10%	10%+
a) Besi Group, % of the maximum PSA Unit Amount	0%	15%	25%	30%	35%
b) Besi subsidiary/ operating entity	Max. 35% of the PSA Unit Amount				
c) Individual employee	Max. 30% of the PSA Unit Amount				

The individual performance component, with a maximum of 30% of the relevant maximum number of Annual PSA Units, may be considered at the discretion of the Supervisory Board, taking into account the proposal of the Remuneration Committee. In light of current market and economic conditions, no annual PSA bonus was granted to the Board of Management.

As a result of new Dutch corporate governance rules, the Remuneration Committee has developed new criteria for the granting of Annual PSA units under the Besi Incentive Plan. This new Besi Incentive Plan will be presented to the AGM, to be held on May 12, 2009 in Duiven, for approval.

Besi considers the targets included in the scale presented above as ambitious. Besi prefers net income (over, for instance, shareholder return) as a financial criterion for two reasons. Firstly, net income is a key factor for evaluating the Company and therefore important for shareholder value. Secondly, net income is an important and appropriate criterion because of the cyclical nature of the market in which Besi participates. Criteria for individual performance were developed by the Remuneration Committee by analyzing relevant data for comparable companies, Besi's market share development, the progress of Besi's current restructuring and the introduction of new products.

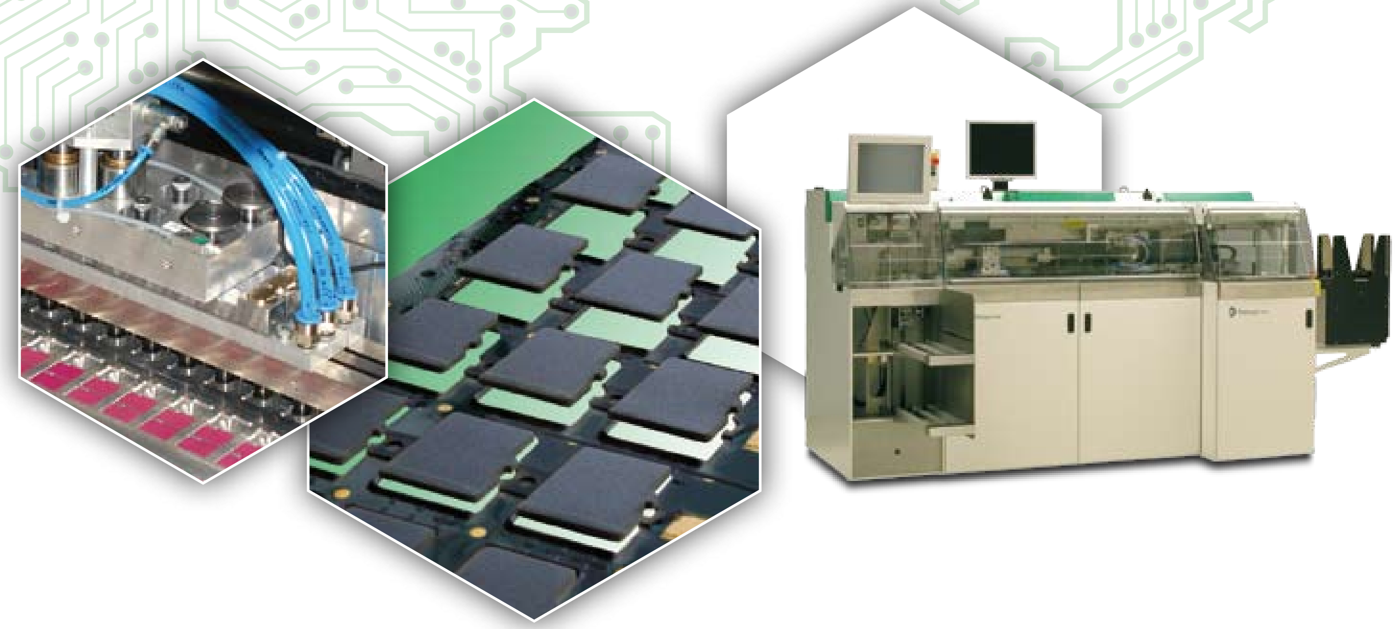
The Annual PSA Units granted to members of the Board of Management will vest in accordance with the vesting schedule contained in the individual allocation agreement. Ordinary Shares deliverable upon the vesting of the Annual PSA Units will be delivered immediately to the relevant individual. Immediate sale of a portion of the delivered shares is allowed for the sole purpose of facilitating payment of income taxes in connection with the vesting of Annual PSA Units and delivery of shares, when applicable. Any remaining shares may not be sold or transferred for a period of at least three years from the date of delivery.

Pensions

Members of the Board of Management normally retire in the year that they reach the age of 62. We have provided different pension plans to members of the Board of Management based on the salaries, local customs and rules applicable in the countries of their employment.

Loans

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



Remuneration Supervisory Board and Board of Management 2008

The remuneration of members of the Supervisory Board and Board of Management is described in detail in the notes to Besi's Consolidated Financial Statements included on page 103 of this Annual Report.

In view of the realization of most of Besi's business targets and the progress made with the operational restructuring of Besi to date, the Remuneration Committee is satisfied with the effectiveness of our remuneration policy.
An overview of the development of our financial results and our share price performance is included in this Annual Report on pages 19 and 39.

Selection, Appointment and Governance Committee

The Selection, Appointment and Governance Committee consists of all Supervisory Board members. The Chairman of the Selection, Appointment and Governance Committee is Mr. E.B. Polak. In 2004, the Supervisory Board adopted regulations governing the Selection, Appointment and Governance Committee ("the Regulations Selection, Appointment and Governance Committee"). The Selection, Appointment and Governance Committee is responsible for, among other things:

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

In 2008, the Selection, Appointment and Governance Committee met once in a formal meeting and discussed and approved the profile of the Supervisory Board. Furthermore, the Committee appraised the performance of individual members of the Supervisory Board and Board of Management and reported on such matters to the Supervisory Board. The Regulations Selection, Appointment and Governance Committee 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.

The Supervisory Board reviewed the development of the Dutch Corporate Governance Code that came into effect on January 1, 2004. The Supervisory Board will implement the new Dutch Corprate Governance Code in 2009. The Dutch Corporate

Governance Code is based on the "apply-or-explain" principle. In 2004, the Supervisory Board reviewed the proposal for the Besi Code and those instances where the Besi Code deviated from the Dutch Corporate Governance Code and after careful consideration recommended the Besi Code to the Company's shareholders. The Besi Code was approved by shareholders at the Annual General Meeting of Shareholders held on March 25, 2004. Amendments to the Besi Code were approved at the Annual General Meetings of Shareholders held on March 24, 2005 and March 22, 2007, respectively. The deviations between the Besi Code and the Dutch Corporate Governance Code are explained elsewhere in this Annual Report under "Corporate Governance".

Financial Statements

At its meeting on February 18, 2009, the Supervisory Board approved Besi's financial statements and notes thereto as prepared by the Board of Management for the financial year ended December 31, 2008, as required by applicable rules and regulations in the Netherlands (the "2008 Statutory Financial Statements"). Under applicable rules and regulations in the Netherlands, the 2008 Statutory Financial Statements must be prepared in accordance with accounting standards adopted by the European Union (EU). Ernst & Young Accountants LLP, independent external auditors, duly examined the 2008 Statutory Financial Statements and issued an unqualified opinion. The 2008 Statutory Financial Statements, together with the auditors' report of Ernst & Young Accountants LLP, are included elsewhere in this Annual Report.

The Supervisory Board recommends that the General Meeting of Shareholders adopts the 2008 Statutory Financial Statements as submitted by the Board of Management and approved by the Supervisory Board. The Board of Management has also submitted a proposal stating that a dividend will not be declared for the year ended December 31, 2008.

The Supervisory Board would like to express its thanks and appreciation to all involved for their hard work and dedication to the Company in 2008.

February 18, 2009

The Supervisory Board
Willem Maris, Chairman

Corporate Governance

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

Our Ordinary Shares (the "Shares") are listed on Euronext Amsterdam by NYSE Euronext. Accordingly, we comply with all applicable listing rules of Euronext Amsterdam.

The Besi Code adheres to the principles of the Dutch Corporate Governance Code and applies almost all best practice rules. To the extent the Besi Code deviates from the provisions of the Dutch Corporate Governance Code, such deviations are explained below under "Explanation of Deviations from the Dutch Corporate Governance Code". The Board of Management and the Supervisory Board considered it important that Besi's shareholders agreed with the contents of the Besi Code. Thus, the Besi Code was submitted to and approved by the Company's shareholders at the Annual General Meeting of Shareholders held on March 25, 2004. Amendments to the Besi Code were approved by the Company's shareholders at the Annual General Meeting of Shareholders held on March 24, 2005 and on March 22, 2007. For the application of the Besi Code, we follow to the extent possible the guidance provisions provided by the Dutch Corporate Governance Code Monitoring Committee in its reports on compliance with the Dutch Corporate Governance Code of December 2005, 2006, 2007 and 2008. The Company will replace the Besi Code with the new Dutch Corporate Governance Code in 2009.
The Besi Code is posted on our website at **www.besi.com.**

Corporate Governance Structure

Board of Management

The Board of Management is responsible for the day-to-day management of the Company, which means, among other things, that it is responsible for ensuring that Besi is achieving its operational, strategic and financial goals. The Board of Management is accountable to the Supervisory Board and to the shareholders of the Company.

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

The Board of Management takes into account the interests of the Company and its affiliated enterprises as well as the interests of Besi's shareholders and other stakeholders when making decisions about the operation of the business. Members of the Board of Management are required to put the interests of the Company ahead of their own interests and to act critically and independently when carrying out their responsibilities. The Board of Management is also charged with providing the Supervisory Board all material information required to permit the Supervisory Board to exercise its duties. The articles of association of the Company provide that certain resolutions of the Board of Management require prior approval of the Supervisory Board. Pursuant to Dutch law and the articles of association of the Company, decisions of the Board of Management involving a major change in the Company's identity or character are subject to the approval of the General Meeting of Shareholders.

The Board of Management currently consists of three members:

Richard W. Blickman (1954)	Chief Executive Officer, Chairman
Claus K. Lichtenberg (1958)	Chief Operating Officer, Member
Helmut Rutterschmidt (1957)	Head Marketing, Sales & Customer Support, Member

Jan Willem Ruinemans, Chief Financial Officer, will be proposed to be appointed to the Board of Management at the Annual General Meeting of Shareholders to be held on May 12, 2009 in Duiven.

Remuneration Board of Management

The amount and structure of the remuneration that is paid to members of the Board of Management is designed to ensure that we can recruit and retain qualified and expert managers. The remuneration consists of both a fixed and a variable component. The fixed component is based on market and industry practice. The variable component is linked to previously determined, measurable targets that must be achieved partly in the short term and partly in the long term. The variable part of the remuneration is also designed to strengthen the board members' commitment to Besi, its objectives and the interests of shareholders.

Besi's remuneration structure, including severance pay, is designed to (i) promote both the short and long-term interests of the Company, (ii) discourage members of the Board of Management from acting in their own interests as opposed to the best interests of the Company and (iii) reward those board members who are actively contributing to the growth of the Company. The level and structure of remuneration is described in Besi's remuneration policy and is determined based on a variety of factors, including the financial and operational results of Besi and its share price performance.

Besi's remuneration policy was adopted by the shareholders at the Annual General Meeting of Shareholders held on March 24, 2005. Every material change in Besi's remuneration policy that occurs after this adoption date will also be submitted to the General Meeting of Shareholders for approval. Schemes whereby members of the Board of Management are remunerated in the form of shares or rights to subscribe for shares and any material changes to such schemes, will also be submitted to the General Meeting of Shareholders for approval. The Supervisory Board will determine the remuneration of the individual members of the Board of Management for the next financial year based on a proposal by the Remuneration Committee, which will be within the scope of the remuneration policy adopted by the General Meeting of Shareholders.

Remuneration Disclosures Concerning the Board of Management

The report of the Supervisory Board includes the principal points of our remuneration policy as prepared by the Supervisory Board in 2005 and as adopted at the Annual General Meeting of Shareholders held on March 24, 2005. The notes to the annual accounts on page 103 contain detailed information prescribed by applicable law on the level and structure of the remuneration of the individual members of the Board of Management for the year 2008.

Conflicts of Interest – Members of the Board of Management

Any conflicts of interest or apparent conflicts of interest between the Company and members of the Board of Management shall be avoided. Any transaction that would give rise to a conflict of interest or appearance of a conflict of interest requires the approval of the Supervisory Board.

Supervisory Board

The role of the Supervisory Board is to supervise the Board of Management and oversee the general affairs of the Company and its affiliated enterprises. 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 Besi 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.2.3 of the Besi 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. 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.

The Supervisory Board currently consists of:
Willem D. Maris (1939), Chairman
Evert B. Polak (1944), Member
Tom de Waard (1946), Member

Mr. Polak has indicated to the Supervisory Board that he is not available for reappointment in 2009.

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

Supervisory Board Committees

The full Supervisory Board serves as the Company's Audit Committee, Remuneration Committee and Selection, Appointment and Governance 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 Audit Committee Charter is posted on our website at **www.besi.com.** Furthermore, the Regulations Remuneration Committee and the Regulations Selection, Appointment and Governance Committee are posted on our website at **www.besi.com.**

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

Supervisory Board Remuneration
The General Meeting of Shareholders shall determine the remuneration of Supervisory Board members. The notes to the annual accounts on page 104 contain the information prescribed by applicable law on the level and structure of the remuneration of individual Supervisory Board members.

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

The Board of Management or, where appropriate, the Supervisory Board provides shareholders and other parties in the financial markets with equal and simultaneous information about matters that may influence our share price. Contacts between the Board of Management on the one hand and the press and analysts 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 our General Meeting of Shareholders. Therefore, the Company is actively involved in proxy solicitation as a means of increasing the attendance and participation of our shareholders at our General Meeting of Shareholders.

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

The General Meeting of Shareholders appoints the external auditor after recommendation for appointment by the Audit Committee to the Supervisory Board and nomination of the Supervisory Board to the shareholders. The Audit Committee also approves the remuneration of the external auditor and instructions to the external auditor with respect to non-audit services.

The Company's internal control function plays an important role in assessing and testing our internal risk management and control systems. This function operates under the responsibility of the Board of Management. The Besi internal control framework consists of a formal framework defining key risks and key controls over financial reporting. Besi's finance staff carries out internal control activities and reports its findings to the Audit Committee.

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 issues management letters, if required. Furthermore, the external auditor reports its review of the semi-annual results to the Board of Management and the Supervisory Board at separate meetings.

Explanation of Deviations from the Dutch Corporate Governance Code

The Annual General Meeting of Shareholders held on March 25, 2004, approved the Besi Code, which follows all principles of the Dutch Corporate Governance Code and applies almost all best practice rules. Amendments to the Besi Code were approved by the shareholders at the Annual General Meeting of Shareholders on March 24, 2005 and March 22, 2007. The Besi Code is based on the Dutch Corporate Governance Code and the listing rules of Euronext Amsterdam. For the application of the Besi Code, the Company follows to the extent possible the guidance provisions provided by the Dutch Corporate Governance Code Monitoring Committee in its reports on compliance with the Dutch Corporate Governance Code of December 2005, 2006, 2007 and 2008.

The Company follows the best practice rules mentioned in the Dutch Corporate Governance Code regarding the independence and potential conflict of interest of the Board of Management members (Provision II.3.2 and II.3.4), the independence and potential conflict of interest of the Supervisory Board members (Provision III.6.1 and III.6.3) and transactions between the Company and legal or natural persons who hold at least ten percent of the Shares in the Parent Company (Provision III.6.4).
No conflicts of interest that were of material significance to Besi and\or the members of the Board of Management and the Supervisory Board were reported in the period January 1, 2008 up to and including December 31, 2008.

Deviations in the Besi Code from the Dutch Corporate Governance Code are listed and explained in the sections below.

Provision II.1.1

The Company respects the rights of members of the Board of Management who were members at the time of implementation of the Dutch Corporate Governance Code. For that reason, there was no adjustment of their employment agreements. In general, employment agreements with members of the Board of Management appointed after the implementation of the Dutch Corporate Governance Code have a four-year term. However, the terms and conditions of employment agreements for any new member of the Board of Management, including the term of the contract, will be evaluated at the moment of appointment. Such terms and conditions will depend on legislation and market conditions in effect at the time of recruitment, which could affect our ability to attract new members for the Board of Management.

Provision II.1.4

The Company acknowledges the importance of further improvements to its internal risk management and control systems. The Board of Management has stated in the section on "Internal Risk Management and Control", amongst other things, that Besi has an internal risk management and control system that is suitable for the Company, that the risk management and control system over financial reporting worked properly during the year under review and is designed to provide reasonable assurance that our financial reporting does not contain any material inaccuracies.

Provision II.2.1

The Company granted members of the Board of Management unconditional options that cannot be exercised in the first three years after they have been granted. This practice is consistent with remuneration policies generally applied in the industry and the jurisdictions in which the Company operates.

Provision II.2.3

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

Provision II.2.6

The Company acknowledges the importance of preventing conflicts of interest arising from the ownership of shares in other listed companies by its Board of Management. However, the Company considers the reporting of all ownership positions in listed companies by members of the Board of Management too large an intrusion on their privacy.

As an alternative, the Supervisory Board has drawn up regulations for members of the Board of Management concerning ownership of, and transactions in, listed securities in case possession of these securities could cause a conflict of interest as described in provision II.3 of the Dutch Corporate Governance Code. Any potential conflict of interest arising from ownership of a listed security must be reported to the Chairman of the Supervisory Board immediately.

Provision II.2.7
The Company respects the rights of members of the Board of Management who were members at the time of implementation of the Dutch Corporate Governance Code. For that reason, it did not adjust the employment agreements of members of the Board of Management that were signed prior to the implementation of the Dutch Corporate Governance Code. The terms and conditions of employment agreements for new members of the Board of Management, including severance payments, will be evaluated at the time of appointment. Such terms and conditions will depend on the legislation and market conditions in effect at the time of recruitment which could affect our ability to attract new members for the Board of Management.

Provision II.2.8
The Company does not grant members of the Board of Management any personal loans, guarantees or the like, but will not amend or cancel existing loan agreements that relate to the granting of stock options prior to the year 2001.

Provision III.4.3
A full-time "Secretary of the Company" is not economically feasible currently given Besi's size and cost structure. Besi considers the function of "Secretary of the Company" important. Therefore, the current staff of the Company performs this function.

Provision III.7.1
The Company operates in an international environment where investors expect Supervisory Board members to have ownership of Besi in the form of shares and stock options in order to demonstrate their commitment to the Company and further align the interests of the Supervisory Board members with those of shareholders. Therefore, the members of the Supervisory Board are granted stock awards and permitted to exercise stock options. Such stock options are valued based on the Black-Scholes model.

Provision III.7.3
The Company acknowledges the importance of preventing conflicts of interest arising from the ownership of shares in other listed companies by the Supervisory Board. However, the Company considers the reporting of all ownership positions in listed companies by members of the Supervisory Board too large an intrusion on their privacy.

As an alternative, the Supervisory Board has drawn up regulations for members of the Supervisory Board concerning ownership of, and transactions in, listed securities in case possession of these securities could cause a conflict of interest as described in provision II.3 of the Dutch Corporate Governance Code. Any potential conflict of interest arising from ownership of a listed security must be reported to the Chairman of the Supervisory Board immediately. In case the Chairman of the Supervisory Board is involved, the Vice-Chairman of the Supervisory Board must be notified immediately.

Provision IV.3.1 (Besi Code IV.2.1)
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 our website **(www.besi.com).**

Provision IV.3.8 (Besi Code IV.2.8)
The Company considers it important that the minutes of the General Meeting of Shareholders are made available to shareholders in a correct and timely manner. These minutes are prepared by a Dutch civil law notary or a lawyer and are therefore prepared by a person independent from the Company. Besi believes that having the minutes available within three months after the General Meeting of Shareholders qualifies as being made available in a timely manner.

Internal Risk Management and Control

Besi has an internal risk management and control system that is suitable for the Company. Our internal risk management and control system includes, among other things: (i) risk analyses of the operational and financial objectives of the Company; (ii) a code of ethics for the principal executives and senior financial officers and a code of conduct applicable to the Board of Management and employees which is published on our website; (iii) guidelines for the layout of the financial reports and the procedures to be followed in drawing up the reports; (iv) a system of disclosure controls and procedures designed to ensure that information, including non-financial information, required in reports to be filed with certain regulatory bodies, is accurately recorded, processed and summarized within the time period specified by applicable rules and regulations, and (v) a system of internal controls over financial reporting.

Our risk management and 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's internal control framework consists of a formal framework defining key risks specifically for Besi and key controls over financial reporting. Besi finance staff carries out internal control activities and reported its findings to the Audit Committee in 2008. Considering the above, our 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 2008 financial statements do not contain any material inaccuracies. At this moment, there are no indications that this system will not function properly in 2009. This statement cannot be considered as a statement in accordance with the requirements of Section 404 of the US Sarbanes-Oxley Act, which is not applicable to Besi. For a description of the important risk factors associated with our operations, we refer to page 44 under "Risk Factors" elsewhere in our Annual Report.

The Board of Management has established a policy that allows Besi's employees to report any irregularities of a general, operational or financial nature in, or violations of, any laws by the Company to the Chairman of the Audit Committee or to the Chairman of the Board of Management or to an official designated by him, without jeopardizing their employment with the Company. Alleged irregularities concerning the functioning of the members of the Board of Management shall be reported to the Chairman of the Supervisory Board. Policies regarding the reporting of violations are posted on our website at **www.besi.com.**

Financial Statements 2008

Consolidated Balance Sheet

(euro in thousands)	Note	December 31, 2008	December 31, 2007
Assets			
Cash and cash equivalents	3	74,008	74,781
Accounts receivable	4	23,824	41,738
Inventories	5	47,053	46,824
Income tax receivable		598	8,172
Other current assets	6	5,773	6,773
Total current assets		151,256	178,288
Assets held for sale	7	-	1,575
Property, plant and equipment	7	27,307	21,210
Goodwill	8	43,394	63,218
Other intangible assets	9	12,965	10,162
Deferred tax assets	10	5,677	8,172
Other non-current assets	11	2,280	2,380
Total non-current assets		91,623	105,142
Total assets		242,879	285,005
Liabilities and equity			
Notes payable to banks	12	16,711	14,581
Current portion of long-term debt and financial leases	16	4,591	6,364
Accounts payable	14	11,028	13,724
Income tax payable		855	541
Provisions	13	5,132	3,303
Accrued liabilities	15	14,712	13,854
Total current liabilities		53,029	52,367
Convertible notes	16	34,492	42,961
Long-term debt and financial leases	16	5,830	7,608
Deferred tax liabilities	10	622	234
Other non-current liabilities	17, 18	2,622	3,117
Total non-current liabilities		43,566	53,920
Issued capital	19	30,693	30,693
Share premium	19	176,420	176,153
Retained earnings (deficit)	19	(59,758)	(26,182)
Accumulated other comprehensive income (loss)	19	(1,475)	(2,285)
Equity attributable to equity holders of the parent		145,880	178,379
Minority interest		404	339
Total equity		146,284	178,718
Total liabilities and equity		242,879	285,005

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

Consolidated Statement of Operations

(euro in thousands)	Note		Year Ended December 31,
		2008	2007
Revenue	22	149,399	166,471
Cost of sales	7, 9	99,514	108,492
Gross profit		49,885	57,979
Selling, general and administrative expenses		41,755	41,567
Research and development expenses		16,073	21,312
Impairment expenses		20,200	779
Total operating expenses		78,028	63,658
Operating income (loss)		(28,143)	(5,679)
Financial income	25	3,830	3,800
Financial expense	25	(4,333)	(6,070)
Income (loss) before taxes		(28,646)	(7,949)
Income tax (benefit)	10	4,822	(2,453)
Net income (loss)		(33,468)	(5,496)
Attributable to:			
Equity holders of the parent		(33,576)	(5,600)
Minority interest		108	104
Net income (loss)		(33,468)	(5,496)
Income (loss) per share attributable to the equity holders of the parent			
Basic		(1.09)	(0.17)
Diluted		(1.09)	(0.17)
Weighted average number of shares used to compute income (loss) per share			
Basic	26	30,740,487	32,168,570
Diluted [1]	26	30,740,487	32,168,570

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

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

Consolidated Statement of Cash Flows

(euro in thousands)		Year Ended December 31,
	2008	2007
Cash flows from operating activities		
Net income (loss)	(33,468)	(5,496)
Depreciation and amortization	7,499	8,683
Impairment	20,200	779
Other non-cash items	3,850	1,832
Effects on changes in assets and liabilities		
Decrease (increase) in accounts receivable	18,066	(5,492)
Decrease in inventories	6	10,422
Decrease in accounts payable	(2,824)	(1,615)
Changes in other working capital	5,488	(3,728)
Income tax received (paid)	6,442	(2,910)
Interest paid	(1,825)	(1,914)
Net cash provided by operating activities	23,434	561
Cash flows from investing activities		
Capital expenditures	(7,519)	(4,036)
Capitalized development expenses	(3,453)	(338)
Proceeds from sale of property, plant and equipment	607	189
Net cash used in investing activities	(10,365)	(4,185)
Cash flows from financing activities		
Proceeds (payments) on bank lines of credit	2,068	(3,942)
Payments on debts and financial leases	(7,560)	(4,377)
Repurchase of convertible notes	(8,198)	-
Purchases of own shares	-	(11,033)
Proceeds from exercised stock options	-	46
Other financing activities	(375)	276
Net cash provided by financing activities	(14,065)	(19, 030)
Net change in cash and cash equivalents	(996)	(22,654)
Effect on changes in exchange rates on cash and cash equivalents	223	(577)
Cash and cash equivalents at beginning of the period	74,781	98,012
Cash and cash equivalents at end of the period	74,008	74,781

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

Consolidated Statement of Changes in Equity

(euro in thousands)	Number of Ordinary Shares outstanding[1]	Issued capital	Share premium	Retained deficit	Accumulated other comprehensive income (loss) (note 19)	Total attributable to equity holders of the parent	Minority Interest	Total equity
Balance at January 1, 2008	33,728,517	30,693	176,153	(26,182)	(2,285)	178,379	339	178,718
Exchange rate changes for the year	-	-	-	-	1,121	1,121	2	1,123
Total income and expense for the year recognized directly in equity	-	-	-	-	1,121	1,121	2	1,123
Net income (loss)	-	-	-	(33,576)	-	(33,576)	108	(33,468)
Total income and expense for the year	-	-	-	(33,576)	1,121	(32,455)	110	(32,345)
Dividend paid to minority shareholder	-	-	-	-	-	-	(45)	(45)
Equity-settled share-based payments expense	-	-	592	-	-	592	-	592
Change in cash flow hedging reserve	-	-	-	-	(311)	(311)	-	(311)
Equity component repurchase convertible	-	-	(325)	-	-	(325)	-	(325)
Balance at December 31, 2008	33,728,517	30,693	176,420	(59,758)	(1,475)	145,880	404	146,284
Balance at January 1, 2007	33,728,517	30,693	185,296	(20,582)	(1,169)	194,238	293	194,531
Exchange rate changes for the year	-	-	-	-	(1,199)	(1,199)	(14)	(1,213)
Total income and expense for the year recognized directly in equity	-	-	-	-	(1,199)	(1,199)	(14)	(1,213)
Net income (loss)	-	-	-	(5,600)	-	(5,600)	104	(5,496)
Total income and expense for the year	-	-	-	(5,600)	(1,199)	(6,799)	90	(6,709)
Dividend paid to minority shareholder	-	-	-	-	-	-	(44)	(44)
Reissued Treasury Shares for the exercise of stock options	-	-	46	-	-	46	-	46
Equity-settled share-based payments expense	-	-	1,844	-	-	1,844	-	1,844
Change in cash flow hedging reserve	-	-	-	-	83	83	-	83
Purchase own shares	-	-	(11,033)	-	-	(11,033)	-	(11,033)
Balance at December 31, 2007	33,728,517	30,693	176,153	(26,182)	(2,285)	178,379	339	178,718

[1] The outstanding number of Ordinary Shares includes 2,913,206 Treasury Shares.
The financial presentation has been prepared in accordance with IFRS, as adopted by the EU.

Notes to the Consolidated Financial Statements

1. Basis of Presentation

General

BE Semiconductor Industries N.V. was incorporated in the Netherlands in May 1995 as the holding company for a worldwide business engaged in the development, production, marketing and sales of back-end equipment for the semiconductor industry. BE Semiconductor Industries N.V.'s principal operations are in the Netherlands, Austria, Asia and the United States. Besi operates its business through its subsidiaries Fico International B.V., or Fico, Meco International B.V., or Meco, and their respective subsidiaries and Datacon Technology GmbH, or Datacon, and its respective subsidiaries. BE Semiconductor Industries N.V.'s principal executive offices are located at Ratio 6, 6921 RW Duiven, the Netherlands.

The Consolidated Financial Statements of BE Semiconductor Industries N.V. ("Besi" or "the Company") for the year ended December 31, 2008, were authorized for issue in accordance with a resolution of the directors on February 18, 2009. The Consolidated Financial Statements of the Company as at December 31, 2008, are presented to the Annual General Meeting of Shareholders for their adoption on May 12, 2009.

Statement of Compliance

EU law (IAS Regulation EC 1606/2002) requires that the annual Consolidated Financial Statements of the Company for the year ending December 31, 2008, be prepared in accordance with accounting standards adopted by the European Union ("EU") further to the IAS Regulation (EC 1606/2002) (further referred to as "IFRS, as adopted by the EU").

2. Summary of Significant Accounting Principles

Changes in Accounting Policies

The Consolidated Financial Statements of BE Semiconductor Industries N.V. and its subsidiaries have been prepared in accordance with the International Financial Reporting Standards ("IFRS"), as adopted by the EU. 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.

The Company has analysed all new and amended IFRS Guidelines during the year. The Company has adopted the following new and amended IFRS Guidelines during the year. Adoption of these revised standards did not have any effect on the financial statements of the Company, nor did they give rise to additional disclosures. The principal effects of these changes are as follows:

IFRIC 11 IFRS 2 Group and Treasury Share Transactions

IFRIC 11 requires arrangements whereby an employee is granted rights to an entity's equity instruments to be accounted for as an equity-settled scheme, even if the entity buys the instruments from another party, or the shareholders provide the equity instruments needed. This interpretation has no impact on the consolidated financial position or financial performance of the parent company.

IFRIC 14 IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction

IFRIC Interpretation 14 was issued in July 2007 and becomes effective for annual periods beginning on or after January 1, 2008. This interpretation provides guidance on how to assess the limit on the amount of surplus in a defined benefit scheme that can be recognized as an asset under IAS 19 Employee Benefits. The Company's defined benefit scheme has been in deficit, therefore the adoption of this Interpretation had no impact on the financial position or performance of the Company.

Future Changes in Accounting Principles

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

IAS 1 Amendment – Presentation of Financial Statements. The revised IAS 1 Presentation of Financial Statements was issued in September 2007 and becomes effective for financial years beginning on or after January 1, 2009. The Standard separates owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, the Standard introduces the statement of comprehensive income: it presents all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The adoption of this Standard will have no impact on the financial position or performance of the Company.

IFRS 2 Share-based Payment – Vesting Conditions and Cancellations

This amendment to IFRS 2 was issued in January 2008 and becomes effective for annual periods beginning on or after January 1, 2009. The amendment clarifies the definition of a vesting condition and prescribes the treatment of an award that is effectively cancelled because a non-vesting condition is not satisfied. As this is a standard effective in 2009, it will have no impact on the financial performance of the Company.

IFRS 3 Amendment – Business Combinations and IAS 27 Amendment – Consolidated and Separate Financial Statements

The revised standards were issued in January 2008 and become effective for financial years beginning on or after July 1, 2009. IFRS 3R introduces a number of changes in the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. IAS 27R requires that a change in the ownership interest of a subsidiary is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give raise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes introduced by IFRS 3R and IAS 27R must be applied prospectively and will affect future acquisitions and transactions with minority interests. The adoption of this Standard will have an impact on the financial position or performance of the Company since the acquisition costs can no longer be capitalized under this Standard.

IFRS 8 Operating Segments

IFRS 8 was issued in November 2006 and is effective for annual periods beginning on or after January 1, 2009. IFRS 8 requires entities to disclose segment information reviewed by the entity's chief operating decision maker. The impact of this standard on the other segment disclosures is still to be determined. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Company.

IAS 23 Borrowing Costs

A revised IAS 23 Borrowing Costs was issued in March 2007 and becomes effective for financial years beginning on or after January 1, 2009. The standard has been revised to require capitalization of borrowing costs when such costs relate to a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. In accordance with the transitional requirements in the Standard, the Company will adopt this as a prospective change. Accordingly borrowing costs will be capitalized on qualifying assets with a commencement date after January 1, 2009. No changes will be made for borrowing costs incurred to this date that have been expensed.

IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation

These amendments to IAS 32 and IAS 1 were issued in February 2008 and become effective for annual periods beginning on or after January 1, 2009. The amendments allow a limited scope exception for puttable financial instruments to be classified as equity if they fulfill a number of specified features. As this is a standard effective in 2009, it will have no impact on the financial performance of the Company.

IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items

These amendments to IAS 39 were issued in August 2008 and become effective for financial years beginning on or after July 1, 2009. The amendment addresses the designation of an onesided risk in a hedged item, and the designation of inflation as a hedged risk or portion in particular situations. It clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as hedged item. As this is a standard effective in 2009, it will have no impact on the financial performance of the Company.

Other changes in accounting principles have no impact on the Company.

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. They are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments and securities, relating to pension obligations.

The preparation of financial statements in conformity with IFRS, as adopted by the EU, requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. In the 2007 consolidated financial statements some reclassifications have been made to align the 2007 presentation with the 2008 presentation.

Principles of Consolidation

The consolidated financial statements comprise the financial statements of BE Semiconductor Industries N.V. and its subsidiaries as at December 31, 2008. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Minority interests represent the portion of profit and loss and net assets that is not held by the Company and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet, separately from parent shareholders' equity. Acquisitions of minority interests are accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired is recognised in goodwill.

As of December 31, 2008, 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.	Londonderry, New Hampshire, USA	100%
Besi Austria Holding GmbH	Vienna, Austria	100%
Besi USA, Inc.	Londonderry, New Hampshire, USA	100%
Besi Singapore Pte. Ltd.	Singapore	100%
Besi Korea Ltd.	Seoul, Korea	100%
Besi Japan Co. Ltd.	Tokyo, Japan	100%
Besi Taiwan Ltd.	Taipei, Taiwan	100%
Besi Asia Pacific Holding B.V.	Duiven, the Netherlands	100%
Besi Philippines, Inc.	Muntinlupa City, Philippines	100%
Fico B.V.	Duiven, the Netherlands	100% [1]
Fico International B.V.	Duiven, the Netherlands	100%
Fico Tooling Leshan Company Ltd.	Leshan, China	87%
Besi APac Sdn. Bhd.	Shah Alam, Malaysia	100% [2/5]
ASM Fico (F.E.) Sdn. Bhd.	Shah Alam, Malaysia	99.9% [3]
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.	Londonderry, New Hampshire, USA	100% [4]
Datacon Eurotec GmbH	Berlin, Germany	100%
Datacon Beteiligungs GmbH	Vienna, Austria	100%
Datacon Technology GmbH	Radfeld, Austria	100%
Datacon Switzerland AG	Baar, Switzerland	100%
Datacon Hungary Termelö Kft.	Györ, Hungary	100% [2]

[1] Fico B.V. and Fico Singulation B.V. merged effective December 19, 2007. The name of the combined company is Fico B.V.

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

[3] In order to comply with local corporate law, a minority shareholding is held by Company management.

[4] Company formerly known as Laurier Inc. and merged with Datacon North America Inc. in January 2008.

[5] Company formerly known as Fico Asia Sdn. Bhd.

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

Derivative Financial Instruments

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

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

Where a derivative financial instrument hedges the change in fair value of a recognized asset or liability or an unrecognized firm commitment (or an identified portion of such assets, liability or firm commitment), any gain or loss on the hedging instrument is recognized in the consolidated statement of operations. The hedged item also is stated at fair value in respect of the risk being hedged, with any gain or loss being recognized in the consolidated statement of operations.

As of July 1, 2006, the Company adopted 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 operations in financial income (expense).

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. 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 to profit or loss. 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 income statements are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation 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 profit or loss.

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.

Accounts Receivable

Accounts receivable are stated at their cost less impairment losses. Cost is measured as the invoiced amount taking into consideration the time value of money, if significant. The calculation of the impairment loss is the Company's best estimate of the amount of probable credit losses in its existing accounts receivable. The Company determines the impairment loss based on historical write-off experience by industry and national economic data. Balances which are over 30 days past due and exceed a specific amount are reviewed individually for collectibility. Account balances are charged off after all means of collection have been exhausted and the potential for recovery is considered remote. The Company does not have any off-balance sheet credit exposure related to its customers.

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, charges for freight and custom duties, production labor costs and factory overhead.

Other Current Assets

Other current assets are stated at cost.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation. 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]	5 – 10 years
Machinery and equipment	2 – 10 years
Office furniture and equipment	3 – 10 years

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

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

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Property, plant and equipment once classified as held for sale are not depreciated.
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 results 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 profit or loss on a straight-line basis over the lease term.

Business Combinations and Goodwill

Business combinations are accounted for using the purchase method. Goodwill represents the excess of the costs of purchased businesses over the fair value of their net assets and liabilities at date of acquisition. Goodwill is allocated to cash-generating units and is no longer amortized but is tested annually for impairment. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Other Intangible Assets

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 operations 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 and the Company has sufficient resources to complete development. The expenditure capitalized includes the cost of materials, direct labour and other directly attributable costs. Other development expenditures are recognized in the consolidated statement of operations 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 operations 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

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 identifiable assets with indefinite lives.

The amortization is recognized in the consolidated statement of operations 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 operations. 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, accounts payable and accrued liabilities and are stated at amortized cost.

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 operations 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 recognised initially at fair value plus, in the case of investments not a fair value through profit or loss, directly attributable transaction costs.

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

- The rights to receive cash flows from the asset have expired.
- The Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- The Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.
- When the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.
- Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Loans and Receivables

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

Financial Liabilities

Financial liabilities are recognized initially at fair value and in the case of loans and borrowings, directly attributable transaction costs. 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 profit or loss.

Employee Benefits

Pension Plans

Obligations for contributions to defined contribution plans are recognized as an expense in the consolidated statement of operations, as incurred.

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

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

Severance Provisions

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

Share-Based Payments

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

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

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

Under the Incentive Plan 2005, the Company granted non-performance-related stock awards to its Supervisory Board and performance-related stock awards to members of Board of Management, executive officers and senior officers of the Company. All granted stock awards in 2005 and 2006 have vested on November 30, 2007, in accordance with the allocation agreements. The Company granted 495,373 stock awards in 2007 of which 198,062 have vested in 2007, in accordance with the allocation agreements. The Company granted 460,518 stock awards in 2008 of which 76,950 have vested in 2008, in accordance with the allocation agreements. All non-vested stock awards vest in 2010. The expense recognized in the consolidated statement of operations is based on the market value of the Company's Ordinary Shares on the date of grant.

Provisions

A provision is recognized in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Warranties

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

Restructuring

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

Revenue Recognition

Shipment of products occurs after a customer accepts the product at the Company's premises. Advance payments received from customers are recorded as a liability until the products have been shipped. The Company recognizes revenues from sales of products upon shipment, if and when the risk of loss and rewards of ownership with respect to products transfer to customers at that time. The sale of the product to the customer is thereby considered complete and no significant obligations remain after the sale is completed. A customer's sole recourse against the Company is to enforce its obligations relating to installation and warranty. In connection with introductions of new technology, we initially defer revenue recognition until completion of installation and acceptance of the new technology at the customer's premises. This deferral continues until the Company is able to conclude that installation of the new technology in question occurs consistently within a predetermined time period and that the performance of the new technology is not reasonably different from that exhibited in the pre-shipment factory acceptance test. Any such deferral of revenues can have a material effect on the result of operations for the fiscal period in which the deferral occurs and on succeeding fiscal results. Revenue related to training and technical support service 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 Other Governmental Credits

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

Net Financing Expenses/Borrowing Costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method, foreign exchange gains and losses and gains and losses on hedging instruments that are recognized in the consolidated statement of operations. Interest income is recognized in the consolidated statement of operations as it accrues, using the effective interest method. The interest expense component of finance lease payments is recognized in the consolidated statement of operations using the effective interest rate method. All borrowing costs are recognized and expensed when occurred.

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 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 business segment, the design, manufacturing, marketing and servicing of assembly equipment for the semiconductor's back-end segment. Since the Company operates in one business 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. Geographic segmentation is considered to be the secondary segment.

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 financial statements:

Impairment of Non-Financial Assets

The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill and other indefinite life intangibles are tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are contained in Note 8.

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 18.

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 recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in Note 10.

Pension and Other Post Employment Benefits

The cost of defined benefit pension plans and other post-employment medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. Further details are given in Note 18.

Development Costs

Development costs are capitalized in accordance with the accounting policy as reflected below. 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 9.

3. Cash and Cash Equivalents

(euro in thousands)	December 31, 2008	December 31, 2007
Short-term deposits	41,786	47,300
Cash on hand at banks	32,222	27,481
Total cash and cash equivalents	74,008	74,781

Cash and cash equivalents in the balance sheet comprise cash at banks. Interest rates are variable, except for some short-term deposits, which bear a fixed interest rate with an original maturity of three months or less depending on the immediate cash requirements of the Company. The fair value of cash and short-term deposits is € 74,008 (2007: € 74,781).

4. Accounts Receivable

Accounts receivable, generally with payments terms of 30 to 90 days, are shown at nominal value net of impairment losses amounting to € 850 and € 393 at December 31, 2008 and 2007, respectively.

As at December 31, the aging of accounts receivable is as follows:

(euro in thousands)	Total	Impaired	Neither past due nor impaired					Past due but not impaired
				< 30 days	30–60 days	60–90 days	90–120 days	> 120 days
2008	23,824	(850)	9,192	4,458	4,763	1,640	640	3,981
2007	41,738	(393)	19,705	5,753	4,940	2,467	2,617	6,649

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

(euro in thousands)	2008	2007
Balance at January 1,	393	636
Additions (releases)	481	3
Utilized	(25)	(229)
Foreign currency translation	1	(17)
Balance at December 31,	850	393

5. Inventories

Inventories consist of the following:

(euro in thousands)	December 31, 2008	December 31, 2007
Raw materials	23,695	21,542
Work in progress	19,318	21,536
Finished goods	4,040	3,746
Total inventories, net	47,053	46,824

The movements in the provision for obsolete inventories are as follows:

(euro in thousands)	December 31, 2008	December 31, 2007
Balance at January 1,	7,760	7,871
Additions (releases)	1,978	1,464
Inventory written off	(121)	(1,467)
Foreign currency translation	64	(108)
Balance at December 31,	9,681	7,760

6. Other Current Assets

Other current assets consist of the following:

(euro in thousands)	December 31, 2008	December 31, 2007
VAT receivables	1,729	1,725
Subsidies and development credits receivable	398	291
Interest receivable	280	406
Deposits	172	321
Prepaid expenses	1,102	1,109
Receivable member of the Board of Management	-	122
Insurance	896	623
Other	1,196	2,176
Total other current assets	5,773	6,773

Other current assets do not include any amounts with expected remaining terms of more than one year. The other current assets are stated at nominal value.

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

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

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

(euro in thousands)	Land, buildings and leasehold improvements	Machinery and equipment	Office furniture and equipment	Assets under construction	Total
Balance at January 1, 2007					
Cost	13,952	22,889	16,958	145	53,944
Accumulated depreciation	(1,322)	(15,592)	(14,253)	-	(31,167)
Property, plant and equipment, net	12,630	7,297	2,705	145	22,777
Changes in book value in 2007					
Additions	1,812	795	936	493	4,036
Disposals	(620)	(303)	(11)	-	(934)
Depreciation	(665)	(2,440)	(1,308)	-	(4,413)
Foreign currency translation	(131)	(83)	(39)	(3)	(256)
Total changes	396	(2,031)	(422)	490	(1,567)
Balance at December 31, 2007					
Cost	14,680	22,660	16,627	635	54,602
Accumulated depreciation	(1,654)	(17,394)	(14,344)	-	(33,392)
Property, plant and equipment, net	13,026	5,266	2,283	635	21,210

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, 2008	December 31, 2007
Buildings and leasehold improvements	181	-
Machinery and equipment	91	96
Office furniture and equipment	728	-
Accumulated depreciation	(89)	(53)
Total	911	43

Assets classified as held for sale

In 2008 the Company sold the Brunssum property with a gain of € 0.4 million, this gain was recorded under the operating expenses. The Datacon property (book value € 0.6 million) was utilized for office space and the Herwen property was reclassified as property, plant and equipment as it is not expected to be sold within one year.

Depreciation

The depreciation is recognized in the following line items in the consolidated statement of operations:

(euro in thousands)	December 31, 2008	December 31, 2007
Cost of sales	1,658	1,999
Selling, general and administrative expenses	1,924	1,660
Research and development expenses	495	754
Total	4,077	4,413

8. Goodwill

Goodwill consists of the following:

(euro in thousands)	December 31, 2008	December 31, 2007
Balance at January 1,		
Goodwill	63,218	64,111
Changes in book value		
Impairment	(20,200)	-
Valuation allowance adjustments on acquisition Datacon	-	(53)
Foreign currency translation	376	(840)
Total changes	(19,824)	(893)
Balance at December 31,		
Goodwill	43,394	63,218

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 unit are as follows:

(euro in thousands)	December 31, 2008	December 31, 2007
Datacon	41,414	60,759
Meco	1,980	1,980
Fico	-	479
Total	43,394	63,218

The recoverable amount of the cash-generating units is based on value in used calculations. Those calculations use cash flow projections based on actual operating results and the five-year business plan, as well as the present value of the residual value at the end of the fifth year. The calculations of value in use are most sensitive to the following assumptions:

- This residual value is based on a 1% perpetual growth rate.
- The discount rate used varied between 12.6% and 13.1%.
- The risk free rate of 3.66% and market risk premium.

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.

As a result of deteriorating market conditions and uncertain industry prospects during the latter part of the fourth quarter, the Company recorded non cash charges of € 20.2 million related to the write-down to fair value of goodwill at December 31, 2008.

The Company recognizes that the uncertainties in the semiconductor industry can have a significant impact on the growth rate of 1%. A reduction of 0.5% growth rate would give a reduction of the value in use of € 2.4 million, an increase of 0.5% growth rate would give an increase in the value in use of € 2.6 million.

9. Other Intangible Assets

Other intangible assets, net consist of the following:

(euro in thousands)	Software	Patents	Trademarks	Customer relationships	Development expenses	Total
Balance at January 1, 2008						
Cost	-	34,247	501	6,083	7,045	47,876
Accumulated amortization	-	(30,581)	(240)	(1,521)	(4,167)	(36,509)
Accumulated impairment	-	(725)	(261)	-	(219)	(1,205)
Other intangible assets, net	-	2,941	-	4,562	2,659	10,162
Changes in book value in 2008						
Capitalized development expenses	-	-	-	-	3,453	3,453
Financial leases [1]	2,730					2,730
Amortization	(309)	(1,291)	-	(507)	(1,315)	(3,422)
Foreign currency differences	-	15	-	-	27	42
Total changes	2,421	(1,276)	-	(507)	2,165	2,803
Balance at December 31, 2008						
Cost	2,730	34,303	-	6,083	10,525	53,641
Accumulated amortization	(309)	(31,783)	-	(2,028)	(5,482)	(39,602)
Accumulated impairment	-	(855)	-	-	(219)	(1,074)
Other intangible assets, net	2,421	1,665	-	4,055	4,824	12,965

[1] The Company re-financed an operational lease which was concluded in 2007. As a result of this transaction, the amount of € 2,730 is reported under financial leases in 2008.

(euro in thousands)	Software	Patents	Trademarks	Customer relationships	Development expenses	Total
Balance at January 1, 2007						
Cost	-	34,592	560	6,083	6,707	47,942
Accumulated amortization	-	(28,383)	(273)	(1,014)	(1,925)	(31,595)
Accumulated impairment	-	(1,065)	-	-	(219)	(1,284)
Other intangible assets, net	-	5,144	287	5,069	4,563	15,063
Changes in book value in 2007						
Capitalized development expenses	-	-	-	-	338	338
Impairment	-	(518)	(261)	-	-	(779)
Amortization	-	(1,605)	(21)	(507)	(2,137)	(4,270)
Foreign currency differences	-	(80)	(5)	-	(105)	(190)
Total changes	-	(2,203)	(287)	(507)	(1,904)	(4,901)
Balance at December 31, 2007						
Cost	-	34,247	501	6,083	7,045	47,876
Accumulated amortization	-	(30,581)	(240)	(1,521)	(4,167)	(36,509)
Accumulated impairment	-	(725)	(261)	-	(219)	(1,205)
Other intangible assets, net	-	2,941	-	4,562	2,659	10,162

Amortization and Impairment Charge

The amortization and impairment (charge) is recognized in the following line items in the consolidated statement of operations:

(euro in thousands)	December 31, 2008	December 31, 2007
Cost of sales	1,287	1,107
Selling, general and administrative expenses	816	1,021
Research and development expenses	1,319	2,142
Subtotal amortization	3,422	4,270
Impairment expenses	20,200	779
Total	23,622	5,049

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, 2008	December 31, 2007
Software	2,730	-
Accumulated depreciation	(309)	-
Total	2,421	-

Changes in Assumptions

The book value of a patent related to the Company's Fico subsidiary as of December 31, 2008 has been recalculated due to extension of lifetime to 2012 as a result of expected future cashflow related to this patent. The effect of this extension in 2008 amounts to € 0.4 million and is recognized under the line item cost of sales. The book value of a patent related to the Company's Datacon subsidiary as of December 31, 2008 has been recalculated due to reduction of lifetime as a result of negative market conditions. The effect of this reduction in 2008 amounts to € 0.2 million and is recognized under the line item cost of sales. The bookvalue of the capitalized development expenses related to the Company's subsidiaries Datacon, Besi North America and Fico as of December 31, 2008 has been recalculated due to extension of lifetime to 2010 as a result of expected future cashflow related to this development. The effect of this extension in 2008 amounts to € 0.8 million and is recognized under the line item research and development expenses.

10. Income Taxes

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

(euro in thousands)	December 31, 2008	December 31, 2007
Deferred tax assets (liabilities)		
- Operating loss carry forwards	3,940	5,671
- Intangible assets	468	1,191
- Inventories	1,141	1,085
- Provisions	988	1,073
- Debt issuance costs convertible notes	(198)	(332)
- Equity component convertible notes	(263)	(443)
- Other items	(1,021)	(307)
Total deferred tax assets (liabilities), net	5,055	7,938
Deferred tax asset to be recovered after more than twelve months	3,954	6,786
Deferred tax asset to be recovered within twelve months	1,723	1,386
Total deferred tax assets, net	5,677	8,172
Deferred tax liability to be settled after more than twelve months	(622)	(234)
Deferred tax liability to be settled within twelve months	-	-
Total deferred tax liabilities, net	(622)	(234)
Total deferred tax assets (liabilities), net	5,055	7,938

The deferred tax assets for operating loss carry forwards are related to the US, German, Austrian and Dutch operations of the Company. Under applicable US tax law, the carry forwards related to the US operating losses of € 16.9 million expire during the periods of 2010 through 2027. The carry forwards related to the Dutch operating losses amount to approximately € 39.2 million and expire during the periods of 2013 through 2017. 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 Austrian amount to approximately € 3.8 million, and can be carried forward indefinitely.

In assessing the realizability of deferred tax assets, the Company considers whether it is more probable 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 2002, the Company decided not to record its deferred tax asset consisting primarily of US net operating loss carry forwards and temporary differences.

In 2007, the Company recorded an after-tax benefit of € 1.2 million, net of interest charges, due to a favorable settlement with Dutch fiscal authorities of Besi's tax obligations for the period 1998-2002, based on their statutory review.

In 2008, the Company determined that future taxable income would be sufficient to cover the Dutch deferred tax asset of € 3.1 million related to the tax loss carry forwards and therefore recorded a € 7.0 million deferred tax adjustment.

The Dutch domestic statutory tax rate is 25.5% for the year ended December 31, 2008, and 25.5% for the year ended December 31, 2007. The reconciliation between the actual income taxes (benefit) shown in the consolidated statement of operations 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,
	2008	**2008 in % of Loss before taxes**	**2007**	**2007 in % of Loss before taxes**
"Expected" income tax expence (benefit) based on domestic	(7,305)	25.5%	(2,027)	25.5 %
Non-deductible expenses	173	(0.6%)	(64)	0.8 %
Foreign tax rate differential	64	(0.2%)	(809)	10.2 %
Tax benefits Eurotec transaction - Datacon	-	-	(43)	0.5 %
Changes in tax due to adjustment tax audit	-	-	(1,735)	21.8 %
Impairment goodwill	5,087	(17.8%)	-	-
Changes in deferred tax assets and liabilities due to adjustment tax rates	-	-	(6)	0.1 %
Increase (decrease) in realizable tax asset, net	6,618	(23.1%)	1,860	(23.4 %)
Other	185	(0.6%)	371	(4.7 %)
Income tax (benefit) shown in consolidated statement of operations	4,822	(16.8%)	(2,453)	30.9 %

The provision for income tax (benefit) shown in the consolidated statement of operations consisted of the following:

(euro in thousands)	**December 31, 2008**	**December 31, 2007**
Current	2,418	768
Deferred	2,404	(3,221)
Total	4,822	(2,453)

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.

11. Other Non-Current Assets

Other non-current assets consist of the following:

(euro in thousands)	**December 31, 2008**	**December 31, 2007**
Funds with insurance companies for pension liability	2,094	1,950
Other	186	430
Total other non-current assets	2,280	2,380

12. Borrowing Facilities

At December 31, 2008, the Company and its subsidiaries had available credit facilities amounting to an aggregate of € 24.3 million, under which € 12.4 million of short-term borrowings were outstanding. Furthermore, amounts available to be drawn under the lines were reduced by € 0.6 million in outstanding bank guarantees. Interest is charged at the bank's base lending rates or Euribor plus an increment between 0.30% and 1.0%. The credit facility agreements include covenants requiring the Company to maintain certain financial ratios. The Company and all of its applicable subsidiaries were in compliance with all loan covenants at December 31, 2008 or received requisite waivers. All borrowing facilities have no contractual maturity date. For security arrangements with respect to all loans we refer to Note 16.

13. Provisions

(euro in thousands)	December 31, 2008	December 31, 2007
Warranty provision	2,671	2,668
Restructuring provision	2,461	553
Provision for purchase obligations	-	82
Total provisions	5,132	3,303

Warranty Provision

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

(euro in thousands)	December 31, 2008	December 31, 2007
Balance at January 1,	2,668	2,978
Additions	2,628	3,270
Cost for warranty usage	(2,642)	(3,558)
Foreign currency translation	17	(22)
Balance at December 31,	2,671	2,668

Restructuring Provision

In December 2008, the Company announced an operational restructuring focused on the consolidation of certain global manufacturing and sales and service activities in order to streamline its operations, reduce subsidiary overhead and improve profitability. Restructuring charges recorded by the Company in 2008 amount to € 4.2 million, whereof approximately € 1.5 million relates to severance payments, € 1.0 million relates to closing of the Companies Hungarian operations and approximately € 1.7 million to external consultancy and legal charges related to the restructuring, which were already invoiced in 2008.

Changes in the restructuring provision were as follows:

(euro in thousands)	December 31, 2008	December 31, 2007
Balance at January 1,	553	35
Additions (releases)	2,461	1,862
Cash payments	(553)	(1,308)
Foreign currency translation	-	(36)
Balance at December 31,	2,461	553

The additions mainly relate to severance payments. The restructuring charges (releases) are recognized in the following line items in the consolidated statement of operations:

(euro in thousands)	December 31, 2008	December 31, 2007
Cost of sales	314	1,950
Selling, general and administrative expenses	3,835	1,486
Research and development expenses	75	327
Impairment intangible assets	-	779
Total	4,224	4,542

Provision for Purchase Obligations

The Company systematically evaluates its outstanding commitments for the purchase of materials and subcontracting for obsolescence. At December 31, 2008, the Company provided a provision on its outstanding commitments equal to € 0.

Changes in the provision for purchase obligations were as follows:

(euro in thousands)	December 31, 2008	December 31, 2007
Balance at January 1,	82	42
Additions (releases)	-	88
Cash payments	(82)	(48)
Balance at December 31,	-	82

14. Accounts Payable

Accounts payable are non-interest bearing and are normally settled on 30–60 day terms.

15. Accrued Liabilities

Accrued liabilities consist of the following:

(euro in thousands)	December 31, 2008	December 31, 2007
Advances from customers	1,881	1,386
Other taxes and social security	2,017	1,535
Salaries and payroll-related items	4,888	4,053
Accrued commissions	142	491
Development credits payable	-	120
Interest	1,000	1,658
Other	4,784	4,611
Total accrued liabilities	14,712	13,854

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

16. Long-Term Debt and Financial Leases

(euro in thousands)	December 31, 2008	December 31, 2007
Convertible notes, interest rate at 5.5%	34,492	42,961
Other long-term debt:		
A. Long-term loan from Bank für Tirol und Vorarlberg, Radfeld, Austria (Interest rate is 5.5% at December 31, 2008)	971	1,942
B. Research and development loan from Österreichische Forschungsförderungsgesellschaft, Wien, Austria		
(Interest rates between 2.0% and 2.5% at December 31, 2008)	940	1,267
C Long-term loan from Fortis Bank, the Netherlands (Interest rates at 4.72% at December 31, 2008)	1,000	3,500
D. Long-term loan from Fortis Bank, the Netherlands (Interest rate at 4.08% at December 31, 2008)	500	2,500
E. Long-term loan Fortis Bank, Austria (Interest rate at 5.88% at December 31, 2008)	2,671	3,157
F. Long-term loan Royal Bank of Scotland, Malaysia (Interest rate at 5.25% at December 31, 2008)	807	1,047
G. Long-term loan ERP fund (Interest rates at 2.95% at December 31, 2008)	200	550
H. Financial lease of IT investments	3,332	-
Financial leases at various interest rates	-	9
Sub Total	44,913	56,933
Less: current portion	(4,591)	(6,364)
Total long-term debt and financial leases	40,322	50,569

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

(euro in thousands)	Convertible notes	Long-term debt	Financial leases
2009	-	3,405	1,186
2010	-	979	1,266
2011	-	1,366	880
2012	36,300	588	-
2013	-	509	-
2014 and thereafter	-	242	-
Total	36,300	7,089	3,332
Less: imputed interest	(1,032)	-	-
Less: unamortized debt issuance cost	(776)	-	-
Less: current portion of long-term debt and financial leases	-	(3,405)	(1,186)
Non-current portion of long-term debt and financial leases	34,492	3,684	2,146

Convertible Notes

In January 2005, the Company issued € 46 million principal amount of convertible notes due 2012 (the "Notes"). The Notes carry an interest rate of 5.5% per annum, payable semi-annually, with the first payment made on July 28, 2005. The Notes initially convert into Ordinary Shares at a conversion price of € 5.1250. The Notes will be repaid at maturity at a price of 100% of their principal amount plus accrued and unpaid interest. If not converted, on the date beginning four years from the issue date, the Company may redeem the outstanding Notes at their par value provided that on the date of conversion the market value of the Company's Ordinary Shares exceeds 130% of the then effective conversion price.
The Notes were offered to institutional investors in the Netherlands and internationally to professional investors through an international private placement, in reliance on Regulation S of the US Securities Act of 1933, as amended. Listing of the Notes on the official segment of the Stock Market of Euronext Amsterdam N.V. took place on January 28, 2005.

The amount of the Notes classified as equity of € 2,580 is net of attributable debt issuance cost of € 140.

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 income statement under financial income and expense and € 0.4 million was recorded in equity in the third quarter ended September 30, 2008.

The fair value of the convertible notes as of December 31, 2008 represents 85% of its nominal value of € 36.3 million.

Other Long-Term Debt

The carrying value of the pledges related to long term debt do not exceed the value of the outstanding long term debt as of December 31, 2008.

A. Represents a loan totaling € 971 for the financing of the Company's Datacon subsidiary. The interest rate at December 31, 2008, was 5.5%. Total payments are due between January 2009 and October 2009. The loan is secured by a bill of exchange, a pledge of securities and by land and fire insurance. The short-term portion of the loan is secured by outstanding accounts receivable.
B. Represents seven loans aggregating € 940 for the financing of the research and development projects at the Company's Datacon subsidiary. The interest rates at December 31, 2008, vary from 2% to 2.5%. Loan repayments are due between January 2009 and June 2013.
C. Represents a loan of € 1,000 for the financing of the Company's Meco subsidiary. The interest rate at December 31, 2008 was 4.72%. Loan repayments are due between January 2009 and October 2009. The loan is secured by a positive/negative pledge of registered claims, inventory and equipment.

D. Represents a loan of € 500 for the financing of the Company's Fico subsidiary. The interest rate at December 31, 2008 was 4.08%. Total payment is due in January 2009. The loan is secured by a positive/negative pledge of registered claims, inventory and equipment.
E. Represents a loan of € 2,671 for the financing of the Company's Datacon subsidiary. The interest rate at December 31, 2008 was 5.88%. Loan repayments are due between January 2009 and March 2014. The loan is secured by a bill of exchange, a pledge of securities and by land and fire insurance. The short portion of such loan is secured by outstanding accounts receivable.
F. Represents a loan of € 807 for the financing of the Company's Besi APac subsidiary. The interest rate at December 31, 2008 was 5.25%. Loan repayments are due between January 2009 and March 2012. The loan is secured by a mortgage on the land and buildings of Besi APac Sdn. Bhd. and certain other fixed and floating present and future assets of Besi APac Sdn. Bhd.
G. Represents a loan of € 200 for the financing of the research and development projects at the Company's Datacon subsidiary. The interest rate at December 31, 2008 was 2.95%. Total payments are due between January 2008 and July 2009. The loan is secured by a bank guarantee and investment funds held by the Datacon subsidiary.
H. Represents a financial lease primarily related to IT investments held by the Company's Datacon subsidiary. Financial lease payments are due between January 2009 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, 2008**
	Minimum payments	**Present value of payments**
Within one year	1,370	1,186
After one year but not more than five years	2,282	2,146
Total minimum lease payments	3,652	3,332
Less amounts representing financial charges	(320)	-
Present value of minimum lease payments	3.332	3,332

17. Other Non-Current Liabilities

Other non-current liabilities consist of the following:

(euro in thousands)	**December 31, 2008**	**December 31, 2007**
Pension liabilities	1,301	1,536
Severance obligations	1,321	1,581
Other non-current liabilities	2,622	3,117

18. Employee Benefits

Pension Plans

The employees of the Company's Dutch subsidiaries participate in a multi-employer union plan. This plan is a defined benefit plan that is managed by Bedrijfstakpensioenfonds Metalektro. This industry pension fund is unable to provide the information needed in order to account for pension commitments as a defined benefit plan in the financial statements. For that reason, the plan is accounted for as a defined contribution plan in accordance with IAS 19 "Employee benefits". The Company has no continuing obligations other than the annual payments. Contributions under this plan were € 3.0 million in 2008 and € 3.3 million in 2007, respectively. Based on public information posted on the website of the Industry Pension Fund, the funding decreased from 135% as of December 31, 2007 to 90% as of December 31, 2008, which will result in a 1% increase on the the annual payments.

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

The Company's Austrian subsidiaries operate a voluntary defined benefit plan for guaranteed pension payments covering key personnel only, as well as a defined benefit plan for severance payment in accordance with Austrian Labour Law. The pension assets related to this defined benefit plan do not qualify as plan assets and are therefore presented separately, not netted with the pension liability. The cost of providing benefits under the defined benefit plans is determined separately for each plan using the project unit cost method. The corridor method is not applied. Actuarial gains and losses are immediately recognized. The discount rate was assumed at 5.75% (2007 4.5%). The discount rate was derived by reference to appropriate benchmark yields on high quality corporate bonds. For the severance payments a salary increase rate of 3.5% (2007 3.5%) was assumed. For contractually granted director's pensions the contractual 1.5% (2007 1.5%) increase was taken into account. For other employees, pensions and salary increases are not foreseen in the contract.

Changes in the liability for defined benefit and severance obligations recognized in the consolidated balance sheet is as follows:

(euro in thousands)	Pension liabilities	Severance obligations	2008 Total
Liability for defined benefit and severance obligations at January 1,	1,536	1,581	3,117
Service cost	322	138	460
Interest cost	65	70	135
Net actuarial (gain) loss recognized	(246)	(461)	(707)
Benefits paid	(376)	(7)	(383)
Liability for defined benefit and severance obligations at December 31,	1,301	1,321	2,622

(euro in thousands)	Pension liabilities	Severance obligations	2007 Total
Liability for defined benefit and severance obligations at January 1,	1,394	1,380	2,774
Service cost	213	140	353
Interest cost	81	62	143
Net actuarial (gain) loss recognized	(114)	16	(98)
Benefits paid	(38)	(17)	(55)
Liability for defined benefit and severance obligations at December 31,	1,536	1,581	3,117

The accumulated defined benefit obligation amounts to € 2.6 million as of December 31, 2008. Future expected benefit payments to (former) employees regarding pensions over the next ten years are immaterial. Future expected payments regarding severance over the next ten years cannot be estimated.

A summary of the components of total expense recognized in the consolidated statement of operations and the weighted average assumptions used for net periodic pension cost and benefit obligation calculations for 2008 and 2007 is presented below.

(euro in thousands)	Year Ended December 31, 2008	2007
Components of total expense recognized in consolidated statement of operations		
Service cost	322	213
Interest cost	65	81
Net actuarial (gain) loss recognized	(246)	(113)
Total expense recognized in statement of operations	141	181

Changes in plan assets related to the liability for defined benefit and severance obligations recognized in the consolidated balance sheet are as follows:

(euro in thousands)	2008	2007
Plan assets at January 1,	1,950	1,984
Actual return on plan assets	61	21
Employer contribution/additions to plan assets	171	179
Transfer/disposal of plan assets due to resignation of employees	(88)	(234)
Plan assets at December 31,	2,094	1,950

Future expected contribution related to employer contribution in 2009 is expected to be in line with prior years.

Share-Based Compensation Plans

Description of Share-Based Compensation Plans

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

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

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

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

The fair value of equity-settled options granted is recognized as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and expensed over the period during which the employees become unconditionally entitled to the options. For the cash stock options granted between 2001 and 2004, a benefit of € 21, net of tax, was recognized as compensation based on the market value of our Ordinary Shares for the year ended December 31, 2008.

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

In 2005, the Company established the BE Semiconductor Industries Incentive Plan 2005–2009 (the "Incentive Plan 2005"). The total number of Ordinary Shares ("2005 Plan Shares") that the Company may issue under the Incentive Plan 2005 may not exceed 1.5% of the total number of Ordinary Shares outstanding in the applicable fiscal year, subject to adjustments for share splits, share dividends, recapitalizations and similar events. The 2005 Plan Shares may consist, in whole or in part, of unauthorized and unissued Ordinary Shares or Treasury Shares. The Company has and anticipates that it will continue, on an annual basis, to make annual performance stock awards under the Incentive Plan 2005 to members of the Board of Management, executive officers and senior employees of the Company. Furthermore, the Company has and anticipates that it will continue, on an annual basis, to make annual stock awards under the Incentive Plan 2005 to Members of the Supervisory Board. The PSA Units will vest according to the allocation agreement.

In March 2007, the General Meeting of Shareholders decided to vest all remaining (performance) stock awards granted in 2005 and 2006 at November 30, 2007, instead of one third in each of the following three years. The Company granted 495,373 stock awards in 2007 of which 198,062 have vested in 2007, in accordance with the allocation agreements. The Company granted

460,518 stock awards in 2008 of which 76,950 have vested in 2008, in accordance with the allocation agreements. All non-vested stock awards vest in 2010. The expense recognized in the consolidated statement of operations is based on the market value of the Company's Ordinary Shares on the date of grant.

Financing of Stock Option Plans

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

Summary of Outstanding Stock Options

Following is a summary of changes in Besi options:

	Number of Options	2008 Weighted average exercise price (in euro)	Number of Options	2007 Weighted average exercise price (in euro)
Equity-settled option plans				
Outstanding, beginning of year	564,652	9.27	808,990	9.27
Options expired	(114,276)	8.94	(162,200)	9.55
Options exercised	-	-	(14,322)	3.22
Options forfeited	(26,338)	6.08	(67,816)	9.93
Outstanding and exercisable, end of year	424,038	9.56	564,652	9.27
Cash-settled option plans				
Outstanding, beginning of year	101,496	6.52	170,086	7.19
Options expired	(38,855)	8.94	(43,113)	9.55
Options exercised	-	-	(7,392)	3.22
Options forfeited	(7,324)	5.49	(18,085)	6.62
Outstanding and exercisable, end of year	55,317	4.96	101,496	6.52

Stock options outstanding and exercisable at December 31, 2008:

Range of exercise price	Number of options	Weighted average remaining contractual life (years)	Weighted average exercise price (in euro)
Equity-settled option plans			
3.22 - 4.35	115,827	0.53	3.51
5.95	60,365	1.25	5.95
9.80	142,000	2.92	9.80
17.90	105,846	2.29	17.90
Cash-settled option plans			
3.22	20,119	0.25	3.22
5.95	35,198	1.25	5.95

Summary of Outstanding (P)SA Units

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

Range of exercise price	Annual (P)SA units	2008 Conditional PSA units	Annual (P)SA units	2007 Conditional PSA units
Equity-settled option plans	282,987	-	186,458	39,417
(P)SA units granted	460,518	-	495,373	-
(P)SA units forfeited	(25,516)	-	(14,324)	-
Shares reissued by the Company upon vesting	(105,947)	-	(384,520)	(39,417)
Outstanding, end of year	612,042	-	282,987	-

The market prices of the Company's Ordinary Shares at the date of grants in 2008 were € 3.42 and € 1.57, respectively, € 4.83 and € 3.26 for the grants in 2007.

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

(euro in thousands)	Year Ended December 31,	
	2008	2007
(Performance) Stock Awards	592	1,844
Effect of changes in the fair value of cash-settled options	(28)	(64)
Total expense recognized as employee costs	564	1,780

(euro in thousands)	Year Ended December 31,	
	2008	2007
Total carrying amount of cash-settled transaction liabilities	-	28

19. Share Capital

As of December 31, 2005, the parent company's authorized capital consisted of 55,000,000 Ordinary Shares, nominal value € 0.91 per share, and 55,000,000 Preference Shares, nominal value € 0.91 per share. As amended by deed executed on February 17, 2006, the parent company's authorized capital was increased with 25,000,000 Ordinary Shares and 25,000,000 Preference Shares. As of December 31, 2008 and December 31, 2007, 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, 2008 and December 31, 2007, 30,815,311 and 30,709,364 Ordinary Shares were outstanding, excluding Treasury Shares of 2,913,206 and 3,019,153, respectively. No Preference Shares were outstanding at each of December 31, 2008 and December 31, 2007. All issued shares have been paid in full.

Accumulated other comprehensive income (loss) consists of:

(euro in thousands)	December 31, 2008	December 31, 2007
Foreign currency translation adjustments	(1,517)	(2,638)
Minimum pension liability, net of taxes	40	40
Cash flow hedging reserve	2	313
Accumulated other comprehensive income (loss)	(1,475)	(2,285)

Purchase Ordinary Shares

In 2007, the parent company has completed two shares repurchase programs, by which the parent company purchased a total of 2.5 million shares aggregating € 11.0 million at an average price of € 4.41. The purchase has been allocated to share premium in the consolidated balance sheet.

20. Financial Instruments

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 50% of its sales in 2008 are denominated in US dollar and US dollar-linked currencies.

The Company seeks to protect itself from adverse movements in foreign currency exchange rates by hedging firmly committed sales contracts, which are denominated in US dollars or Japanese yen through the use of forward foreign currency exchange contracts. In addition, the Company also uses forward foreign currency exchange contracts to hedge accounts receivable that are denominated in a foreign currency. During 2008 and 2007, 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 € 2 was reported in 2008 as other comprehensive income at December 31, 2008. The amount in 2008 released from equity in revenue in the consolidated statement of operations was € 574. The ineffective part of the hedges recognized, in 2008, directly in the consolidated statement of operations was a loss of € 97 (2007 a gain of € 63).

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 € 80 and € 945 at December 31, 2008 and 2007, 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,
	2008	2007
To sell US dollars for euro	13,459	36,280
To sell Japanese yen for euro	169	-

At December 31, 2008, the unrealized loss on forward foreign currency exchange contracts that were designated as a hedge of firmly committed transactions amounted to € 976. At December 31, 2007, the unrealized gain on forward foreign currency exchange contracts amounted to € 939.

Fair Value of Financial Instruments

The book value of the Company's financial instruments, which consist of cash and cash equivalents, accounts receivable, accounts payable and long-term debt, including the Notes, approximate 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.
The fair value of the Company's forward foreign currency exchange contracts, which has been determined based on quoted market rates for similar contracts is as follows:

(euro in thousands)	Positive	2008	Positive	2007
		Negative		Negative
Forward exchange contracts				
Fair value	80	1,056	945	6

For the years ended December 31, 2008 and 2007, a foreign currency loss of € 97 and gain of € 63, respectively, is included in our results of operations relating to the Company's foreign currency contracts. Cash flows related to foreign currency contracts are expected to occur as follows:

(euro in thousands)	2008	2007
0–3 months	7,165	23,115
3–6 months	5,097	10,754
6–9 months	1,366	2,411
Thereafter	-	-
Total	13,628	36,280

21. Commitments and Contingencies

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

(euro in thousands)	December 31, 2008	December 31, 2007
Within one year	2,813	3,855
After one year but not more than five years	9,185	11,310
After five years	4,595	7,114
Total	16,593	22,279

Committed rental expense was €15.6 million and €19.8 million as of December 31, 2008 and 2007, respectively. In addition, the Company has an unconditional obligation related to the purchase of equipment and materials totaling € 8.9 million and € 13.2 million as of December 31, 2008 and 2007, respectively. Lease and rental expenses amounted to € 3.1 million and € 3.4 million for the years ended December 31, 2008 and 2007, respectively.

Research and development subsidies and credits available to offset research and development expenses were € 2.0 million in 2008 and € 0.8 million in 2007.

22. Segment, Geographic and Customer Information

The following table summarizes revenue, net income (loss), 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, 2008						
Revenue	66,293	80,198	7,913	42,075	(47,080)	149,399
Net income (loss)	(22,183)	(17,396)	878	5,125	-	(33,576)
Non-financial assets	11,232	53,926	8,735	9,773	-	83,666
Capital expenditures	910	1,136	397	5,076	-	7,519
Total assets	114,102	106,907	25,744	38,431	(42,305)	242,879
Year ended December 31, 2007						
Revenue	89,519	66,062	10,002	43,849	(42,961)	166,471
Net income (loss)	(9,019)	4,439	(4,907)	3,573	314	(5,600)
Non-financial assets	9,817	72,627	6,775	5,371	-	94,590
Capital expenditures	1,125	2,175	83	653	-	4,036
Total assets	134,273	121,771	21,227	34,214	(26,480)	285,005

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

(euro in thousands)	Year Ended December 31, 2008	2007
Germany	18,649	24,083
Other Europe	25,441	20,270
United States	11,236	16,217
Malaysia	22,984	22,769
China	23,508	24,346
Korea	14,676	13,259
Taiwan	14,380	17,980
Other Asia Pacific	17,040	25,950
Rest of the World	1,485	1,597
Total revenue	149,399	166,471

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

The following table represents each significant category of revenue recognized during the period:

(euro in thousands)	Year Ended December 31, 2008	2007
Sale of systems and spares	146,729	165,601
Rendering of services	2,670	870
Total revenue	149,399	166,471

23. Remuneration Board of Management and Supervisory Board

Remuneration of the Board of Management

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

The total cash remuneration and related costs of the individual members of the Board of Management for the years ended December 31, 2008 and 2007 was as follows:

(euro in thousands)	Year Ended December 31, 2008	2007
R. W. Blickman		
Salaries	396,550	385,000
Other benefits [2]	20,036	19,335
Bonus [3]	-	69,300
Pension [4]	94,096	94,096
J. A. Wunderl [1,5]		
Salaries	-	241,872
Other benefits [2]	-	17,984
Pension [4]	-	48,374
Severance payment [5]	-	211,685
H. Rutterschmidt		
Salaries	387,454	375,804
Other benefits [2]	15,672	15,435
Bonus [3]	-	105,225
Pension [4]	106,319	106,319
C. Lichtenberg [6]		
Salaries	206,250	-
Other benefits [2]	22,278	-
Bonus [3]	-	-
Pension [4]	37,500	-

[1] Amounts are translated from US dollars into euro using the average exchange rate of US $ 1.3781 = € 1.00 for the year ended December 31, 2007.

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

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

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

[5] Member of the Board of Management from March 25, 2004: remuneration relates to the period from January 1, 2007 until his departure on November 1, 2007

[6] Member of the Board of Management from April 3, 2008: remuneration relates to the period from April 3, 2008 to December 31, 2008.

A portion of the compensation of the Board of Management is performance-related.

Remuneration of the Supervisory Board

The aggregate remuneration paid to current members of the Supervisory Board was € 164 in 2008. The remuneration of the Supervisory Board is determined by the General Meeting of Shareholders.

The total cash remuneration of the individual members of the Supervisory Board for the years ended December 31, 2008 and 2007 was as follows:

(euro in thousands)		Year Ended December 31,
	2008	2007
W. D. Maris	57,000	26,000
E. B. Polak	43,250	21,000
D. Sinninghe Damsté [1]	8,000	26,000
T. de Waard	55,750	21,000

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

In the Annual General Meeting of Shareholders of April 3, 2008, the remuneration for Supervisory Board members changed as follows:

(i) Cash base pay: for the chairman of the Supervisory Board € 45,000 per annum, for the vice chairman of the Supervisory Board € 40,000 per annum and for the other members € 30,000 per annum.

(ii) Cash base pay for the chairman of the Audit Committee of € 5,000 per annum and for the other members of € 2,500 per annum.

(iii) Cash base pay for the chairman of the Remuneration Committee of € 2,500 per annum and for the other members € 1,250 per annum.

(iv) Cash base pay for the chairman of the Nomination Committee of € 2,500 per annum and for the other members € 1,250 per annum.

(v) Cash payment of € 1,000 for each board or committee per meeting attended.

(vi) Cash payment of € 500 for each board or committee per conference call attended.

Ordinary Shares, Options and PSA Units Held by Members of the Board of Management

The aggregate number of Ordinary Shares, the aggregate number of options to purchase Ordinary Shares and the aggregate number of PSA units owned by the current members of the Board of Management as of December 31, 2008, are as follows:

(euro in thousands)	Number of shares
R.W. Blickman	368,653
H. Rutterschmidt	511,484
C. Lichtenberg	5,250
Total	885,387

Options	Year of grant	Expiration date	Exercise price in euros	Number of options outstanding
R.W. Blickman	1999	2010	4.35	8,500
	2000	2011	17.90	20,000
	2000	2011	9.80	142,000
	2003	2009	3.22	35,042
	2004	2010	5.95	15,000
Total				220,542

At December 31, 2008, there was € 287 of loans outstanding relating to the stock options granted to the members of the Board of Management. The principal amount and other loan conditions have not changed since the inception of the loan agreements in 1999 and 2000.

The number of performance stock awards granted in 2009 in relation to performance achievements in 2008, in accordance with the Besi Incentive Plan 2005, is as follows:

PSA Units	Year of grant	Number of Annual Performance Stock Award Units
R.W. Blickman	2009	-
H. Rutterschmidt	2009	-
C. Lichtenberg	2009	-
Total		-

Ordinary Shares, Options and SA Units Held by Members of the Supervisory Board

The aggregate number of Ordinary Shares, the aggregate number of options to purchase Ordinary Shares and the average number of SA units held by the current members of the Supervisory Board as of December 31, 2008, were as follows:

Ordinary Shares	Number of shares
W.D. Maris	12,000
T. de Waard	30,000
E.B. Polak	10,666
Total	52,666

Options	Year of grant	Expiration date	Exercise price in euros	Number of options outstanding
E.B. Polak	2003	2009	3.22	3,667
	2004	2010	5.95	1,937
				5,604
T. de Waard	2003	2009	3.22	3,667
	2004	2010	5.95	1,937
				5,604
Total				11,208

All outstanding SA units have been delivered in 2008 in accordance with the applicable allocation agreements as stated in the Besi Corporate Governance Code.

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, 2008, is as follows:

Options	Year of grant	Expiration date	Exercise price in euros	Number of options outstanding
J.W. Rischke	1999	2010	4.35	8,500
	2000	2011	17.90	16,000
	2003	2009	3.22	13,221
Total				37,721

At December 31, 2008, there was € 78 of loans outstanding relating to the stock options granted to the former member of the Board of Management. The principal amount and other loan conditions have not changed since the inception of the loan agreement in 1999.

24. Selected Operating Expenses and Additional Information

Personnel expenses for all employees were as follows:

(euro in thousands)	Year Ended December 31,	
	2008	2007
Wages and salaries	42,515	43,967
Social security expenses	6,276	6,231
Pension and retirement expenses	2,994	3,222
Share-based compensation plans	564	1,780
Total personnel expenses	52,349	55,200

The average number of employees during 2008 and 2007 was 1,171 and 1,171, respectively. For pension and retirement expenses, reference is made to Note 18.

The total number of personnel employed per department was:

	December 31, 2008	December 31, 2007
Sales and Marketing	246	212
Manufacturing and Assembly	595	602
Research and Development	225	213
General and Administrative	116	114
Total number of personnel	1,182	1,141

As of December 31, 2008 and 2007, a total of 325 and 310 persons, respectively, were employed in the Netherlands.

25. Financial Income and Expense

The components of financial income and expense were as follows:

(euro in thousands)	Year Ended December 31,	
	2008	2007
Interest income	2,457	3,800
Gain on repurchase convertible	1,373	-
Subtotal financial income	3,830	3,800
Interest expense	(1,058)	(2,642)
Interest convertible notes	(2,992)	(3,207)
Net foreign exchange gain (loss)	(283)	(221)
Subtotal financial expense	(4,333)	(6,070)
Financial income (expense), net	(503)	(2,270)

26. Earnings per Share

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

	2008	2007
Shares outstanding at beginning of the year	30,709,364	32,771,105
Weighted average shares reissued from Treasury Shares for the vesting of performance stock awards	31,123	105,276
Weighted average shares reissued from Treasury Shares for the exercise of options	-	11,912
Weighted average treasury shares	-	(719,723)
Average shares outstanding - basic	30,740,487	32,168,570

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

27. Financial Risk Management Objectives and Policies

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 2008 and 2007, 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 our businesses, our 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 us to adjust our 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 our international business into euro affects year-over-year comparability. We historically have not hedged translation risks, because cash flows from international operations have generally been reinvested locally.

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

(euro in thousands)	Increase/decrease in US dollar rate	Effect on profit before tax	Effect on equity
2008	+10 %	300	(100)
	-10 %	(300)	100
2007	+10 %	(600)	(1,100)
	-10 %	600	1,100

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

Our currency risk exposure primarily occurs because we generate a portion of our revenue in currencies other than the euro while the major share of the corresponding cost of sales is incurred in euro. The percentage of our consolidated net sales which is denominated in euro amounted to approximately 50% of total revenue in the year ended December 31, 2008, whereas revenue represented by US dollars or US dollar-linked currencies amounted to approximately 50%. Approximately 65% of our costs and expenses were denominated in euro and the remaining 35% in various currencies, principally the US dollar and US dollar-linked currencies. In order to mitigate the impact of currency exchange rate fluctuations, we continually assess our remaining exposure to currency risks and hedge such risks through the use of derivative financial instruments. The principal derivative financial instruments currently used by us to cover foreign currency exposures are forward foreign currency exchange contracts that qualify for hedge accounting.

Interest Rate Risk

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. The Company's policy is to manage its interest exposure using a mix of fixed and variable rate debt financing. Our 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 our results of operations over the next fiscal year by approximately € 0.3 million, net of tax (2007: € 0.4 million). An immediate decrease of 100 basis points, or 1%, in interest rates would positively affect our results of operations over the next fiscal year by approximately € 0.3 million, net of tax (2007: € 0.4 million). No derivative interest rate related swaps have been entered into.

Credit Risk

Management has a credit policy in place and monitors exposure to credit risk on an ongoing basis. Credit evaluations are performed on all customers requiring credit over specified thresholds. Transactions involving derivative financial instruments are with counterparties that have high credit ratings. Currently, the Company does not expect any counterparty to fail to meet its obligations.

Liquidity Risk

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 finance leases.

The table below summarizes the maturity profile of the Company's financial liabilities at December 31, 2008 and 2007, 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, 2008						
Long-term debt and financial leases	-	1,139	3,451	5,588	243	10,421
Interest payable long term debt and financial leases	-	105	316	434	5	860
Convertible notes	-	-	-	36,300	-	36,300
Interest payable convertible notes	-	1,020	998	4,991	-	7,009
Accounts payable	1,000	10,028	-	-	-	11,028
Accrued liabilities [1]	670	9,802	2,171	188	-	12,831
Total	1,670	22,094	6,936	47,501	248	78,449

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, 2007						
Long-term debt and financial leases	-	1,560	4,804	6,880	728	13,972
Interest payable long term debt and financial leases	-	112	335	450	15	912
Convertible notes	-	-	-	46,000	-	46,000
Interest payable convertible notes	-	1,265	1,265	8,855	-	11,385
Accounts payable	-	13,724	-	-	-	13,724
Accrued liabilities [1]	765	10,665	796	242	-	12,468
Total	765	27,326	7,200	62,427	743	98,461

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

Capital Management

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

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may make a dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ending December 31, 2008 and December 31, 2007. The Company only regards equity as capital. This capital is managed using solvency ratio (excluding intangible assets) and return on investment.

	2008	2007
Equity	146,284	178,718
Solvency ratio	60.2%	62.7%
Solvency ratio (excluding intangible fixed assets)	48.2%	49.8%
Return on average investment (ROI)	(20.6%)	(2.9%)

28. Events after the Balance Sheet Date

On January 26, 2009 the Company announced its agreement to acquire the shares of Oerlikon Assembly Equipment AG and certain assets and affiliates related thereto which comprise the Esec business unit ("Esec") from OC Oerlikon Corporation AG. Closing of the transaction is anticipated on April 1, 2009. As the basis consideration for the shares of Esec, the Company shall transfer 2.8 million registered Ordinary Shares in BE Semiconductor Industries N.V. of € 0.91 (ninety one cents) nominal value each, free and clear of any liens, encumbrances, restrictions, rights of first refusal and rights of others of any nature.

In relation with the announced closing of the Company's Hungarian facility an amount of € 0.5 million of severance payments is expected to be accounted for in the first quarter of 2009.

Parent Company Balance Sheet

(Before appropriation of the result)

(euro in thousands)	Note	December 31, 2008	December 31, 2007
Assets			
Property, plant and equipment	2	18	34
Investments in subsidiaries	3	86,939	110,997
Subordinated loans due from subsidiary	3	8,000	8,000
Loans due from subsidiaries	3	25,105	23,852
Deferred tax assets		3,097	4,896
Financial fixed assets		123,141	147,745
Total fixed assets		123,159	147,779
Amounts due from subsidiaries		21,779	23,602
Income tax receivable		-	7,967
Other current assets		680	604
Receivables		22,459	32,173
Cash and cash equivalents		38,757	44,553
Total current assets		61,216	76,726
Total assets		184,375	224,505
Shareholder's equity, provisions and liabilities			
Issued capital	4	30,693	30,693
Share premium	4	176,420	176,153
Foreign currency translation adjustment	4	(1,517)	(2,638)
Accumulated other comprehensive income (loss)	4	42	353
Retained deficit	4	(26,182)	(20,582)
Undistributed result	4	(33,576)	(5,600)
Shareholder's equity		145,880	178,379
Convertible notes		34,492	42,961
Non-current liabilities		34,492	42,961
Accounts payable		1,940	311
Amounts due to subsidiaries		509	549
Taxes and social charges		-	224
Accrued liabilities		1,554	2,081
Current liabilities		4,003	3,165
Total shareholder's equity, provisions and liabilities		184,375	224,505

Parent Company Statement of Operations

(euro in thousands)	2008	2007
Income (loss) from subsidiaries, after taxes	(23,534)	(3,028)
Other income and expenses	(10,042)	(2,572)
Net income (loss)	(33,576)	(5,600)

Notes to the Parent Company Financial Statements

1. Summary of Significant Accounting Policies

The parent company financial statements have been prepared in accordance with Part 9, Book 2 of the Netherlands Civil Code (as generally accepted in the Netherlands), with the exception of Financial Fixed Assets. Subsidiaries are valued at their net equity value, including allocated goodwill. The accounting policies used in the financial statements are similar to the accounting policies used in the Consolidated Financial Statements.

A number of disclosures that are expected in the parent company financial statements are already included in the Consolidated Financial Statements. For these disclosures, reference is made to the Consolidated Financial Statements.

2. Property, Plant and Equipment

(euro in thousands)	Office furniture and equipment
Balance at January 1, 2008	
Cost	156
Depreciation	(122)
Property, plant and equipment, net	34
Movement:	
Investment	15
Depreciation	(31)
Total changes	(16)
Balance at December 31, 2008	
Cost	171
Depreciation	(153)
Property, plant and equipment, net	18

3. 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, 2008	110,997	8,000	23,852	142,849
Income for the period	(23,534)	-	-	(23,534)
Currency translation adjustment	(524)	-	1,253	729
Balance at December 31, 2008	86,939	8,000	25,105	120,044

Subordinated Loan due from Subsidiary

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

4. Shareholder's Equity

(euro in thousands)	Number of Ordinary Shares outstanding[1]	Share capital	Share premium[2]	Retained deficit	Foreign currency translation adjustment[2]	Accumulated other comprehensive income (loss)	Undistributed result	Total share-holder's equity
Balance at January 1, 2008	33,728,517	30,693	176,153	(20,582)	(2,638)	353	(5,600)	**178,379**
Exchange rate changes for the year	-	-	-	-	1,121	-	-	**1,121**
Total income and expense for the year recognized directly in equity	-	-	-	-	1,121	-	-	**1,121**
Net income (loss)	-	-	-	-	-	-	(33,576)	**(33,576)**
Total income and expense for the year	-	-	-	-	1,121	-	(33,576)	**(32,455)**
Appropriation of the result	-	-	-	(5,600)	-	-	5,600	-
Equity-settled share-based payments expense	-	-	592	-	-	-	-	**592**
Cash flow hedging reserve	-	-	-	-	-	(311)	-	**(311)**
Equity component convertible	-	-	(325)	-	-	-	-	**(325)**
Balance at December 31, 2008	33,728,517	30,693	176,420	(26,182)	(1,517)	42	(33,576)	**145,880**
Balance at January 1, 2007	33,728,517	30,693	185,296	(31,249)	(1,439)	270	10,667	**194,238**
Exchange rate changes for the year	-	-	-	-	(1,199)	-	-	**(1,199)**
Total income and expense for the year recognized directly in equity	-	-	-	-	(1,199)	-	-	**(1,199)**
Net income (loss)	-	-	-	-	-	-	(5,600)	**(5,600)**
Total income and expense for the year	-	-	-	-	(1,199)	-	(5,600)	**(6,799)**
Appropriation of the result	-	-	-	10,667	-	-	(10,667)	-
Reissued Treasury Shares for the exercise of stock options	-	-	46	-	-	-	-	**46**
Equity-settled share-based payments expense	-	-	1,844	-	-	-	-	**1,844**
Cash flow hedging reserve	-	-	-	-	-	83	-	**83**
Purchase own shares	-	-	(11,033)	-	-	-	-	**(11,033)**
Balance at December 31, 2007	33,728,517	30,693	176,153	(20,582)	(2,638)	353	(5,600)	**178,379**

[1] The outstanding number of Ordinary Shares includes 2,913,206 Treasury Shares.

[2] Included in the Share Premium is a legal reserve of € 4.8 million (2007 € 2.7 million) related to capitalized development expenses. The amount stated as foreign currency translation adjustment is classified as legal reserve.

In anticipation of the Annual General Meeting's adoption of the annual accounts, it is proposed that the net loss for 2008, amounting to € 33,576 be allocated to the retained deficit.

Preference Shares

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

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

5. 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, 2008	December 31, 2007
Within one year	52	22
After one year but not more than five years	35	17
Total	87	39

6. Additional Information

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

(euro in thousands)	Year Ended December 31,	
	2008	2007
Audit costs	193	210
Audit related costs	31	22
Advisory related costs	13	3
Total costs	237	235

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 18, 2009

Board of Management:	**Supervisory Board:**
R.W. Blickman	W.D. Maris
H. Rutterschmidt	E.B. Polak
C. Lichtenberg	T. de Waard

Corporate Information

Supervisory Board

Willem D. Maris (male, 1939)
Chairman
Dutch nationality
Member since 2000
Re-appointed 2006 - 2010

Additional functions:
Member Supervisory Board Vanderlande Transport B.V., Member Board of Directors of Photronics Inc., FSI International Inc. and the European Asset Trust

Tom de Waard (male, 1946)
Vice Chairman
Dutch nationality
Member since 2000
Re-appointed 2007 - 2011

Partner Clifford Chance Amsterdam

Additional functions:
Member Supervisory Board of STMicroelectronics N.V., Member of the Board of the Foundation "Sport en Zaken"

Evert B. Polak (male, 1944)
Dutch nationality
Member since 2000
Re-appointed 2005 - 2009
Not available for reappointment in 2009

The Supervisory Board has formed the following committees:

Audit Committee:
Members: Tom de Waard (acting Chairman), Willem Maris, Evert Polak

Remuneration Committee:
Members: Tom de Waard (Chairman), Willem Maris, Evert Polak

Selection, Appointment and Governance Committee:
Members: Evert Polak (Chairman), Willem Maris, 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 of the members of the Supervisory Board own as of December 31, 2008, in total 11,208 options to purchase shares of the Company. Three of the members of the Supervisory Board own as of December 31, 2008, in total 52,666 shares of the Company.

Board of Management

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

Claus K. Lichtenberg (1958)
Executive Member,
Chief Operating Officer,
President Fico

Helmut Rutterschmidt (1957)
Executive Board Member,
Head Marketing,
Sales & Customer Support,
President Datacon

Jan Willem Ruinemans (1969)
Chief Financial Officer,
to be appointed as
Executive Member
as of May 12, 2009

Other Members

Michael Auer (1964)
Vice President Sales & Customer Support

Johan Hamelink (1954)
Managing Director Meco

Cor te Hennepe (1958)
Director of Finance

Kenzer Tan (1961)
Managing Director Besi APac

Other Information

Corporate Office

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Transfer Agent

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

Independent Auditors

Ernst & Young Accountants LLP,
Rotterdam, 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 May 12, 2009 at Besi in Duiven.

Addresses

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Fico B.V.
Fico International B.V.
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Meco Equipment Engineers B.V.
Meco International B.V.
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Seoul 135-539
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Additional Information

To: The Shareholders and Supervisory Board of
BE Semiconductor Industries N.V.

Auditor's Report

Report on the financial statements

We have audited the accompanying financial statements 2008 of BE Semiconductor Industries N.V., Amsterdam, the Netherlands. The financial statements consist of the consolidated financial statements and the parent company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at December 31, 2008, the consolidated statement of operations, the consolidated statement of cash flows and the consolidated statement of changes in equity, for the year then ended, and the notes. The parent company financial statements comprise the parent company balance sheet as at December 31, 2008, the parent company statement of operations for the year then ended and the notes.

Management's responsibility

Company's 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 annual report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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, 2008, 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, 2008, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

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

Rotterdam, The Netherlands, February 18, 2009
for Ernst & Young Accountants LLP

/s/ M. Coenradie

Additional Information

Appropriation of the Result

The Articles of Association (Article 21) provide that the Company can only distribute profits from its free distributable reserves. The Board of Management proposes to allocate the net loss for the year 2008 to the retained deficit. The Supervisory Board has approved this proposal.
The General Meeting of Shareholders approved the 2007 statutory financial statements at April 3, 2008.

Events after the Balance Sheet Date

On January 26, 2009 the Company announced its agreement to acquire the shares of Oerlikon Assembly Equipment AG and certain assets and affiliates related thereto which comprise the Esec business unit ("Esec") from OC Oerlikon Corporation AG. Closing of the transaction is anticipated on April 1, 2009. As the basis consideration for the shares of Esec, the Company shall transfer 2.8 million registered Ordinary Shares in BE Semiconductor Industries N.V. of € 0.91 (ninety one cents) nominal value each, free and clear of any liens, encumbrances, restrictions, rights of first refusal and rights of others of any nature.

In relation with the announced closing of the Company's Hungarian facility an amount of € 0.5 million of severance payments is expected to be accounted for in the first quarter of 2009.

Preference Shares

As amended by deed executed on February 17, 2006, the Company's authorized capital was increased with 25,000,000 Preference Shares. As of December 31, 2008 and December 31, 2007, the Company's authorized capital consisted of 80,000,000 Preference Shares, nominal value € 0.91 per share.

No Preference Shares were outstanding at each of December 31, 2008 and December 31, 2007.

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

The aim of the Preference Shares is, amongst other things, to provide a protective measure against unfriendly take-over bids and other possible influences which could threaten the Company's continuity, independence and identity.

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

The Board of Management of the Company and the Board of Stichting Continuïteit BE Semiconductor Industries declare that, in their collective judgement, the criteria referred to in Appendix X of the Listing and Issuing Rules of Euronext Amsterdam, pertaining to the independence of the Stichting Continuïteit BE Semiconductor Industries (although revoked in December 2007), have been met.

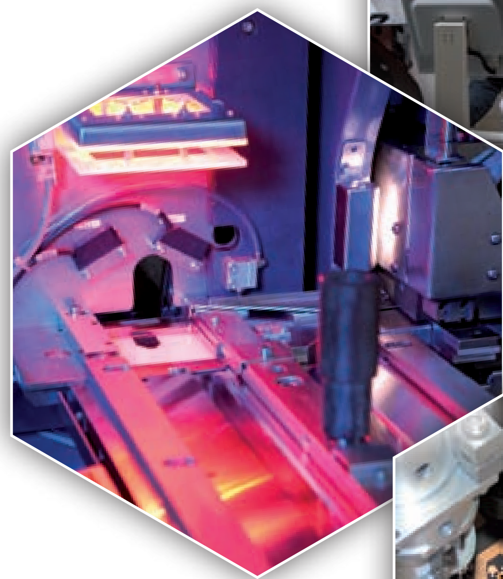
Duiven, February 18, 2009

BE Semiconductor Industries N.V.
Board of Management

Stichting Continuïteit BE Semiconductor Industries
Board of Management

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

J. Ekelmans (Chairman)	Board Member B
P.C.W. Alberda van Ekenstein	Board Member B
J.N. de Blécourt	Board Member B
W.D. Maris	Board Member A
J.W. Termijtelen	Board Member B



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