ASM PACIFIC TECHNOLOGY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0522)

ANNOUNCEMENT OF 2012 UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2012

ASM Achieved a Strong Rebound in Revenue and Earnings

Second Quarter of 2012

- **Group turnover of US$377.1 million, a strong increase of 31.9% over the preceding quarter but a contraction of 26.3% against same period last year**
- **Net profit of HK$310.0 million and earnings per share of HK$0.78, representing an increase of 78.6% over the preceding quarter and a decline of 60.1% against same period last year**
- **Lead frame business returns to profitability**
- **Assembly and packaging equipment turnover of US$207.3 million, representing a surge of 51.1% over the preceding three months and a contraction of 27.4% against same period last year**
- **Record Lead frame turnover of US$60.9 million, achieving a surge of 40.1% against the preceding three months and a growth of 4.7% over same period last year**
- **SMT equipment turnover of US$108.9 million, representing an increase of 3.5% against the preceding three months and a decline of 35.2% over same period last year**
- **New order bookings of US$441 million, a sequential increase of 18.6% over the preceding quarter**
- **Cash on hand of HK$1.23 billion at the end of June 2012**

First Half of 2012

- **Group turnover of US$663.1 million, a decrease of 30.0% and 7.6% over the first and second six-month periods of last year**
- **Net profit of HK$483.6 million and earnings per share of HK$1.22, representing a contraction of 80.2% and 0.8% as compared to the first and second six-month periods of 2011**
- **Lead frame business returns to profitability**
- **Assembly and packaging equipment turnover of US$344.7 million, representing a decrease of 35.4% and an increase of 11.8% over the first and second six-month periods of last year**
- **Lead frame turnover of US$104.3 million, achieving increases of 0.7% and 14.1% over the first and second six-month periods of last year**
- **SMT equipment turnover of US$214.1 million, representing decreases of 31.0% and 32.6% against the first and second six-month periods of 2011**
- **New order bookings of US$812.8 million, an increase of 43.6% over the preceding six-month period**
- **Order backlog stood at US$436.7 million as of 30 June 2012**

The Directors of ASM Pacific Technology Limited are pleased to make the following announcement of unaudited results for the six months ended 30 June 2012:

RESULTS

ASM Pacific Technology Limited and its subsidiaries (the "Group" or "ASM") achieved a turnover amounting to HK$5.1 billion in the six months ended 30 June 2012, representing a decrease of 30.0% as compared with HK$7.3 billion for the first six months of 2011 and a decrease of 7.6% against the preceding six months. The Group's consolidated profit after taxation for the first six months of 2012 was HK$483.6 million as compared to a profit of HK$2,444.3 million in the corresponding period in 2011 and a profit of HK$487.7 million in the preceding six months. Profits for the first six months of 2011 included a non-recurring one-time gain of HK$1,084.4 million realized from the purchase of its SMT equipment business. Basic earnings per share (EPS) for the first six months of 2012 amounted to HK$1.22 (first six months of 2011: HK$6.17, second six months of 2011: HK$1.23).

DIVIDEND AND CLOSURES OF REGISTER OF MEMBERS

The Board of Directors of ASM Pacific Technology Limited (the "Company") is pleased to declare an interim dividend of HK$0.61 (2011: HK$1.60) per share, payable to shareholders whose names appear on the register of members of the Company on 22 August 2012.

The Register of Members will be closed from 20 August 2012 to 22 August 2012, both days inclusive, during which period no share transfers can be registered. In order to qualify for the interim dividend, all transfers accompanied by the relevant shares certificates, must be lodged with Company's Share Registrars, Tricor Secretaries Limited at 26th Floor, Tesbury Cetnre, 28 Queen's Road East, Wan Chai, Hong Kong, not later than 4:00p.m. on 17 August 2012. The interim dividend will be paid on or about 29 August 2012.

FINANCIAL HIGHLIGHTS

		Three months ended 30 June		Six months ended 30 June	
		2012	2011	**2012**	2011
		(Unaudited)	(Unaudited and restated)	**(Unaudited)**	(Unaudited and restated)
			Note 2		*Note 2*
		HK$'000	HK$'000	**HK$'000**	HK$'000
	Notes				
Turnover	3	**2,926,532**	3,971,146	**5,145,291**	7,348,618
Cost of sales		**(1,900,209)**	(2,469,863)	**(3,445,045)**	(4,671,949)
Gross profit	5	**1,026,323**	1,501,283	**1,700,246**	2,676,669
Other income		**1,981**	10,488	**5,872**	14,948
Selling and distribution expenses		**(261,337)**	(243,036)	**(448,223)**	(427,494)
General and administrative expenses		**(126,303)**	(105,979)	**(212,534)**	(195,555)
Research and development expenses		**(232,863)**	(219,291)	**(434,319)**	(413,283)
Other gains and losses		**(4,318)**	(7,451)	**1,394**	(31,596)
Gain from a bargain purchase	7	**-**	-	**-**	1,084,427
Finance costs		**(710)**	(1,062)	**(3,014)**	(1,901)
Profit before taxation		**402,773**	934,952	**609,422**	2,706,215
Income tax expense	8	**(92,759)**	(158,369)	**(125,816)**	(261,928)
Profit for the period, attributable to owners of the Company		**310,014**	776,583	**483,606**	2,444,287
Exchange differences on translation of foreign operations, representing other comprehensive (expense) income for the period		**(113,445)**	43,547	**(51,879)**	139,657
Total comprehensive income for the period, attributable to owners of the Company		**196,569**	820,130	**431,727**	2,583,944
Earnings per share	10				
- Basic		**HK$0.78**	HK$1.96	**HK$1.22**	HK$6.17
- Diluted		**HK$0.78**	HK$1.95	**HK$1.22**	HK$6.16

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 30 June 2012 (Unaudited) HK$'000	At 31 December 2011 (Audited) HK$'000
Non-current assets			
Property, plant and equipment		**2,067,978**	2,073,679
Investment properties		**67,225**	-
Intangible assets		**10,436**	11,380
Prepaid lease payments		**27,914**	28,531
Pledged bank deposit		**195,316**	201,020
Deposits paid for acquisition of property, plant and equipment		**45,216**	49,972
Rental deposits paid		**7,215**	5,480
Deferred tax assets		**127,274**	98,223
Other non-current assets		**4,208**	2,367
		2,552,782	2,470,652
Current assets			
Inventories		**3,200,301**	2,545,601
Trade and other receivables	11	**3,532,997**	2,956,191
Prepaid lease payments		**976**	979
Derivative financial instruments		**205**	-
Income tax recoverable		**10,950**	8,611
Pledged bank deposit		**-**	2,010
Bank balances and cash		**1,231,737**	1,627,662
		7,977,166	7,141,054
Current liabilities			
Trade and other payables	12	**2,759,680**	2,031,739
Derivative financial instruments		**3,571**	17,733
Provisions		**275,980**	307,051
Income tax payable		**284,399**	470,622
Bank borrowings		**676,434**	331,144
		4,000,064	3,158,289
Net current assets		**3,977,102**	3,982,765
		6,529,884	6,453,417

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - continued

	At 30 June 2012 (Unaudited) HK$'000	At 31 December 2011 (Audited) HK$'000
Capital and reserves		
Share capital	**39,764**	39,764
Dividend reserve	**242,359**	318,110
Other reserves	**6,135,267**	5,907,921
Equity attributable to owners of the Company	**6,417,390**	6,265,795
Non-current liabilities		
Retirement benefit obligations	**20,218**	26,845
Provisions	**58,822**	68,625
Deferred tax liabilities	**10,945**	38,468
Other liabilities and accruals	**22,509**	53,684
	112,494	187,622
	6,529,884	6,453,417

Notes:

1. Principal Accounting Policies

The condensed consolidated financial statements have been prepared under the historical cost basis except for the derivative financial instruments which are measured at fair value.

The accounting policies used and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2012 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2011. In addition, the Group has applied the following accounting policies during the current interim period as they have become applicable to the Group.

<u>Investment properties</u>

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are measured at cost, including any directly attributable expenditure, or at the carrying value of the property at the date of transfer from property, plant and equipment upon change in usage as evidenced by end of owner-occupation. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the item is derecognised.

<u>Share-based payment transactions</u>

Equity-settled share-based payment transaction

Awarded shares held under Share Award Scheme granted to members of the management of the Group for their service to the Group

Shares purchased under the Share Award Scheme are initially recognised in equity (shares held for Share Award Scheme) at fair value of consideration paid including the transaction costs at the date of purchase.

The fair value of services received from directors and employees determined by reference to the fair value of awarded shares granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in employee share-based compensation reserve.

At the time when the awarded shares are vested, the amounts previously recognised in shares held for Share Award Scheme and the amount recognised in employee share-based compensation reserve are transferred to retained profits.

<u>Leasing</u>

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

1. Principal Accounting Policies - continued

In the current interim period, the Group has applied for the first time a number of the amendments issued by the Hong Kong Institute of Certified Public Accountants which are effective for the Group's financial year beginning 1 January 2012. The adoption of the amendments has no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

2. Restatements of results in accordance with HKFRS 3 (Revised)

On 7 January 2011, the Group acquired the entire equity interest of 13 direct and indirect subsidiaries (the "ASM AS Entities") of Siemens Aktiengesellschaft ("Siemens AG") (the "Acquisition"). The fair values of the identifiable assets, liabilities and contingent liabilities acquired were measured using provisional values when the condensed consolidated financial statements for the interim period ended 30 June 2011 were prepared. In December 2011, the Group had finalised the fair value assessment of the assets and liabilities at date of acquisition and adjusted the provisional amounts recognised previously when the annual consolidated financial statements of the Group for the year ended 31 December 2011 were prepared. In accordance with the requirements under Hong Kong Financial Reporting Standard 3 (Revised) “Business combinations” (“HKFRS 3 (Revised)”), the Group recognised the adjustments to the provisional amounts as if the accounting for the business combination had been completed at the acquisition date. The comparative figures in respect of the six months ended 30 June 2011 have accordingly been restated.

Please refer to Note 13 for the effect of those restatements described above on the results for the respective periods.

3. Segment Information

The Group has three operating segments: development, production and sales of assembly and packaging equipment, surface mount technology equipment and lead frame. They represent three major types of product manufactured by the Group. The operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the Company’s Chief Executive Officer, the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance. The Group is organised and managed around the three major types of products manufactured by the Group.

Segment results represent the profit before taxation earned by each segment without allocation of interest income, finance costs, gain from a bargain purchase, unallocated other (expenses) income, unallocated net foreign exchange gain (loss) and unallocated general and administrative expenses.

3. Segment Information – continued

Segment revenue and results

An analysis of the Group's turnover and results by operating segment is as follows:

	Six months ended 30 June	
	2012	2011
	(Unaudited)	(Unaudited and restated)
	HK$'000	HK$'000
Segment revenue from external customers		
Assembly and packaging equipment	**2,673,515**	4,135,831
Surface mount technology equipment ("SMT")	**1,662,117**	2,409,050
Lead frame	**809,659**	803,737
	5,145,291	7,348,618
Segment profit (loss)		
Assembly and packaging equipment	**451,975**	1,529,426
Surface mount technology equipment		
- Profit before accounting for fair value adjustment to inventory acquired	**149,247**	295,351
- Fair value adjustment to inventory acquired	**-**	(120,888)
SMT segment profit	**149,247**	174,463
Lead frame	**32,974**	(32,522)
	634,196	1,671,367
Interest income	**5,178**	11,578
Finance costs	**(3,014)**	(1,901)
Gain from a bargain purchase	**-**	1,084,427
Unallocated other (expenses) income	**(3)**	53
Unallocated net foreign exchange gain (loss)	**406**	(31,029)
Unallocated general and administrative expenses	**(27,341)**	(28,280)
Profit before taxation	**609,422**	2,706,215
Segment profit (loss) %		
Assembly and packaging equipment	**16.9%**	37.0%
Surface mount technology equipment		
- Before accounting for fair value adjustment to inventory acquired	**9.0%**	12.3%
- After accounting for fair value adjustment to inventory acquired	**9.0%**	7.2%
Lead frame	**4.1%**	-4.0%

3. Segment Information – continued

No analysis of the Group's assets and liabilities by operating segment is disclosed as they are not regularly provided to the chief operating decision maker for review.

All of the segment revenue derived by the segments is from external customers.

<u>Geographical analysis of turnover by location of customers</u>

	Turnover Six months ended 30 June	
	2012	2011
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Mainland China	**2,027,115**	3,490,387
Europe	**970,272**	1,258,182
Malaysia	**546,923**	566,777
Americas	**401,191**	301,179
Taiwan	**296,813**	466,307
Thailand	**220,439**	200,523
Korea	**193,592**	252,179
Philippines	**124,551**	210,047
Hong Kong	**117,777**	182,260
Japan	**102,398**	289,867
Singapore	**73,953**	93,382
Others	**70,267**	37,528
	5,145,291	7,348,618

4. Analysis of quarterly segment revenue and results for the six months ended 30 June 2012

	Three months ended 30 June 2012 (Unaudited) HK$'000	Three months ended 31 March 2012 (Unaudited) HK$'000	Change
Segment revenue from external customers			
Assembly and packaging equipment	**1,608,621**	1,064,894	51.1%
Surface mount technology equipment	**845,420**	816,697	3.5%
Lead frame	**472,491**	337,168	40.1%
	2,926,532	2,218,759	31.9%
Segment profit (loss)			
Assembly and packaging equipment	**307,287**	144,688	112.4%
Surface mount technology equipment	**83,828**	65,419	28.1%
Lead frame	**36,612**	(3,638)	N/A
	427,727	206,469	107.2%
Interest income	**1,804**	3,374	-46.5%
Finance costs	**(710)**	(2,304)	-69.2%
Unallocated other expenses	**-**	(3)	N/A
Unallocated net foreign exchange (loss) gain	**(5,690)**	6,096	N/A
Unallocated general and administrative expenses	**(20,358)**	(6,983)	191.5%
Profit before taxation	**402,773**	206,649	94.9%
Segment profit (loss) %			
Assembly and packaging equipment	**19.1%**	13.6%	
Surface mount technology equipment	**9.9%**	8.0%	
Lead frame	**7.7%**	-1.1%	

5. **An analysis of the Group's turnover, gross profit and earning before interest and tax ("EBIT") excluding the effect of acquisition-date fair value increase of inventories and gain from a bargain purchase by Business is as follow:**

	Six months ended 30 June 2012		
	Back-end Business (Note a)	**SMT Business**	**Total**
	(Unaudited) HK$'000	**(Unaudited) HK$'000**	**(Unaudited) HK$'000**
Turnover	**3,483,174**	**1,662,117**	**5,145,291**
Gross Profit	**1,180,970**	**519,276**	**1,700,246**
EBIT	**452,758**	**154,500**	**607,258**
Gross Profit %	**33.9%**	**31.2%**	**33.0%**
EBIT %	**13.0%**	**9.3%**	**11.8%**

	Six months ended 30 June 2011					
	Back-end Business (Note a)	SMT Business	Total before effect of acquisition-date fair value increase of inventories and gain from a bargain purchase	Effect of acquisition-date fair value increase of inventories	Gain from a bargain purchase	Total after effect of acquisition-date fair value increase of inventories and gain from a bargain purchase
	(Unaudited) HK$'000	(Unaudited) HK$'000	(Unaudited) HK$'000	(Unaudited) HK$'000	(Unaudited) HK$'000	(Unaudited) HK$'000
Turnover	4,939,568	2,409,050	7,348,618	-	-	7,348,618
Gross Profit	2,141,860	655,697	2,797,557	(120,888)	-	2,676,669
EBIT	1,453,684	279,315	1,732,999	(120,888)	1,084,427	2,696,538
Gross Profit %	43.4%	27.2%	38.1%			36.4%
EBIT %	29.4%	11.6%	23.6%			36.7%

5. An analysis of the Group's turnover, gross profit and earning before interest and tax ("EBIT") excluding the effect of acquisition-date fair value increase of inventories and gain from a bargain purchase by Business is as follow: - continued

	Three months ended 30 June 2012		
	Back-end Business (Note a)	**SMT Business**	**Total**
	(Unaudited) HK$'000	**(Unaudited) HK$'000**	**(Unaudited) HK$'000**
Turnover	**2,081,112**	**845,420**	**2,926,532**
Gross Profit	**746,694**	**279,629**	**1,026,323**
EBIT	**311,761**	**89,918**	**401,679**
Gross Profit %	**35.9%**	**33.1%**	**35.1%**
EBIT %	**15.0%**	**10.6%**	**13.7%**

	Three months ended 30 June 2011		
	Back-end Business (Note a)	SMT Business	Total
	(Unaudited) HK$'000	(Unaudited) HK$'000	(Unaudited) HK$'000
Turnover	2,665,579	1,305,567	3,971,146
Gross Profit	1,152,376	348,907	1,501,283
EBIT	748,422	180,113	928,535
Gross Profit %	43.2%	26.7%	37.8%
EBIT %	28.1%	13.8%	23.4%

5. **An analysis of the Group's turnover, gross profit and earning before interest and tax ("EBIT") excluding the effect of acquisition-date fair value increase of inventories and gain from a bargain purchase by Business is as follow: - continued**

	Three months ended 31 March 2012		
	Back-end Business (Note a)	SMT Business	Total
	(Unaudited) HK$'000	(Unaudited) HK$'000	(Unaudited) HK$'000
Turnover	1,402,062	816,697	2,218,759
Gross Profit	434,276	239,647	673,923
EBIT	140,997	64,582	205,579
Gross Profit %	31.0%	29.3%	30.4%
EBIT %	10.1%	7.9%	9.3%

	Three months ended 31 March 2011					
	Back-end Business (Note a)	SMT Business	Total before effect of acquisition-date fair value increase of inventories and gain from a bargain purchase	Effect of acquisition-date fair value increase of inventories	Gain from a bargain purchase	Total after effect of acquisition-date fair value increase of inventories and gain from a bargain purchase
	(Unaudited and restated) HK$'000	(Unaudited) HK$'000	(Unaudited and restated) HK$'000	(Unaudited) HK$'000	(Unaudited) HK$'000	(Unaudited and restated) HK$'000
Turnover	2,273,989	1,103,483	3,377,472	-	-	3,377,472
Gross Profit	989,484	306,790	1,296,274	(120,888)	-	1,175,386
EBIT	705,262	99,202	804,464	(120,888)	1,084,427	1,768,003
Gross Profit %	43.5%	27.8%	38.4%			34.8%
EBIT %	31.0%	9.0%	23.8%			52.3%

Note a: Back-end Business: Assembly and Packaging Equipment and Lead Frame

6. Depreciation and Amortisation

During the period, depreciation and amortisation amounting to HK$177.4 million (HK$172.7 million for the six months ended 30 June 2011), HK$0.4 million (nil for the six months ended 30 June 2011) and HK$7.5 million (HK$2.5 million for the six months ended 30 June 2011) were charged to profit or loss in respect of the Group's property, plant and equipment, investment properties and intangible assets, respectively.

7. Acquisition of subsidiaries

During the six months ended 30 June 2011, the Company has recognised gain from a bargain purchase of HK$1.08 billion (six months ended 30 June 2012: nil) arising from the Acquisition on 7 January 2011, which represents the excess of the net fair value of the identifiable assets acquired and the liabilities assumed over the aggregate of the consideration transferred.

8. Income tax expense

	Six months ended 30 June	
	2012	2011
	(Unaudited)	(Unaudited and restated)
	HK$'000	HK$'000
The charge (credit) comprises:		
Current tax:		
Hong Kong	**18,652**	109,177
PRC Enterprise Income Tax	**30,314**	61,016
Other jurisdictions	**134,157**	151,663
	183,123	321,856
Deferred tax credit:		
Current period	**(57,307)**	(59,928)
	125,816	261,928

Current tax:

(a) Hong Kong Profits Tax is calculated at 16.5% (16.5% for the six months ended 30 June 2011) of the estimated assessable profit for the period.

(b) Under the Law of the People's Republic of China (the “PRC”) on Enterprise Income Tax (the “EIT Law”) and Implementation Regulations of the EIT Law, the Enterprise Income Tax rate of the Group's subsidiaries in the PRC was increased from 10% and 15% to 25% progressively from 1 January 2008 onwards. The relevant tax rate for the Group's subsidiaries in the PRC is 25% for the six months ended 30 June 2012 (ranged from 24% to 25% for the six months ended 30 June 2011).

(c) On 12 July 2010, the Singapore Economic Development Board (“EDB”) granted a Pioneer Certificate (“PC”) to ASM Technology Singapore Pte Limited (“ATS”), a principal subsidiary of the Company, to the effect that profits arising from certain new assembly and packaging equipment and lead frame products are exempted from tax for a period of 10 years effective from the dates commenced or to be commenced between 1 June 2010 and 1 January 2012 across specified products, subject to fulfillment of certain criteria during the relevant periods. EDB also granted a 5-year Development and Expansion Incentive to ATS to the effect that profits arising from certain existing products are subject to tax at a concessionary tax rate of 10% for a period of 5 years from 1 January 2011, subject to the fulfillment of certain criteria during the relevant period.

8. Income tax expense - continued

On the same date, EDB also granted ATS an International Headquarters Award to the effect that certain income arising from qualifying activities conducted by ATS, excluding income from business transactions with companies or end customers in Singapore, are subject to a concessionary tax rate of 5% for a period of 10 years from 1 January 2011, subject to fulfillment of certain criteria during the relevant period.

Income of ATS arising from activities not covered under the abovementioned incentives is taxed at the prevailing corporate tax rate in Singapore of 17% (17% for the six months ended 30 June 2011).

(d) The calculation of current tax of the Group's subsidiaries in Germany is based on a corporate income tax rate of 15.00% plus 5.50% solidarity surcharge thereon for all distributed and retained earnings. In addition to corporate income tax, trade tax is levied on taxable income. The applicable German trade tax (local income tax) rate was 17.00%. Thus the aggregate tax rate amounts to 32.825% (32.825% for the six months ended 30 June 2011).

(e) Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The deferred tax credit is mainly related to the tax effect of temporary difference between the tax base of certain assets and liabilities and the carrying value of the assets and liabilities. The balance mainly includes deductible temporary differences arising from retirement benefit obligations, provisions, inventory and trade receivables.

The Company continued to receive letters from the Hong Kong Inland Revenue Department during the six months ended 30 June 2012 seeking information relating to Hong Kong Profits Tax and other tax affairs of certain subsidiaries of the Company. The enquiries might lead to additional tax being charged on profits from some overseas subsidiaries that have not previously been included in the scope of charge for Hong Kong Profits Tax or tax adjustments to companies currently subject to Hong Kong Profits Tax. As at 30 June 2012, the Group purchased tax reserve certificates amounting to HK$234.9 million (31 December 2011: HK$184.3 million), as disclosed in note 11.

Based on legal and other professional advice that the Company has sought, the directors continued to be of the opinion that sufficient provision for taxation has been made in the condensed consolidated financial statements and the amounts paid under the tax reserve certificates are fully recoverable.

9. Dividends

	Six months ended 30 June	
	2012	2011
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Dividend recognised as distribution during the period		
Final dividend for 2011 paid of HK$0.80 (2011: final dividend for 2010 paid of HK$2.10) per share on 397,637,100 (2011: 396,119,000) shares	**318,110**	831,850
Special dividend for 2011 paid of nil (2011: special dividend for 2010 paid of HK$1.10) per share on 397,637,100 (2011: 396,119,000) shares	**-**	435,731
	318,110	1,267,581
Dividend declared after the end of the interim reporting period		
Interim dividend for 2012 of HK$0.61 (2011: HK$1.60) per share on 397,637,100 (2011: 396,119,000) shares (Note)	**242,559**	633,790

Note: The dividend reserve as of 30 June 2012 presented in the condensed consolidated statement of financial position amounted to HK$242,359,000 which is after elimination of HK$200,000 for shares held for Share Award Scheme.

The dividends declared after 30 June 2012 will be paid to the shareholders of the Company whose names appear on the Register of Members on 22 August 2012.

10. Earnings per share

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2012	2011
	(Unaudited)	(Unaudited and restated)
	HK$'000	HK$'000
Earnings for the purposes of basic and diluted earnings per share (Profit for the period)	**483,606**	2,444,287
	Number of Shares (in thousand)	
Weighted average number of ordinary shares for the purpose of basic earnings per share	**397,469**	396,119
Effect of dilutive potential shares from the Employee Share Incentive Scheme	**357**	579
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**397,826**	396,698

11. Trade and other receivables

	At 30 June 2012 (Unaudited) HK$'000	At 31 December 2011 (Audited) HK$'000
Trade receivables	**2,573,668**	2,098,882
Amount recoverable from Siemens AG (Note)	**233,470**	238,838
VAT recoverable	**360,878**	315,880
Tax reserve certificate recoverable	**234,929**	184,329
Other receivables, deposits and prepayments	**137,267**	123,742
	3,540,212	2,961,671
Less : Non-current rental deposits paid shown under non-current assets	**(7,215)**	(5,480)
	3,532,997	2,956,191

An aging analysis of trade receivables at the reporting date is as follows:

Not yet due	**1,834,506**	1,529,797
Overdue within 30 days	**340,946**	278,745
Overdue within 31 to 60 days	**156,209**	101,536
Overdue within 61 to 90 days	**65,290**	77,784
Overdue over 90 days	**176,717**	111,020
	2,573,668	2,098,882

Note: Pursuant to the Master Sale and Purchase Agreement of the Acquisition entered into between Siemens AG and the Company (the "MSP Agreement"), Siemens AG undertakes to pay to the Group such amount as is necessary to indemnify the ASM AS Entities from and against any and all taxes imposed to the ASM AS Entities relating to any taxable periods beginning before and ending before or after 7 January 2011 while Siemens AG was the beneficial owner. The amount recoverable from Siemens AG represents the aggregate amount of the tax liabilities of the ASM AS Entities covered under the tax indemnity and is therefore recoverable from Siemens AG. It is due for settlement once the Group pays the related taxes. The related tax liabilities were partially settled up to 30 June 2012 with the remaining to be settled in the remaining six months of 2012.

Credit policy: Payment terms with customers are mainly on credit together with deposits received in advance. Invoices are normally payable within 30 to 60 days of issuance, except for certain well established customers, where the terms may be extended to 3 to 4 months or more. Each customer has a pre-set maximum credit limit.

12. Trade and other payables

	At 30 June 2012 (Unaudited) HK$'000	At 31 December 2011 (Audited) HK$'000
Trade payables	**1,564,942**	802,358
Amounts due to subsidiaries of ASM International N.V. - trade (Note)	**1**	401
Accrued salaries and wages	**263,266**	254,235
Other accrued charges	**431,670**	507,590
Deposits received from customers	**334,196**	290,065
Payables arising from acquisition of property, plant and equipment	**143,521**	189,544
Other payables	**44,593**	41,230
	2,782,189	2,085,423
Less : Non-current other liabilities and accruals	**(22,509)**	(53,684)
	2,759,680	2,031,739

An aging analysis of trade payables at the reporting date is as follows:

Not yet due	**1,097,260**	530,029
Overdue within 30 days	**228,870**	106,723
Overdue within 31 to 60 days	**146,856**	52,845
Overdue within 61 to 90 days	**55,809**	27,960
Overdue over 90 days	**36,147**	84,801
	1,564,942	802,358

Note: Amounts due to subsidiaries of ASM International N.V. are not yet due, unsecured, non-interest bearing and repayable according to normal trade terms.

The average credit period on purchases of goods ranges from 30 to 90 days.

13. Effect of restatements in accordance with HKFRS 3 (Revised) on the results of the Group:

	Six months ended 30 June 2011		
	(Unaudited and originally stated) HK$'000	Effect of subsequent fair value adjustments HK$'000	(Unaudited and restated) HK$'000
Turnover	7,348,618	-	7,348,618
Cost of sales	(4,551,061)	(120,888)	(4,671,949)
Gross profit	2,797,557	(120,888)	2,676,669
Other income	14,948	-	14,948
Selling and distribution expenses	(427,494)	-	(427,494)
General and administrative expenses	(203,768)	8,213	(195,555)
Research and development expenses	(413,283)	-	(413,283)
Other gains and losses	(31,084)	(512)	(31,596)
Gain from a bargain purchase	-	1,084,427	1,084,427
Finance costs	(1,901)	-	(1,901)
Profit before taxation	1,734,975	971,240	2,706,215
Income tax expense	(328,013)	66,085	(261,928)
Profit for the period, attributable to owners of the Company	1,406,962	1,037,325	2,444,287
Exchange differences on translation of foreign operations, representing other comprehensive income for the period	139,657	-	139,657
Total comprehensive income for the period, attributable to owners of the Company	1,546,619	1,037,325	2,583,944
Earnings per share			
- Basic	HK$3.55	HK$2.62	HK$6.17
- Diluted	HK$3.55	HK$2.61	HK$6.16

13. Effect of restatements in accordance with HKFRS 3 (Revised) on the results of the Group: - continued

	Three months ended 30 June 2011		
	(Unaudited and originally stated)	**Effect of subsequent fair value adjustments**	**(Unaudited and restated)**
	HK$'000	**HK$'000**	**HK$'000**
Turnover	3,971,146	-	3,971,146
Cost of sales	(2,469,863)	-	(2,469,863)
Gross profit	1,501,283	-	1,501,283
Other income	10,488	-	10,488
Selling and distribution expenses	(243,036)	-	(243,036)
General and administrative expenses	(114,192)	8,213	(105,979)
Research and development expenses	(219,291)	-	(219,291)
Other gains and losses	(7,341)	(110)	(7,451)
Finance costs	(1,062)	-	(1,062)
Profit before taxation	926,849	8,103	934,952
Income tax expense	(195,337)	36,968	(158,369)
Profit for the period, attributable to owners of the Company	731,512	45,071	776,583
Exchange differences on translation of foreign operations, representing other comprehensive income for the period	43,547	-	43,547
Total comprehensive income for the period, attributable to owners of the Company	775,059	45,071	820,130
Earnings per share			
- Basic	HK$1.84	HK$0.12	HK$1.96
- Diluted	HK$1.84	HK$0.11	HK$1.95

REVIEW

The semiconductor industry seemed to be well on its way to recovery in the second quarter of 2012. This can be inferred from our record Lead frames billings achieved during the period. Overall, our Group billings achieved strong double digit growth quarter-on-quarter, even though it was still lower than the then-record turnover amassed during the same period of last year.

Group turnover was at US$377.1 million in the second quarter of 2012, representing a significant increase of 31.9% over the preceding quarter and a decline of 26.3% from the same period last year. During the first six months of 2012, Group turnover was US$663.1 million, decreasing by 30.0% and 7.6% as compared to the first and second six-month periods of 2011, respectively. Group billings contracted against the preceding six months primarily due to the weakening in demand for SMT Equipment.

REVIEW – continued

Net profit for the second quarter of 2012 was HK$310.0 million, an increase of 78.6% over the preceding quarter and a decrease of 60.1% from the same period last year. During the first six months of 2012, net profit was HK$483.6 million, decreasing by 80.2% and 0.8% as compared to the first and second six-month periods in 2011, respectively. Profits for the first six months of 2011 included a non-recurring one-time gain of HK$1,084.4 million realized from the purchase of its SMT equipment business.

During the second quarter, all our business segments, including Assembly and Packaging Equipment, Lead frames and Surface Mount Technology ("SMT") Equipment experienced growth in revenue and bookings as compared to the previous quarter. Revenue from Assembly and Packaging Equipment achieved double-digit growth as compared to the second half of 2011. Also significant was the fact that quarterly revenue for Assembly and Packaging Equipment achieved a strong surge over the first quarter this year, although it constituted a double-digit decline as compared to the phenomenal performance last year during the same period. At the same time, quarterly Lead frame revenue was at a new record high.

During the first six months of 2012, Assembly and Packaging Equipment revenues were US$344.7 million, equivalent to 52.0% of the Group's turnover. It decreased by 35.4% as compared to the first six-month period of 2011 but increased by 11.8% as compared to the second six-month period of 2011. Assembly and Packaging Equipment revenue was at US$207.3 million in the second quarter of 2012, representing an increase of 51.1% over the preceding quarter and a decrease of 27.4% from the same period last year.

Our Lead frame business achieved revenues of US$104.3 million, which contributed 15.7% of the Group's turnover during the first half of 2012. This represents improvements of 0.7% and 14.1% respectively as compared to the first and second halves of 2011. Our Lead frame business achieved a turnover of US$60.9 million in the second quarter of 2012, which is a new quarterly record, representing a double-digit increase of 40.1% from the preceding quarter. It registered a comparatively smaller increase of 4.7% as compared to the same period last year.

During the first six months of 2012, SMT Equipment revenues were US$214.1 million, equivalent to 32.3% of the Group's turnover. SMT Equipment revenue in the first half of 2012 declined by 32.6% as compared to the preceding six months. SMT Equipment revenue was at US$108.9 million in the second quarter of 2012, representing a small increase of 3.5% over the preceding quarter. During the first six months of 2012, the SMT Equipment business contributed net profits of HK$94.1 million to the Group, with an EBIT margin of 9.3% and a gross margin of 31.2%.

The integration of the Surface Mount Technology ("SMT") Equipment business into our core activities continues to progress very well. The improved performance of the SMT Equipment business during the past three months validates the Group's expansion into the complementary SMT equipment market. Furthermore, it reflects the strengths of the Group, namely the ability to build on its diversified product and application markets, strong market position and financial strength. Our strong market position in the European and American markets enabled the Group to continue to reap an improved gross margin even though the overall demand for SMT equipment had yet to pick up. This was because customers in these markets usually demand higher-performance equipment which command higher prices. Due to the comparatively better performance of Assembly and Packaging Equipment and Lead frames sales, the contribution of SMT Equipment to the Group's turnover was reduced to 28.9%.

Return on capital employed and on sales were 9.5% and 11.8% respectively for the six-month period.

REVIEW – continued

During the first half of 2012, sales attributable to our five largest customers combined were 16.0% of the total, with no customer exceeding 10%, demonstrating the continuing success of our aggressively diversified market strategy. ASM also enjoys healthy territorial diversification of its major markets. By geographical distribution, China, Europe, Malaysia, the Americas and Taiwan have been the top five markets for ASM in the first half of 2012. China, inclusive of Hong Kong, remains our largest market, maintaining its share at 41.7%. It is followed by Europe (18.9%), Malaysia (10.6%), the Americas (7.8%) and Taiwan (5.8%). Our diversified product portfolio, which has now been expanded to include SMT placement products, also continues to be one of our strengths. The addition of the SMT Equipment business has increased ASM's market presence in Europe and the Americas. The Group's excellent financial performance in recent years provides clear evidence of the growing acceptance of our products by a larger pool of customers. 80% of the Group's turnover in the first six-month period came from 154 customers. Four out of the top 20 customers in the first half this year are from SMT Equipment business.

Bookings for all three of the above business segments continued to increase in the second quarter as compared to the first quarter of this year. Although bookings for SMT equipment generally increased as compared to the first quarter of this year, demand for SMT Equipment in China has yet to demonstrate strong recovery.

New order bookings for the first half of 2012 was US$812.8 million, which was at a similar level to that of the first six months of last year and represented an increase of 43.6% compared to the second six months of last year. During the past six months, our book to bill ratio, representing net bookings over billings, was above 1, at 1.23.

New order bookings in the second quarter of 2012 amounted to US$441.0 million, a sequential increase of 18.6% as compared to the first quarter of 2012. Our ending order backlog as of 30 June 2012 was US$436.7 million, compared to US$379.2 million as of 31 March 2012. Our book to bill ratio for the second quarter was also above 1, at 1.17.

Overall, we observed that market demand continues to be driven by portable electronic products such as smart phones and tablet computers. The LED applications market improved slightly, especially in China in respect of general lighting applications. However, there is still a general lack of strong growth momentum in the demand for LED equipment at present. Nevertheless, we noticed that the capacity utilization rate of our customers in the LED market was on an upward trend throughout the second quarter of this year.

Despite a contraction in revenue over the past six months, our SMT Equipment business remains profitable and continues to contribute positively to our bottom line. A new chip assembly machine from our SMT Equipment segment is making strong inroads into both semiconductor and LED applications. This new machine enables the combination of flip-chip and SMT operations in a single pass, thereby integrating the operations and enabling the machine to support larger panel areas, as well as to achieve higher production speed and throughput.

During the last quarter, ASM delivered to one of its customers a complete assembly and packaging solution for 100 x 300 mm lead frames, which are currently the widest lead frames in the world. 100 x 300 mm lead frames post many technical challenges for both production and packaging, but ASM has successfully provided to the customer both the lead frames and the assembly and packaging equipment for processing them. The use of such wide lead frames has significantly improved our customer's cost proposition.

REVIEW – continued

Our Lead frame business had suffered operational losses last year mainly due to high metal prices, which have since eased. The easing of raw material prices, our efforts to convince customers to accept floating prices, the improved market demand and our successful implementation of operational enhancements led to further improvement of the profitability of our Lead frame business. As a result, the Lead frame business returned to profitability during the second quarter of this year and more importantly, the profit is sufficient to offset the small loss incurred during the preceding quarter. Therefore, our Lead frame business managed to turn in a positive profit (segment result) of HK$33.0 million during the first half of this year. This comprises 4.1% of its revenue.

During the past six months, ASM continued to invest in research and development, thereby maintaining a valuable competitive advantage which increasingly differentiates ASM from its peers. Research and development expenses for the period amounted to HK$434.3 million, of which 43.5% was spent on the SMT equipment business. As of 30 June 2012, the Group operates four research and development centers in Hong Kong, Chengdu, Singapore and Munich, with a total research and development work force of approximately 1,100 people.

The second phase of expansion of our new factory in Huizhou, China is approaching its final stage. We expect that the new casting centre and fabrication centre which have been set up there will be ready to commence production during the third quarter of this year.

LIQUIDITY AND FINANCIAL RESOURCES

Due to a production ramp-up which started in the later part of the first quarter of this year, our ending inventory as of 30 June 2012 increased to HK$3.2 billion, as compared to HK$2.5 billion as of 31 December 2011. Our annualized inventory turn was 3.58 times (first half of 2011: 6.11 times).

Days sales-outstanding increased to 91.0 days from 71.3 days in first half 2011. It was mainly due to the trend of an increasing shipment rate throughout the second quarter. Return on invested capital for the past six months was 9.0%.

Capital expenditure (“capex”) in the first six months amounted to HK$255.8 million which was partially funded by the depreciation and amortization of HK$185.4 million for the same period. After paying last year’s final dividend totaling HK$318.1 million in May and funding capital investments in the first half of 2012, cash on hand as of 30 June 2012 was HK$1.2 billion, which was HK$395.9 million lower than six months ago. Our current ratio stands at 1.99, and we have a debt-equity ratio of 64.1%.

Bank borrowings are mainly arranged to support the day to day operations as well as to finance the second phase expansion of the Huizhou factory in China. These are denominated in Hong Kong dollars and US dollars. Cash holdings by the Group are mainly in US dollars, Euro, Chinese Yuan (RMB) and Hong Kong dollars. The SMT equipment business unit of the Group enters into US dollars and Euro hedging contracts to mitigate the foreign currency risks as the production of SMT equipment and its suppliers are mainly located in Europe while a substantial part of the Group’s revenue for SMT equipment are denominated in US dollars.

After carefully considering the near to mid-term uncertainties brought about by the global economic outlook, the larger size of our operations compared to the past and future growth opportunities for the Company, the Board recommends a moderate dividend payout ratio, 50% of the net profits for the first half this year.

HUMAN RESOURCES

As of 30 June 2012, the total headcount of the Group worldwide stood at approximately 16,500 people.

ASM recognizes that human resource is one of the Company's most important assets. Recruiting and retaining high-calibre employees is always of high priority in ASM. Besides offering competitive remuneration packages, ASM also commits to specialized yet demanding staff development and training programs. In general, salary review is conducted annually. In addition to salary payments, other benefits include contributions to provident fund schemes, medical and training subsidies. Discretionary bonus and incentive shares may be granted to eligible staff based on the Group's financial results and individual performance.

Total manpower costs for the first six months of 2012 were HK$1,546.5 million, as compared to HK$1,469.5 million for the same period last year. In March this year, the Board granted a total of 1,950,300 incentive shares to 805 employees, inclusive of four Executive Directors of the Company. The vesting period of these incentive shares is up to 15 December of this year.

STUDY BY ASM INTERNATIONAL

On 16 May 2012, ASM International N.V. ("ASMI"), the largest and controlling shareholder of the Company which holds 52.17% of the shares of the Company, issued a statement to reiterate that it will carry out a study into the non-recognition by the markets of the value of its combined businesses. The combined businesses comprise the front-end business operated by ASMI, and the back-end business operated by the Company. The study will be carried out by ASMI in the manner as announced in the materials for the Annual General Meeting of Shareholders of ASMI held on 15 May 2012 in Amsterdam, the Netherlands ("AGM"). ASMI emphasized that no decision on any further action, if any, will be taken until after the study has been completed. The views expressed by shareholders of ASMI at the AGM will be considered in carrying out the study. Materials for the AGM and the statement from ASMI are available on the web-site of ASMI, at http://www.asm.com.

While we do not expect that any result will be available soon, the Board and the management will closely monitor the progress of the study and review any new development that may have an impact on the Company. The Board and the management are mindful that the best interests of all shareholders of the Company should be safeguarded.

PROSPECTS

Encouraged by consumer demand for mobile devices such as tablet computers and smartphones, our customers have continued to purchase manufacturing equipment for expanding their production capacities during the second quarter. They appear to have stepped up their capacity expansion efforts while expecting a market recovery in 2012. Despite a continuing volatile macroeconomic environment, there are some analysts who believe that after a bottoming-out of the market in the first half of 2012, growth should return in the second half of 2012, boosted by upcoming rollouts of new mobile handsets, tablet computers and ultrabooks. In particular, tablet computers are expected to be the growth drivers for the mobile computing market over the next few years, and are forecasted to surpass netbook shipments by 2016. Indeed, some analysts have forecasted that 2012 may post one of the highest levels of global investment for semiconductor manufacturing equipment in history.

PROSPECTS – continued

However, it is difficult to ignore the adverse macroeconomic factors that exist, such as the European sovereign debt problem and the lack of momentum of the sputtering US economic recovery. Correspondingly, there are economic indicators which suggest that demand in Europe and China is ebbing. Increasingly, headwinds from the Euro crisis, global political uncertainty and a turbulent economic roadmap are being felt in the emerging markets like China, India and Brazil, which were previously the stalwarts of growth. Amid fears of decelerated spending by consumers, there are fears that a downturn in global technology spending may result.

With our strong backlog, we expect billings to remain at a satisfactory level in the third quarter at least. Since our bookings have improved from the first quarter to the second quarter, the situation does not look bleak by any means. We have not seen any significant scaling down of orders or large-scale holding back of orders by customers. We further note that global institutions are making concerted effects to simultaneously stabilize the global financial system and to stimulate the world economy. We believe that a major global financial crisis such as the one in 2008 is unlikely to occur.

Nevertheless, perceived problems about the world economy appear to have worsened recently. Compared to three months ago, our customers do seem to be less optimistic about the market. The booking trend in the second half of the year is thus difficult to predict due to the macroeconomic uncertainties. In general, it can be said that there is almost no market visibility whatsoever.

Certain market segments appear to be doing better than others. In the LED market, our customers that are involved in the general lighting market continue to do well and to move ahead of their peers. Specifically, it seems that the LED market in China is doing much better than in other countries.

The SMT Equipment market in China has yet to show any significant sign of regaining its strength after its recent decline. In other territories in which we participate, such as in Europe and the Americas, the demand has remained relatively stable. Comparatively, the SMT Equipment market is now less robust than the Assembly and Packaging Equipment market. Until there are clearer signs of a recovery in the SMT Equipment market, it is probably too early to characterize the improvement in the last quarter as a sign of a general recovery in the SMT Equipment business.

We believe that consumer demand for televisions, automobiles, smart phones, portable computers and tablet PCs will still be the drivers of growth for the global semiconductor industry for the near future. Although the industry may be facing cyclical headwinds, our overall view is that there are reasons for cautious optimism for the rest of 2012. We believe that versatility and being able to react swiftly to fast-changing market conditions will remain the key to being successful as we negotiate upcoming challenges that may surface.

Amongst other things, ASM is benefitting from the acquisition of the SMT Equipment business, and will continue to further reap the rewards of stronger synergies between the Assembly and Packaging Equipment and SMT Equipment markets. There are also long-term trends in the LED and SMT Equipment markets that ASM is well-placed to benefit from once the market returns to its former strength. ASM's multiple-application and multiple-product strategies continue to serve it well. These have established a strong foundation which will help the Group to grow from strength to strength by presenting total solutions to its customers and pushing the technical envelope with innovative and advanced products.

CORPORATE GOVERNANCE

At the 2012 annual general meeting ("AGM") of the Company held on 27 April 2012, the shareholders of the Company approved the Board's proposal to amend the Company's Articles of Association, which related to (i) the term of appointment of each director shall not be more than three years; (ii) changes to reflect the latest amendments to the Listing Rules, and (iii) certain housekeeping amendments. The shareholders of the Company had also approved the Board's proposal to have the current term of appointment for all existing directors to expire on end of the third annual general meeting since their last appointment.

The revised Articles of Association are available on the website of the Company and Hong Kong Stock Exchange.

The Group has complied with all the code provisions set out in the Corporate Governance Code ("CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") throughout the six months ended 30 June 2012.

The Company reviews its corporate governance practices regularly to ensure compliance with the CG Code.

AUDIT COMMITTEE

The audit committee is comprised of three Independent Non-executive Directors and one Non-executive Director who together have substantial experience in fields of auditing, legal matters, business, accounting, corporate internal control and regulatory affairs.

REVIEW OF ACCOUNTS

The Audit Committee has reviewed the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2012 in conjunction with the Company's external auditor.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2012, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities, except that the trustee of the Employee Share Incentive Scheme, pursuant to the terms of the rules and trust deed of the Employee Share Incentive Scheme, purchased on the Exchange a total of 328,000 shares in the Company. The cost of purchase of these shares is about HK$37 million.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises Mr. Arthur H. del Prado (Chairman), Mr. Peter Lo Tsan Yin (Vice Chairman), Mr. Lee Wai Kwong, Mr. James Chow Chuen and Mr. Robin Gerard Ng Cher Tat as Executive Directors, Mr. Charles Dean del Prado and Mr. Petrus Antonius Maria van Bommel as Non-executive Directors, and Miss Orasa Livasiri, Mr. Robert Lee Shiu Hung and Mr. John Lok Kam Chong as Independent Non-executive Directors.

On behalf of the Board
Lee Wai Kwong
Director

Hong Kong, 25 July 2012