

ASM



ASM PACIFIC TECHNOLOGY LIMITED

(Stock Code 股份代號 : 0522)

*Emerging
Stronger*

掌握先機 脫穎而出



2009

Interim Report 中期報告

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CORPORATE INFORMATION**DIRECTORS****Executive Directors:**

Arthur H. del Prado, *Chairman*
Lo Tsan Yin, Peter, *Vice Chairman*
Lee Wai Kwong
Chow Chuen, James
Tang Koon Hung, Eric

Independent Non-executive Directors:

Orasa Livasiri
Lee Shiu Hung, Robert
Lok Kam Chong, John

PRINCIPAL BANKERS

The Hongkong and Shanghai
Banking Corporation Limited
Standard Chartered Bank (Hong Kong) Limited
Citibank, N.A.
The Bank of Tokyo-Mitsubishi UFJ, Ltd

AUDITOR

Deloitte Touche Tohmatsu
35/F One Pacific Place
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SECRETARY

So Sau Ming

REGISTERED OFFICE

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PRINCIPAL PLACE OF BUSINESS

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**SHARE REGISTRARS AND BRANCH
REGISTER OFFICE**

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CHAIRMAN'S STATEMENT

RESULTS

ASM Pacific Technology Limited and its subsidiaries (the "Group" or "ASM") reported a turnover of HK\$1,409 million for the six months ended 30 June 2009, representing a decrease of 51.9% as compared with HK\$2,927 million for the same period last year and a 39.6% decrease when compared with the turnover of HK\$2,331 million for the preceding six-month period. The Group's consolidated profit after taxation for the six months is HK\$75 million which is 88.9% lower than the corresponding period in 2008 and 75.0% lower than the preceding six-month period. Basic earnings per share (EPS) for the half-year period amounted to HK\$0.19 (first half of 2008: HK\$1.73, second half of 2008: HK\$0.76).

DIVIDEND

In view of the Company's continuing strong liquidity and rising equity base, the Board of Directors has resolved to pay an interim dividend of HK\$0.20 (2008: HK\$0.90) and a special dividend of HK\$0.40 (2008: HK\$0.50) per share. Despite giving out high dividends and continual expansion of our production capacity, marketing network and R&D capabilities in the past few years, the Company continues to generate strong positive cash flow. This allows ASM to continue to adopt the prudent policy, as stated in the past several financial result announcements, of returning current excessive cash holdings to our shareholders while continuing to operate the Group with the optimal shareholders' fund. Having established its leadership position in the microelectronics market over the years, ASM intends to further its organic growth path in the near term not only by enlarging market share with its high-performance, diversified products but also by moving into untapped market space that provides the opportunity for highly profitable growth. There is no short term need for major cash outlay for the Group.

REVIEW

There have recently been encouraging signs of a bottoming out of the global recession. After the stabilization of the semiconductor industry and the strengthening in demand in the latter part of the first quarter, the semiconductor assembly and packaging equipment industry has staged a strong rebound for the second quarter. There are a number of positive signs in the market, brought about mainly by the stimulus packages implemented by the Chinese government, robust demand for handsets in China, and demand for LED backlite modules for displays.

The significant improvement in economic activity is exciting, although it is too early to say that an economic recovery is in sight. Our billings more than doubled over the first quarter and our bookings are more than 3 times of that obtained in the first quarter. Compared to the second quarter of 2008, which saw record turnover for the Group, as well as for our Equipment and Lead frame product segments, our bookings are only lower by a single digit percentage. As a result, the second quarter is not only profitable, but the profits have more than offset ASM's first-ever quarterly losses experienced in the first quarter of 2009.

We saw improved performance across all our major product lines. We achieved a Group turnover of US\$182 million and a profit of HK\$75 million during the past six months, reflecting further gains in market share and demonstrating our capability to adapt and to respond quickly to changes in market conditions. Return on capital employed and on sales was 3.4% and 6.4% respectively for the six-month period.

CHAIRMAN'S STATEMENT (CONTINUED)**REVIEW (Continued)**

During the past six months, our book to bill ratio, representing net bookings over billings, was 1.38. Due to a dramatic increase in bookings in the second quarter, our ending order backlog as of 30 June 2009 was in excess of US\$121 million (US\$53 million as of 31 December 2008 and US\$59 million as of 31 March 2009). Our book to bill ratio for the second quarter was 1.50, mainly as a result of our strong order inflows during the second quarter. New order bookings in the second quarter of 2009 amounted to US\$188 million, a sequential increase of 200.5% over Q1 2009. This level of order inflows is only 9.6% below the record which we attained in the last quarter of 2007.

ASM's diversification of its product and application markets, which is reinforced by its efficient cost structure and ongoing successful introduction of technologically-advanced new products, underpins its success. During the first half of 2009, sales attributable to our five largest customers combined were 19.2% of the total, with no customer exceeding 10%, demonstrating the continuing success of our aggressively diversified market strategy. We also enjoyed a good geographical spread mirroring the investment trends in the industry, with Mainland China remaining our largest market, increasing its share from 36.0% a year earlier to 37.9% now. Mainland China is followed by Taiwan (16.3%) and South Korea (14.6%). The diversified product and geographic portfolio continue to be one of ASM's strengths. The Group's stellar 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 six-month period came from 92 customers. During the second quarter, we noticed that there was a trend of increasing demand from sub-contractors for our products. Cumulatively, purchases from sub-contractors have surpassed purchases from the IDMs for the first six months of this year.

During the first six months of 2009, Equipment revenues were US\$129 million, equivalent to 70.8% of the Group's turnover, decreasing 56.7% and 44.5% as compared to the first and second six-month periods in 2008 respectively. Equipment revenue was at US\$91 million in the second quarter of 2009, representing an increase of 136.4% over the preceding quarter and a decrease of 45.3% over same period last year.

With improved market demand and gain in market share, our Lead frame business achieved revenues of US\$53 million, representing 29.2% of the Group's turnover during the first half of 2009, which represent decreases of 33.8% and 22.8% over the first and second half of 2008 respectively. Our Lead frame business achieved a turnover of US\$35 million in the second quarter of 2009, representing an increase of 95.2% over the preceding quarter and a decrease of 16.8% as compared to the same period last year. Whilst we had previously expected the Lead frame segment of our business to grow faster than our Equipment revenue in the second quarter, we are pleased that due to the robust acceleration of demand for our Equipment, the Lead frame constituent has remained stable at 28.0% of the Group's revenue.

CHAIRMAN'S STATEMENT (CONTINUED)

REVIEW (Continued)

Our gross margins have further improved to 37.4% in the second quarter resulting from our successful cost reduction efforts and improved sales level, even when costs have generally gone up in view of the increased production activities in the second quarter to meet demand. Besides our successful cost reduction efforts, our Lead frame gross margins have also benefited from much lower metal prices as compared to last year. When the level of economic activity and sales improve further, we are confident that we can return to the gross margins experienced before the onset of the global slowdown.

Even with more pipeline materials to address customer orders, our ending inventory as of 30 June 2009 decreased slightly to HK\$864 million (HK\$901 million as of 31 December 2008) due to our aggressive management of working capital, with an annualized inventory turn of 3.19 times (2008: 5.8 times).

Days sales-outstanding increased sharply to 110.8 days from 59.5 days in 2008. This is a reflection of our lower sales overall during the preceding nine months and a surge in billings in the second quarter. Our sound working capital management has resulted in a free cash flow of HK\$184 million and a return on invested capital of 3.2% during the past six months.

After paying last year's final dividend totaling HK\$196 million in April and funding capital investments of HK\$22 million in the first half of 2009, cash on hand as of 30 June 2009 was HK\$753 million, which was HK\$93 million lower than six months ago. Our current ratio stands at 3.19, with zero long-term debt or bank borrowing, and a debt-equity ratio of only 30.3%. With no short-term needs and an on-going positive cash flow from organic growth operations, these figures permit ASM's management to recommend returning the excessive cash holdings to our shareholders in the form of dividends.

PROSPECTS

It is generally acknowledged by economists that although green shoots of growth have started to appear and it is likely that the recession has already bottomed out, the recovery will likely be a slow and bumpy process. The economic decline has become less pronounced and semiconductor companies have largely been reporting sequential quarterly growth near the end of the first half of the year. According to some analysts, the second half of 2009 will be better than the first for the semiconductor industry. On the other hand, the improvement will not sufficiently make up for the drastic fall which occurred during the first quarter of 2009, which was hit hard by seasonal weakness for electronic devices, a major inventory adjustment and the global recession at its worst. The worldwide consumer electronics equipment revenue is forecasted by analysts to decline by about 8.2% for the whole of 2009, but improvements beginning by the fourth quarter of 2009 will provide a basis for overall growth of about 13.1% in 2010.

CHAIRMAN'S STATEMENT (CONTINUED)**PROSPECTS (Continued)**

The current sizable backlog will place ASM in a strong position to continue the recent solid performance for the remainder of 2009. Since we have already more than erased the losses encountered in the first quarter, and in the light of our strong backlog, it is likely that we will be profitable for the year in the absence of any major shocks to the global economy. Unfortunately, due to the prevailing economic uncertainties, the market visibility is generally still not more than 2-3 months.

We believe that the effects of the various stimulus packages which have been implemented worldwide will generally become more pronounced in the second half of the year. Thus, it is likely that demand for assembly and packaging equipment will see further increase in the second half of this year. The extent of increase will be dependent to some extent on a sustained rebound in the United States and Europe to further encourage the consumption of consumer electronic goods such as personal computers, flat-panel televisions and cell phones, which are the main drivers of growth for the semiconductor industry.

Despite the current uncertainties, our multiple-application and multiple-product strategies continue to serve us well, allowing us to grow from strength to strength even through the turbulence of the downturn. In our opinion, the worst is over for ASM in the current recession, although we are by no means certain that the crisis is over. In view of the rebound in the demand for our products, we are now focusing our attention to emerging stronger from the downturn by driving our cost reduction efforts to achieve long-term structural cost reduction. We will continue to execute the strategies which we had announced earlier, such as streamlining our business and manufacturing processes, reducing the costs of our products and our time to market, increasing automation in our manufacturing and introducing a new generation of cost-effective equipment. We are positioning the Company to be as dynamic as possible, and aim to react fastest to changing marketing dynamics by utilizing our ample financial resources.

Arthur H. del Prado

Chairman

29 July 2009

INDEPENDENT REVIEW REPORT

To the Board of Directors of ASM Pacific Technology Limited
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 8 to 22 which comprises the condensed consolidated statement of financial position of ASM Pacific Technology Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) as of 30 June 2009 and the related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and the Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on the interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with the Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
29 July 2009

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2009

	Notes	Six months ended 30 June	
		2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Turnover	3	1,409,140	2,927,222
Cost of sales		(953,567)	(1,663,697)
Gross profit		455,573	1,263,525
Other income		3,621	13,342
Selling expenses		(152,522)	(238,418)
General and administrative expenses		(79,405)	(94,200)
Research and development expenses		(134,239)	(173,979)
Finance costs		–	(1)
Profit before taxation		93,028	770,269
Income tax expense	5	(18,124)	(95,677)
Profit for the period		74,904	674,592
Exchange differences on translation of foreign operations, representing other comprehensive (expense) income for the period		(2,125)	2,909
Total comprehensive income for the period		72,779	677,501
Earnings per share	7		
– Basic		HK\$0.19	HK\$1.73
– Diluted		HK\$0.19	HK\$1.72

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2009

	<i>Notes</i>	At 30 June 2009 (Unaudited) HK\$'000	At 31 December 2008 (Audited) HK\$'000
Non-current assets			
Property, plant and equipment	8	907,269	1,004,105
Prepaid lease payments		7,932	8,321
Deposit paid for acquisition of property, plant and equipment		3,989	12,434
Deferred tax assets		11,881	9,993
		<u>931,071</u>	<u>1,034,853</u>
Current assets			
Inventories		864,201	900,958
Trade and other receivables	9	1,044,305	1,003,243
Prepaid lease payments		481	489
Bank balances and cash		752,815	845,521
		<u>2,661,802</u>	<u>2,750,211</u>
Current liabilities			
Trade and other payables	10	657,328	647,940
Taxation		176,761	271,112
		<u>834,089</u>	<u>919,052</u>
Net current assets		<u>1,827,713</u>	<u>1,831,159</u>
		<u>2,758,784</u>	<u>2,866,012</u>
Capital and reserves			
Share capital	11	39,236	39,236
Dividend reserve		235,414	196,178
Other reserves		2,482,943	2,628,686
Equity attributable to owners of the Company		<u>2,757,593</u>	<u>2,864,100</u>
Non-current liabilities			
Deferred tax liabilities		1,191	1,912
		<u>2,758,784</u>	<u>2,866,012</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2009

	Attributable to owners of the Company								
	Share capital HK\$'000	Share premium HK\$'000	Employee share-based compensation reserve HK\$'000	Capital redemption reserve HK\$'000	Capital reserve HK\$'000	Translation reserve HK\$'000	Retained profits HK\$'000	Dividend reserve HK\$'000	Total HK\$'000
At 1 January 2008 (audited)	39,063	294,001	-	155	72,979	(60,398)	2,018,377	585,942	2,950,119
Profit for the year	-	-	-	-	-	-	973,673	-	973,673
Exchange differences on translation of foreign operations	-	-	-	-	-	(13,825)	-	-	(13,825)
Total comprehensive income for the year	-	-	-	-	-	(13,825)	973,673	-	959,848
Sub-total	39,063	294,001	-	155	72,979	(74,223)	2,992,050	585,942	3,909,967
Recognition of equity-settled share-based payments	-	-	86,954	-	-	-	-	-	86,954
Shares issued under the Employee Share Incentive Scheme	173	86,781	(86,954)	-	-	-	-	-	-
2008 interim dividend declared (note 6)	-	-	-	-	-	-	(351,565)	351,565	-
2008 first special dividend declared (note 6)	-	-	-	-	-	-	(195,314)	195,314	-
2008 final dividend proposed (note 6)	-	-	-	-	-	-	(196,178)	196,178	-
Dividends paid	-	-	-	-	-	-	-	(1,132,821)	(1,132,821)
At 31 December 2008 and 1 January 2009 (audited)	39,236	380,782	-	155	72,979	(74,223)	2,248,993	196,178	2,864,100
Profit for the period	-	-	-	-	-	-	74,904	-	74,904
Exchange differences on translation of foreign operations	-	-	-	-	-	(2,125)	-	-	(2,125)
Total comprehensive income for the period	-	-	-	-	-	(2,125)	74,904	-	72,779
Sub-total	39,236	380,782	-	155	72,979	(76,348)	2,323,897	196,178	2,936,879
Recognition of equity-settled share-based payments	-	-	16,892	-	-	-	-	-	16,892
2009 interim dividend declared (note 6)	-	-	-	-	-	-	(78,471)	78,471	-
2009 first special dividend declared (note 6)	-	-	-	-	-	-	(156,943)	156,943	-
2008 final dividend paid (note 6)	-	-	-	-	-	-	-	(196,178)	(196,178)
At 30 June 2009 (unaudited)	39,236	380,782	16,892	155	72,979	(76,348)	2,088,483	235,414	2,757,593
At 1 January 2008 (audited)	39,063	294,001	-	155	72,979	(60,398)	2,018,377	585,942	2,950,119
Profit for the period	-	-	-	-	-	-	674,592	-	674,592
Exchange differences on translation of foreign operations	-	-	-	-	-	2,909	-	-	2,909
Total comprehensive income for the period	-	-	-	-	-	2,909	674,592	-	677,501
Sub-total	39,063	294,001	-	155	72,979	(57,489)	2,692,969	585,942	3,627,620
Recognition of equity-settled share-based payments	-	-	37,329	-	-	-	-	-	37,329
2008 interim dividend declared (note 6)	-	-	-	-	-	-	(351,565)	351,565	-
2008 first special dividend declared (note 6)	-	-	-	-	-	-	(195,314)	195,314	-
2007 final and second special dividend paid (note 6)	-	-	-	-	-	-	-	(585,942)	(585,942)
At 30 June 2008 (unaudited)	39,063	294,001	37,329	155	72,979	(57,489)	2,146,090	546,879	3,079,007

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2009

	Six months ended 30 June	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Net cash from operating activities	115,498	614,310
Net cash used in investing activities		
Purchase of property, plant and equipment	(9,623)	(107,702)
Other investing cash flows	(1,663)	629
	(11,286)	(107,073)
Net cash used in financing activities		
Dividend paid	(196,178)	(585,942)
Net decrease in cash and cash equivalents	(91,966)	(78,705)
Cash and cash equivalents at beginning of the period	845,521	778,183
Effect of foreign exchange rate changes	(740)	3,210
Cash and cash equivalents at end of the period	752,815	702,688

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2009

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Hong Kong Accounting Standard 34 “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared under the historical cost basis.

A number of new and revised standards, amendments and interpretations are effective for the financial year beginning on 1 January 2009. Except as described below, the accounting policies used in the interim financial information are consistent with those followed in the preparation of the consolidated financial statements of the Group for the year ended 31 December 2008, included in the annual report of the Group for the year ended 31 December 2008. The adoption of these new standards has resulted in the following changes. The adoption of the other new and revised standards, amendments and interpretations had no material effect on how the results and financial position for the current and prior accounting periods have been prepared and presented.

Presentation of financial statements

In the current period, the Group has adopted Hong Kong Accounting Standards (“HKAS”) 1 (Revised) “Presentation of financial statements” which has introduced a number of terminology changes (including revised titles for the condensed consolidated financial statements) and has resulted in a number of changes in presentation and disclosure. The adoption of HKAS 1 (Revised), however, has no impact on the reported results or financial position of the Group.

Segment information

In the current period, the Group has adopted Hong Kong Financial Reporting Standard (“HKFRS”) 8 “Operating segments”. HKFRS 8 requires the presentation of operating segments in a manner consistent with the internal reports that are regularly reviewed by the Group’s chief operating decision maker (see note 3 for details). HKFRS 8 replaces HKAS 14 “Segment reporting” which required an entity to identify two sets of segments (business and geographical). Following the adoption of HKFRS 8, the presentation of the segment results and segment assets has changed (see note 3 for details). However, the adoption of HKFRS 8 has not resulted in redesignation of the Group’s reportable segments.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2009

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendment of HKFRS 5 as part of Improvements to HKFRSs issued in 2008 ¹
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 ²
HKAS 27 (Revised)	Consolidated and separate financial statements ¹
HKAS 39 (Amendment)	Eligible hedged items ¹
HKFRS 3 (Revised)	Business combinations ¹
HK(IFRIC*) – INT 17	Distributions of non-cash assets to owners ¹
HK(IFRIC) – INT 18	Transfers of assets from customers ³

¹ Effective for annual periods beginning on or after 1 July 2009.

² Amendments that are effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, as appropriate.

³ Effective for transfers on or after 1 July 2009.

* IFRIC represents the International Financial Reporting Interpretations Committee.

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 January 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and financial position of the Group.

3. SEGMENT INFORMATION

The Group has adopted HKFRS 8 "Operating segments" with effect from 1 January 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segment and to assess its performance. The chief operating decision maker of the Group has been identified as the Chief Executive Officer.

The Group determines its operating segments based on the internal reports reviewed by the Chief Executive Officer that are used to make strategic decisions.

The Group has two reportable segments: equipment and lead frame. They represent two major types of products manufactured by the Group. The segments are managed separately.

Information regarding these segments is presented below. The segment results reported for the prior period have been restated to conform with the requirements of HKFRS 8.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2009

3. SEGMENT INFORMATION (Continued)

Segments results represent the profit before taxation earned by each segment, excluding interest income, finance costs, unallocated other income and unallocated corporate expenses. This is the measure reported to the Group's Chief Executive Officer for the purpose of resource allocation and assessment of segment performance.

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

Operating segments

	Six months ended 30 June	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000 (restated)
Turnover		
Equipment	997,625	2,306,041
Lead frame	411,515	621,181
	<u>1,409,140</u>	<u>2,927,222</u>
Result		
Equipment	72,013	724,652
Lead frame	40,280	53,206
	<u>112,293</u>	<u>777,858</u>
Interest income	2,259	7,365
Finance costs	–	(1)
Unallocated other income	734	5,922
Unallocated corporate expenses	(22,258)	(20,875)
	<u>93,028</u>	<u>770,269</u>
Profit before taxation	93,028	770,269
Income tax expense	(18,124)	(95,677)
	<u>74,904</u>	<u>674,592</u>
Profit for the period	<u>74,904</u>	<u>674,592</u>

All of the segment turnover reported above is from external customers.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2009

3. SEGMENT INFORMATION (Continued)

Geographical information by location of market

	Turnover	
	Six months ended 30 June	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Mainland China	534,644	1,053,617
Taiwan	230,095	570,455
Korea	205,187	162,908
Malaysia	159,089	379,382
Hong Kong	57,843	190,137
Philippines	56,603	120,959
Thailand	54,728	132,346
United States of America and Latin America	48,557	92,592
Japan	20,736	85,202
Singapore	17,775	67,599
Europe	17,775	50,001
Indonesia	4,783	13,615
Others	1,325	8,409
	<u>1,409,140</u>	<u>2,927,222</u>

4. DEPRECIATION

During the period, depreciation of HK\$115.4 million (HK\$108.0 million for the six months ended 30 June 2008) was charged to profit or loss in respect of the Group's property, plant and equipment.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2009

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
The charge (credit) comprises:		
Hong Kong Profits Tax	19,637	86,001
Taxation in other jurisdictions	1,116	10,364
	<u>20,753</u>	<u>96,365</u>
Deferred taxation		
– current period	(2,629)	(740)
– attributable to a change in tax rate	–	52
	<u>(2,629)</u>	<u>(688)</u>
	<u>18,124</u>	<u>95,677</u>

Hong Kong Profits Tax has been calculated at 16.5% of the estimated assessable profit for the period.

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

The Group's profit arising from the manufacture of semiconductor equipment and materials in Singapore is non-taxable under a tax incentive covering certain new products under the Manufacturing Headquarters status granted by the Singapore tax authority. The tax exemption applies to profits arising for a period of 10 years from 1 January 2001, subject to the fulfilment of certain criteria during the period.

The deferred taxation credit mainly related to the tax effect of temporary differences attributable to the difference of depreciation allowances for tax purposes and depreciation charged in the condensed consolidated financial statements.

The Company continued to receive letters from the Hong Kong Inland Revenue Department during the period ended 30 June 2009 seeking information relating to Profits Tax and other tax affairs of certain subsidiaries of the Company. The enquiry 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. As at 30 June 2009, the Group purchased tax reserve certificates amounting to HK\$101.0 million.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2009

5. INCOME TAX EXPENSE (Continued)

Based on legal and other professional advice that the Company has sought in early year 2009, the directors are of the opinion that the Company and its subsidiaries would have a case to pursue. Subsequent to balance sheet date, the Court of Appeal has handed down its judgment on a case involving an offshore claim. As at the date of the interim report, the directors are seeking legal and professional advice in order to assess the implication of this judgment on the tax provision for the Group. In the circumstances, the directors are unable at this stage to assess whether additional tax provision is required and no additional tax provision has been provided.

6. DIVIDENDS

	Six months ended 30 June	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Dividend paid during the period		
Final dividend for 2008 paid of HK\$0.50 (2008: final dividend for 2007 paid of HK\$1.10) per share on 392,356,700 (2008: 390,628,000) shares	196,178	429,691
Second special dividend for 2008 of nil (2008: second special dividend for 2007 paid of HK\$0.40) per share on 392,356,700 (2008: 390,628,000) shares	–	156,251
	<u>196,178</u>	<u>585,942</u>
Dividend declared after the period end		
Interim dividend of HK\$0.20 (2008: HK\$0.90) per share on 392,356,700 (2008: 390,628,000) shares	78,471	351,565
First special dividend of HK\$0.40 (2008: HK\$0.50) per share on 392,356,700 (2008: 390,628,000) shares	156,943	195,314
	<u>235,414</u>	<u>546,879</u>

The dividends will be paid to the shareholders of the Company whose names appear on the Register of Members on 20 August 2009.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2009

7. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Earnings for the purpose of basic and diluted earnings per share (Profit for the period)	<u>74,904</u>	<u>674,592</u>

	Number of shares (in thousand)	
Weighted average number of ordinary shares for the purpose of basic earnings per share	392,357	390,628
Effect of dilutive potential shares from the Employee Share Incentive Scheme	<u>933</u>	<u>588</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>393,290</u>	<u>391,216</u>

8. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately HK\$9.6 million (HK\$107.7 million for the six months ended 30 June 2008) on the acquisition of property, plant and equipment.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2009

9. TRADE AND OTHER RECEIVABLES

	As at 30 June 2009 (Unaudited) HK\$'000	As at 31 December 2008 (Audited) HK\$'000
Trade receivables	862,910	855,053
Other receivables, deposits and prepayments	80,356	75,190
Tax reserve certificate recoverable	101,000	73,000
Amounts due from ASM International N.V. group companies – trade (<i>Note</i>)	39	–
	<u>1,044,305</u>	<u>1,003,243</u>

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

	As at 30 June 2009 (Unaudited) HK\$'000	As at 31 December 2008 (Audited) HK\$'000
Not yet due	602,989	546,857
Overdue within 30 days	126,208	121,404
Overdue within 31 to 60 days	57,691	76,278
Overdue within 61 to 90 days	21,075	57,678
Overdue over 90 days	54,947	52,836
	<u>862,910</u>	<u>855,053</u>

Payment terms with customers are mainly on credit together with deposits. Invoices are normally payable within 30 to 60 days of issuance, except for certain well established customers, where the terms are commonly extended to 3 to 4 months. Each customer has a pre-set maximum credit limit.

Note: Amounts due from ASM International N.V. ("ASM International") group companies are unsecured, non-interest bearing and repayable according to normal trade terms.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2009

10. TRADE AND OTHER PAYABLES

	As at 30 June 2009 (Unaudited) HK\$'000	As at 31 December 2008 (Audited) HK\$'000
Trade payables	361,355	324,631
Other payables and accrued charges	295,616	323,124
Amounts due to ASM International group companies – trade (<i>Note</i>)	357	185
	<u>657,328</u>	<u>647,940</u>

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

	As at 30 June 2009 (Unaudited) HK\$'000	As at 31 December 2008 (Audited) HK\$'000
Not yet due	273,034	74,635
Overdue within 30 days	57,261	107,776
Overdue within 31 to 60 days	19,968	84,774
Overdue within 61 to 90 days	5,366	36,480
Overdue over 90 days	5,726	20,966
	<u>361,355</u>	<u>324,631</u>

Note: Amounts due to ASM International group companies are unsecured, non-interest bearing and repayable according to normal trade terms.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2009

11. SHARE CAPITAL

	Six months ended 30 June 2009 (Unaudited) HK\$'000	Year ended 31 December 2008 (Audited) HK\$'000
Issued and fully paid:		
Shares of HK\$0.10 each		
At the beginning and at the end of the period/year	<u>39,236</u>	<u>39,236</u>

The authorised share capital of the Company is HK\$50 million, comprising 500 million shares of HK\$0.10 each.

12. RELATED PARTY TRANSACTIONS

- (a) During the period, the Group paid a management fee of HK\$375,000 (HK\$375,000 for the six months ended 30 June 2008) to ASM International under a consultancy agreement between ASM International and the Company. Pursuant to the original consultancy agreement, an annual management fee of HK\$1.5 million is payable to ASM International which acts as a consultant, introduces new business and provides assistance in business development, general management support and services, international expertise and market information to the Group. The annual management fee was revised to HK\$750,000 effective from 1 January 2006. The consultancy agreement, which commenced on 5 December 1988, was for an initial period of three years and is terminable thereafter by six months' notice in writing by either party.
- (b) Compensation of key management personnel

During the period, the emoluments of directors and other members of key management were HK\$15,536,000 (HK\$24,570,000 for the six months ended 30 June 2008).

Certain shares of the Company were issued to the key management under the Employee Share Incentive Scheme (the "Scheme") which has a term of 10 years starting from December 1989, the Scheme was extended for a further term of 10 years up to 23 March 2010 pursuant to an extraordinary general meeting of the Company on 25 June 1999. The Scheme was again extended for another term of 10 years up to 23 March 2020 pursuant to an annual general meeting of the Company on 24 April 2009. The estimated fair value of such shares included in emoluments amounted to HK\$3,112,000 (HK\$8,160,000 for the six months ended 30 June 2008).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2009

13. CONTINGENT LIABILITIES

	As at 30 June 2009 (Unaudited) HK\$'000	As at 31 December 2008 (Audited) HK\$'000
Guarantees given to the Singapore government for working permits of foreign workers in Singapore	429	431

14. CAPITAL COMMITMENTS

	As at 30 June 2009 (Unaudited) HK\$'000	As at 31 December 2008 (Audited) HK\$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	42,304	15,299
Capital expenditure in respect of the acquisition of property, plant and equipment authorised but not contracted for	131,651	61,187
	<u>173,955</u>	<u>76,486</u>

OTHER INFORMATION

DIRECTORS' INTERESTS IN SHARES

Details of the interests of the Directors and chief executives of the Company and their associates in the share capital of the Company and its associated corporations as at 30 June 2009 as recorded in the register by the Company pursuant to Section 352 of the Securities and Future Ordinance (the "SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

Long positions

(a) Shares of HK\$0.10 each ("Shares") of the Company:

Name of director	Capacity	Number of Shares held	Percentage of shareholding in the Company
Arthur H. del Prado (<i>Note 1</i>)	Beneficial Owner	207,427,500	52.87%
Lee Wai Kwong (<i>Note 2</i>)	Beneficial Owner	606,700	0.15%
Lo Tsan Yin, Peter (<i>Note 3</i>)	Beneficial Owner	348,000	0.09%
Chow Chuen, James (<i>Note 4</i>)	Beneficial Owner	294,000	0.07%
Tang Koon Hung, Eric (<i>Note 5</i>)	Beneficial Owner	150,000	0.04%

(b) Share options of ASM International:

Name of director	Date of grant	Exercise period	Exercise price	At 1 January 2009 and at 30 June 2009
Arthur H. del Prado	19.5.2006	19.5.2009 – 19.5.2014	EURO14.08	100,856
	23.5.2007	23.5.2010 – 23.5.2015	EURO19.47	60,441

Notes:

1. As regards Mr. del Prado:

- (a) he himself, a member of his immediate family and a foundation controlled by him together held about 15.05% shareholding which carry voting power (represented by 11,476,878 common shares) in the issued share capital in ASM International. ASM International is a controlling shareholder of the Company holding 207,427,500 Shares which is approximately 52.87% of the entire share capital of the Company through its wholly-owned subsidiary, namely, ASM Pacific Holding B.V., and he is accordingly deemed or taken to be so interested; and
- (b) ASM International also holds the fixed-rate participating shares of ASM Assembly Automation Limited, ASM Assembly Materials Limited and ASM Asia Limited which are wholly-owned subsidiaries of the Company. These shares carry no voting rights, no rights to participate in a distribution of profits, and very limited rights on a return of capital.

OTHER INFORMATION (CONTINUED)**DIRECTORS' INTERESTS IN SHARES (Continued)****Long positions (Continued)**

Notes: (Continued)

2. Pursuant to the Employee Share Incentive Scheme of the Company ("Scheme"), the Board of Directors resolved to allocate Share entitlements at par value to the management and employees of the Company in respect of their services for the vesting period from 2 March 2009 until 15 December 2009 (both days inclusive) ("Vesting period") whereby the Company has agreed on 2 March 2009 to allocate to Mr. Lee an entitlement of 110,000 Shares in the Company in respect of his service upon expiration of the Vesting Period and no subscription price is to be payable by Mr. Lee. Mr. Lee's interest of 606,700 Shares includes the above-mentioned entitlement of 110,000 Shares.
3. As at 30 June 2009, Mr. Lo beneficially owns 2,500 shares of ASM International and pursuant to the Scheme, the Company has also agreed on 2 March 2009 to allocate to Mr. Lo an entitlement of 96,000 Shares in the Company in respect of his service upon expiration of the Vesting Period and no subscription price is to be payable by Mr. Lo. Mr. Lo's interest of 348,000 Shares includes the above-mentioned entitlement of 96,000 Shares.
4. Pursuant to the Scheme, the Company has also agreed on 2 March 2009 to allocate to Mr. Chow an entitlement of 78,000 Shares in the Company in respect of his service upon expiration of the Vesting Period and no subscription price is to be payable by Mr. Chow. Mr. Chow's interest of 294,000 Shares includes the above-mentioned entitlement of 78,000 Shares.
5. Pursuant to the Scheme, the Company has also agreed on 2 March 2009 to allocate to Mr. Tang an entitlement of 50,000 Shares in the Company in respect of his service upon expiration of the Vesting Period and no subscription price is to be payable by Mr. Tang. Mr. Tang's interest of 150,000 Shares includes the above-mentioned entitlement of 50,000 Shares.

Save as disclosed above and other than certain nominee shares in subsidiaries held by the Directors in trust for the Company or its subsidiaries, as at 30 June 2009, none of the Directors or chief executives of the Company nor their associates had any interest or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations.

OTHER INFORMATION (CONTINUED)

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2009, the following persons (other than the interests disclosed above in respect of Directors or chief executives of the Company) had interests in the share capital of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of shareholder	Capacity	Number of shares held/ Percentage of shareholding in the Company			
		Long positions	%	Lending pool	%
ASM International	Interest of a controlled corporation	207,427,500	52.87	-	-
ASM Pacific Holding B.V.	Beneficial owner	207,427,500	52.87	-	-
Aberdeen Asset Management Plc and its associates on behalf of accounts managed by Aberdeen Asset Management Plc and its associates	Investment manager	35,246,390	8.98	-	-

Save as disclosed above, as at 30 June 2009, according to the register of interests required to be kept by the Company under Section 336 of the SFO, there was no person who had any interests or short positions in the shares or underlying shares of the Company.

CORPORATE GOVERNANCE

The Group has complied with all the code provisions set out in the Code on Corporate Governance Practices ("CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited during the six months ended 30 June 2009 except the following deviation:

The Company has not yet adopted Code Provision A.4.1 which provides that Non-executive Directors should be appointed for a specific term, subject to re-election. All the Independent Non-executive Directors are not appointed for specific term, but they are subject to retirement by rotation and re-election at the annual general meetings of the Company at least once every three years pursuant to the Articles of Association of the Company. As such, the Company considers that such provisions in the Articles of Association are sufficient to meet the underlying objective of the relevant provision of the CG Code.

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

OTHER INFORMATION (CONTINUED)**AUDIT COMMITTEE**

The audit committee is comprised of three Independent Non-executive Directors 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 2009 in conjunction with the Company's external auditors.

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

The Company has not redeemed any of its listed securities during the period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the period.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 17 August 2009 to 20 August 2009, both days inclusive. In order to qualify for the interim and special dividend, all transfers accompanied by the relevant share certificates, must be lodged with the Company's Share Registrars, Tricor Secretaries Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wan Chai, Hong Kong, not later than 4:00 p.m. on 14 August 2009. The interim and special dividend will be paid on or about 27 August 2009.

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Subsidiaries

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ASM Assembly Automation Limited

ASM Assembly Materials Limited

ASM Technology Singapore Pte Limited

ASM Technology (M) Sdn. Bhd.

Shenzhen ASM Micro Electronic Technology Company Limited

ASM Semi-conductor Materials (Shenzhen) Company Limited

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