Interim Financial Report

For the six months ended June 30, 2012

ASM International

Contents

Safe Harbor Statement under the U.S. Private Securities Litigation Reform Act of 1995: All matters discussed in this statement, except for any historical data, are forward-looking statements. Forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. These include, but are not limited to, economic conditions and trends in the semiconductor industry generally and the timing of the industry cycles specifically, currency fluctuations, corporate transactions, financing and liquidity matters, the success of restructurings, the timing of significant orders, market acceptance of new products, competitive factors, litigation involving intellectual property, shareholder and other issues, commercial and economic disruption due to natural disasters, terrorist activity, armed conflict or political instability, epidemics and other risks indicated in the Company's filings from time to time with the U.S. Securities and Exchange Commission, including, but not limited to, the Company's reports on Form 20-F and Form 6-K. The Company assumes no obligation to update or revise any forward-looking statements to reflect future developments or circumstances.

This Statutory Interim Report comprises regulated information within the meaning of articles 1:1 and 5:25d of the Dutch Financial Markets Supervision Act (Wet op het Financieel Toezicht).

This report as well as other publications such as press releases, presentations, speeches and other items relating to this report can also be accessed via the corporate website (http://www.asm.com).

Profile

ASM International N.V. (“ASMI”) is a leading supplier of semiconductor equipment, materials and process solutions addressing the wafer processing, assembly and packaging, and surface mount technology markets. Our customers include all of the top semiconductor device manufacturers in the world.

Mission and Strategy

ASMI’s mission is to provide our customers with the most advanced, cost-effective, and reliable products, service and global support network in the semiconductor industry and beyond. We advance the adoption of our new technology platforms by developing new materials and process applications that progressively align ASMI with our customers’ long-term technology roadmaps.

Our strategic objective is to realize profitable, sustainable growth by capitalizing on our technological innovations, manufacturing infrastructure and sales and support offices located close to our global customers. The key elements of our strategy include:

- Streamlining our Front-end manufacturing by systematically reducing manufacturing costs through global sourcing and product platform consolidation.

- Maintaining our global reach through our global operating, sales and customer service organization and its facilities in key parts of the world in order to establish and maintain long-term customer relationships.

- Leveraging our combined strong Front-end and Back-end technology leadership and manufacturing capabilities through advancements in our products and processes early in the technology lifecycle.

- Expanding the scope and depth of our research and development capabilities through strategic alliances with independent research institutes, universities, customers and suppliers, and expanding our patent portfolio where this is deemed necessary and beneficial.

Wafer Processing

ASMI participates in three distinct Front-end manufacturing processes: wafer manufacturing, transistor formation, and interconnect. By building upon our core strengths in Vertical Furnaces, Epitaxy, PECVD and Atomic Layer Deposition technologies, today we address all of the critical areas driving the semiconductor industry roadmap: silicon-on-insulator (SOI) and strained silicon, high-k dielectrics and metal electrodes for logic and memory, dielectrics for double patterning, and low-k dielectrics for interconnect, enabling the industry transition to smaller line-widths and better transistors employing new materials.

Assembly and Packaging

ASM Pacific Technology Ltd. (“ASMPT”), our 52-percent owned Back-end subsidiary, is the world’s largest assembly and packaging equipment supplier for the semiconductor and LED industries and is a leading supplier of stamped and etched lead frames. With headquarters in Hong Kong, and operations in the People’s Republic of China, Singapore and Malaysia, ASMPT offers the most comprehensive leading edge portfolio for all of the major process steps in Back-end, from die attach through encapsulation.

Surface Mount Technology

In early 2011, ASMPT entered the Surface Mount Technology ("SMT") market through the acquisition of the Siemens Electronics Assembly Systems business from Siemens AG.
With its headquarters in Munich, ASM Assembly Systems, or ASM AS, as the new ASM division is called, is offering SMT placement tools for the global electronics manufacturing industries.

Global Operations

With corporate headquarters in Almere, the Netherlands, ASMI operates manufacturing facilities in Singapore, Malaysia, Hong Kong, Germany and the People's Republic of China, with design, research and development centers in Europe, North America, and Asia, and our sales and service operations spanning 18 countries across the globe. Our workforce totals more than 18,000 worldwide. ASMI trades on the NASDAQ stock market under the symbol "ASMI", and on Euronext Amsterdam under the symbol "ASM". ASMPT trades on the Hong Kong Stock Exchanges under the code 0522.

First half of the financial year

The Company's first half of the financial year runs from January 1 to June 30.

History of the Company

ASM International N.V. was incorporated on March 4, 1968 as a Netherlands naamloze vennootschap, or public limited liability company, and was previously known as Advanced Semiconductor Materials International N.V.

Head office

Our principal executive offices are located at Versterkerstraat 8, 1322 AP, Almere, the Netherlands. Our telephonenumber at that location is (+31) 8810 08810, fax is (+31) 8810 08830, website http://www.asm.com.

Supervisory Board

G.J. Kramer, Chairman
J.M.R. Danneels
H.W. Kreutzer
J.C. Lobbezoo
M.C.J. van Pernis
U.H.R. Schumacher

Management Board

C.D. del Prado, Chairman of the Management Board, President and Chief Executive Officer
P.A.M. van Bommel, Member of the Management Board and Chief Financial Officer

Key Figures

(EUR millions)	Six months ended June 30, 2011 *(unaudited)*	2012 *(unaudited)*
Net sales	906	689
Front-end	238	181
Back-end	668	508
Earnings from operations	203	68
Net earnings allocated to shareholders of the parent	95	30
Balance sheet		
Net working capital [1.]	435	465
Total assets	1,562	1,717
Net debt [2.]	(211)	(132)
Backlog	436	439
Front-end	122	92
Back-end	315	347
Number of staff		
Full-time equivalents	18,655	18,147
Front-end	1,582	1,686
Back-end	17,073	16,461
Per share data:		
(In Euro) Net earnings allocated to shareholders of the parent per share		
Basic	1.72	0.54
Diluted	1.60	0.54
(In thousands) Weighted average number of shares used in computing per share amounts		
Basic	55,043	55,270
Diluted	64,733	55,604

1. See Note 3 on the Consolidated Interim Financial Statements
2. See Note 4 on the Consolidated Interim Financial Statements

Interim Management Board report

ASMI consolidated results six months ended June 30, 2012

Net Sales. The following table shows net sales of our Front-end and Back-end segments for the six months ended June 30, 2012 compared to the same period in 2011:

(EUR millions)	Six months ended June 30,		
	2011	2012	% Change
Front-end	237.8	181.2	(24)%
Back-end	668.4	507.6	(24)%
ASMI consolidated	906.2	688.9	(24)%

The decrease of net sales in the first six months of 2012 in our Front-end segment compared to the same period last year was driven by decreased equipment sales as a result of decreased activity at our customers. In our Back-end segment sales decreased due to a lower activity level in equipment sales (as well IC/DE equipment as assembly equipment).

The impact of currency changes year-over-year was a decrease of 7%.

Gross Profit Margin. The following table shows gross profit and gross profit margin for the Front-end and Back-end segments for the six months ended June 30, 2012 compared to the same period in 2011:

(EUR millions)	Six months ended June 30,				
	Gross profit		Gross profit margin		
	2011	2012	2011	2012	Increase or (decrease) percentage points
Front-end	93.0	60.0	39.1%	33.0%	(6.1)
Back-end	252.3	167.3	37.7%	33.0%	(4.7)
ASMI consolidated	345.3	227.3	38.1%	33.0%	(5.1)

The decrease of the gross margin in our Front-end segment compared to the same period last year is mainly attributable to efficiency losses and inventory corrections (total 2.5%), lower loading of our factories (2.5%) and evaluation tools (1%). The gross profit margin in the Back-end segment decreased mainly due to mix differences (higher lead frame activities) and the lower activity in the first half of 2012.

The impact of currency changes year-over-year was a decrease of 7%.

Selling, General and Administrative Expenses (including amortization of other intangible assets). The following table shows selling, general and administrative expenses for our Front-end and Back-end segments for the six months ended June 30, 2012 compared to the same period in 2011:

(EUR millions)	Six months ended June 30,		
	2011	2012	% Change
Front-end	30.4	30.0	(1)%
Back-end	56.5	65.1	15%
ASMI consolidated	89.5	95.0	6%

As a percentage of net sales, selling, general and administrative expenses were 14% in the six months of 2012 and 10% in the same period of 2011.

For the first six months of 2012 selling, general and administrative expenses as a percentage of net sales of our Front-end segment, increased to 17% compared with 13% for the first six months of 2011. For the Back-end segment selling, general and administrative expenses as a percentage of net sales increased from 8% in 2011 to 13% in 2012.

The impact of currency changes year-over-year was a decrease of 7%.

Research and Development Expenses. The following table shows research and development expenses for our Front-end and Back-end segments for the six months ended June 30, 2012 compared to the same period in 2011:

(EUR millions)	Six months ended June 30,		
	2011	2012	% Change
Front-end	15.5	21.5	39%
Back-end	37.6	42.8	14%
ASMI consolidated	53.1	64.3	21%

As a percentage of net sales, research and development expenses were 9% in the first six months of 2012 compared to 6% in the first six months of 2011.

The impact of currency changes year-over-year was a decrease of 7%.

Interest expenses and accretion of interest were on the same level compared to the same period last year.

Revaluation Conversion Option. On December 31, 2010 we initiated a full redemption for all of the outstanding principal balance of our 4.25% Convertible Subordinated notes due 2011, as per February 15, 2011. This proposal for redemption resulted in an almost full conversion of convertible notes into common shares. Until conversion on February 15, 2011, the conversion option had to be valued at fair value resulting in a non-cash loss of EUR 4.4 million, due to the increased share price.

Foreign currency exchange results. In the six month period ended June 30, 2012 a gain of EUR 3.3 million (2011 a loss of EUR 4.6 million) was recognized as a result of translation adjustments on cash positions.

Income tax expenses decreased from an expense of EUR 30.6 million for the first six months of 2011 to an expense of EUR 11.2 million in the comparable period of 2012. The decrease mainly results from the lower results in our Back-end segment.

Net earnings decreased year-to-year from EUR 155.7 million for the first six months of 2011 to EUR 52.5 million in the comparable period of 2012.

Backlog

Our backlog includes orders for which purchase orders or letters of intent have been accepted, typically for up to one year. Historically, orders have been subject to cancellation or rescheduling by customers. In addition, orders have been subject to price negotiations and changes in specifications as a result of changes in customers' requirements. Due to possible customer changes in delivery schedules and requirements and to cancellation of orders, our backlog at any particular date is not necessarily indicative of actual sales for any succeeding period.

The following table shows the level of new orders during the six months ended June 30, 2011 and 2012 and the backlog at June 30, 2011 and 2012 and the percentage change:

(EUR millions)	Six months ended June 30,		
	2011	2012	% Change
Front-end			
Backlog at the beginning of the period	162.9	105.1	(35)%
- New orders	204.9	166.3	(19)%
- Net sales	(237.8)	(181.2)	(24)%
- FX-effect	(8.3)	2.0	
Backlog at the end of the period	121.7	92.2	(24)%
Book-to-bill ratio (new orders divided by net sales)	0.9	0.9	
Back-end			
Backlog at the beginning of the period	336.9	225.5	(33)%
- Acquisition ASM AS business	101.0	-	n/a
- New orders	578.8	616.7	7%
- Net sales	(668.4)	(507.6)	(24)%
- FX-effect	(33.6)	12.3	
Backlog at the end of the period	314.6	346.9	10%
Book-to-bill ratio (new orders divided by net sales)	0.9	1.2	
ASMI consolidated			
Backlog at the beginning of the period	499.9	330.6	(34)%
- Acquisition ASM AS business	101.0	-	n/a
- New orders	783.6	783.1	0%
- Net sales	(906.2)	(688.9)	(24)%
- FX-effect	(42.0)	14.2	
Backlog at the end of the period	436.3	439.1	0%
Book-to-bill ratio (new orders divided by net sales)	0.9	1.1	

Liquidity and Capital Resources

Net cash provided by operations for the six months ended June 30, 2012 was EUR 23 million compared to EUR 122 million for the comparable period in 2011. This decrease results mainly from the lower net earnings.

Net cash used in investing activities for the six months ended June 30, 2012 was EUR 46 million compared to EUR 58 million for the comparable period in 2011. The decrease results mainly from lower capital expenditures in our Back-end segment.

Net cash used in financing activities for the six months ended June 30, 2012 was EUR 33 million compared to EUR 15 million for the comparable period in 2011. The increase of the used cash was mainly the result of higher dividend paid on common shares of ASMI, repurchased shares of ASMI and ASMPT, lower proceeds from loans partly offset by lower dividend payments to minority shareholders of ASMPT.

Net working capital, consisting of accounts receivable, inventories, other current assets, accounts payable, accrued expenses, advance payments from customers and deferred revenue, increased from EUR 439 million at December 31, 2011 to EUR 465 million at June 30, 2012. The number of outstanding days of working capital, measured based on quarterly sales, increased from 106 days at December 31, 2011 to 112 days at June 30, 2012. For the same period, outstanding days of our Front-end segment increased from 100 days to 113 days while the Back-end segment showed an increase from 109 days to 111 days.

At June 30, 2012, the Company’s principal sources of liquidity consisted of EUR 334 million in cash and cash equivalents and EUR 245 million in undrawn bank lines. Approximately EUR 126 million of the cash and cash equivalents and EUR 83 million of the undrawn bank lines are restricted to use in the Company’s Back-end operations. EUR 17 million of the cash and cash equivalents and EUR 13 million in undrawn bank lines are restricted to use in the Company’s Front-end operations in Japan.

Subsequent Events

Subsequent events have been evaluated by the Company until August 6, 2012, the issuance date of this interim report 2012. There are no subsequent events to report.

Reporting Responsibilities and Risks

Related Party Transactions

There have been no significant related party transactions or changes in related party transactions described in the annual report of 2011 that could have a material effect on the financial position or performance of the Company in the first six months of the 2012 financial year.

Auditors' Involvement

The content of this Interim Financial Report has not been audited or reviewed by an external auditor.

Risks and Uncertainties

In conducting our business, we face a number of principal risks and uncertainties that each could materially affect our business, revenues, income, assets and liquidity and capital resources. For a detailed description of our assessment of the major risk factors, see Management Report of our 2011 Statutory Annual Report and item 3.D. "Risks factors" in our 2011 Annual Report on Form 20-F. Those risk factors are deemed incorporated and repeated in this report by reference. ASMI believes that these risks similarly apply for the second half of 2012.

We monitor our primary risks on a continuous basis and implement appropriate measures as promptly as practicable to address known and new risks as they emerge and change. Additional risks not known to us or now believed to be not material could later turn out to have material impact on us.

Outlook

For the current quarter we expect a sales increase in our Front-end operations. For our Back-end operations, based upon the actual backlog, a sound quarter is expected.

Responsibility Statement

The Management Board of the Company hereby declares that, to the best of its knowledge:

– the consolidated condensed interim financial statements of the first six months ended June 30, 2012 prepared in accordance with IAS 34 give a true and fair view of the assets, liabilities, financial position and results of the Company and the undertakings included in the consolidation taken as a whole; and
– the Interim report of the Management Board gives a fair review of the information required pursuant to section 5:25d (8)/(9) of the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht).

Almere, August 6, 2012

Management Board ASM International N.V.

C.D. del Prado, Chairman of the Management Board, President and Chief Executive Officer
P.A.M. van Bommel, Member of the Management Board and Chief Financial Officer

Consolidated Condensed Interim Financial Statements

For the first six months ended June 30, 2012

Consolidated Statements of Financial Position

(EUR thousands, except share data)	Note	June 30, 2011 *(unaudited)*	December 31, 2011	June 30, 2012 *(unaudited)*
Assets				
Cash and cash equivalents	**4**	378,462	390,250	333,733
Accounts receivable	**3**	347,678	330,891	347,169
Inventories	**3**	407,312	378,365	455,248
Income taxes receivable		810	907	1,180
Other current assets	**3**	82,148	82,715	95,760
Total current assets		**1,216,409**	**1,183,127**	**1,233,090**
Pledged cash deposit		-	20,000	20,000
Prepaid lease payments		-	2,732	2,898
Deferred tax assets		18,000	27,797	40,241
Goodwill, net		37,934	41,484	42,627
Other intangible assets, net	**2**	51,499	67,184	77,824
Evaluation tools at customers		7,016	13,987	16,759
Investments		1,044	1,044	1,044
Assets held for sale		5,951	6,862	6,772
Property, plant and equipment, net		224,116	257,448	275,997
Total assets		**1,561,969**	**1,621,666**	**1,717,251**
Liabilities				
Notes payable to banks	**4**	22,614	40,680	69,267
Accounts payable	**3**	199,131	157,549	213,751
Provision for warranty	**3**	52,497	42,684	39,638
Accrued expenses and other	**3**	284,122	152,890	155,626
Current portion of long-term (subordinated) debt	**4**	14,158	4,332	2,512
Income taxes payable		60,962	54,878	33,631
Total current liabilities		633,483	453,013	514,425
Pension liabilities		8,667	9,674	9,387
Provision for warranty		-	6,828	6,023
Deferred tax liabilities		7,255	13,120	18,936
Long-term debt	**4**	1,861	15,319	14,985
Convertible subordinated debt	**4**	129,093	131,870	134,730
Total liabilities		**780,360**	**629,825**	**698,487**
Equity				
Share capital		2,214	2,215	2,219
Capital in excess of par value		377,925	378,972	381,946
Treasury shares		-	-	(13,362)
Retained earnings		224,463	326,211	328,171
Accumulated other comprehensive loss		(55,226)	(13,842)	7,386
Total shareholders' equity		549,376	693,556	706,359
Non-controlling interest		232,234	298,285	312,406
Total equity		**781,610**	**991,841**	**1,018,765**
Total equity and liabilities		**1,561,969**	**1,621,666**	**1,717,251**

See Notes to Consolidated Condensed Interim Financial Statements.

Consolidated Statements of Income

(EUR thousands, except share data)	Note	Six months ended 30 June, 2011 *(unaudited)*	2012 *(unaudited)*
Net sales		**906,248**	**688,881**
Cost of sales		(560,930)	(461,629)
Gross profit		345,318	227,252
Operating expenses:			
Selling, general and administrative		(89,286)	(94,424)
Research and development, net		(53,113)	(64,337)
Amortization of other intangible assets	**2**	(172)	(612)
Total operating expenses		**(142,570)**	**(159,373)**
Earnings from operations		**202,748**	**67,878**
Interest income		1,289	1,295
Interest expense		(6,020)	(6,498)
Accretion interest expense convertible notes		(2,695)	(2,280)
Revaluation conversion option		(4,378)	-
Foreign currency exchange losses, net		(4,603)	3,317
Earnings before income taxes		186,341	63,713
Income tax expense		(30,611)	(11,219)
Net earnings for the period		**155,730**	**52,493**
Allocation of net earnings			
Shareholders of the parent		94,744	29,914
Non-controlling interest		60,986	22,579
Net earnings per share, attributable to the shareholders of the parent (in EUR)			
Basic	**6**	1.72	0.54
Diluted	**6**	1.60	0.54
Weighted average number of shares used in computing per share amounts (in thousands)			
Basic	**6**	55,043	55,270
Diluted	**6**	64,733	55,604

See Notes to Consolidated Condensed Interim Financial Statements.

Consolidated Statements of Changes in Equity

(EUR thousands, except share data)	Attributable to shareholders of the parent								
	Number of common shares	Common shares	Capital in excess of par value	Treasury shares at cost	Retained earnings	Accumulated other comprehensive income (loss)	**Total share-holders' equity**	Non-controlling interest	**Total equity**
Balance January 1, 2011	52,931,881	2,117	314,596	-	148,824	(27,658)	437,878	235,767	673,645
Dividend paid on common shares	-	-	-	-	(22,114)	-	(22,114)	-	(22,114)
Compensation expense stock options	-	-	990	-	3,009	-	3,999	2,738	6,737
Exercise of stock options by issue of common shares	274,419	11	2,059	-	-	-	2,070	-	2,070
Conversion subordinated convertible bonds	2,151,020	86	60,280	-	-	-	60,366	-	60,366
Net earnings	-	-	-	-	94,744	-	94,744	60,986	155,730
Other comprehensive income	-	-	-	-	-	(27,568)	(27,568)	(14,949)	(42,517)
Dividend paid to minority shareholders	-	-	-	-	-	-	-	(52,308)	(52,308)
Balance June 30, 2011 *(unaudited)*	**55,357,320**	**2,214**	**377,925**	**-**	**224,463**	**(55,226)**	**549,376**	**232,234**	**781,610**
Balance January 1, 2012	55,377,020	2,215	378,972	-	326,211	(13,842)	693,556	298,285	991,841
Dividend paid on common shares	-	-	-	-	(27,422)	-	(27,422)	-	(27,422)
Compensation expense stock options	-	-	5,509	-	-		5,509	3,548	9,057
Exercise of stock options by issue of common shares	90,000	4	1,334	-	-	-	1,338	-	1,338
Repurchase common shares	(500,000)	-	-	(13,362)	-	-	(13,362)	-	(13,362)
Net earnings	-	-	-	-	29,914	-	29,914	22,579	52,493
Other comprehensive income	-	-	-	-	-	16,826	16,826	6,388	23,214
Repurchase own shares ASMPT	-	-	-	-	-	-	-	(3,552)	(3,552)
Dividend paid to minority shareholders	-	-	-	-	-	-	-	(14,842)	(14,842)
Balance June 30, 2012 *(unaudited)*	**54,967,020**	**2,219**	**385,815**	**(13,362)**	**328,703**	**2,984**	**706,359**	**312,406**	**1,018,765**

Consolidated Statements of Comprehensive Income

(EUR thousands)	Six months ended June 30,	
	2011 *(unaudited)*	2012 *(unaudited)*
Net earnings	155,730	52,493
Other comprehensive income		
Foreign currency translation effect	(42,503)	23,214
Unrealized gains (losses) on derivative instruments, net of tax	(14)	-
Total other comprehensive income	(42,517)	23,214
Comprehensive income	113,213	75,707
Allocation of comprehensive income		
Shareholders of the parent	67,176	46,740
Non-controlling interest	46,037	28,967

Consolidated Statement of Cash Flows

(EUR thousands, except for number of shares)		Six months ended June 30,	
	Note	2011 *(unaudited)*	2012 *(unaudited)*
Cash flows from operating activities			
Net earnings		155,730	52,493
Adjustments required to reconcile net earnings to net cash from operating activities operating activities:			
Depreciation and amortization		26,781	30,296
Share-based compensation		6,737	9,057
Non-cash results components convertible bonds		6,227	2,280
In (de)crease allowance doubtful receivables		(2,240)	(260)
Deferred income taxes		(3,607)	(7,342)
Other changes in assets and liabilities:			
Accounts receivable		(11,463)	(7,824)
Inventories		(64,129)	(61,138)
Other current assets		(23,007)	(7,965)
Accounts payable and accrued expenses		28,148	34,751
Additions to/ (payments) from provisions		(1,757)	426
Income taxes		4,435	(21,639)
Net cash provided by operating activities		**121,856**	**23,135**
Cash flows from investing activities			
Capital expenditures		(47,701)	(34,410)
Capitalized development expenses	**2**	(9,308)	(10,119)
Purchase of intangible assets	**2**	(313)	(2,280)
Acquisition of investments		(994)	-
Proceeds from sale of property, plant and equipment		575	429
Net cash used in investing activities		**(57,741)**	**(46,381)**
Cash flows from financing activities			
Debt proceeds, net		83,172	24,700
Proceeds from issuance of common shares and exercise of stock options		3,955	1,339
Cash received from business combinations		(27,400)	-
Purchase of treasury shares		-	(13,362)
Dividend to common shares ASMI		(22,114)	(27,422)
Changes in minority share		-	(3,552)
Dividend to minority shareholders ASMPT		(52,308)	(14,842)
Net cash used in financing activities		**(14,695)**	**(33,139)**
Foreign currency translation effect		(11,252)	(131)
Net (decrease) increase in cash and cash		**38,168**	**(56,516)**
Cash and cash equivalents at beginning of year		340,294	390,250
Cash and cash equivalents at balance sheet date		378,462	333,733

See Notes to Consolidated Condensed Interim Financial Statements.

Notes to Consolidated Condensed Interim Financial Statements

General

The Company's shares are listed for trading on the NASDAQ Stock Market LLC ("NASDAQ") and on Euronext Amsterdam by NYSE ("Euronext Amsterdam"). The principal trading market of ASMI's ordinary shares is Euronext Amsterdam.

The consolidated financial statements include the accounts of ASMI N.V. and all of its subsidiaries where ASMI holds a controlling interest. The non-controlling interest is disclosed separately in the consolidated financial statements. All intercompany profits, transactions and balances have been eliminated in consolidation.

The accompanying consolidated condensed financial statements are stated in thousands of Euros ("EUR") unless indicated otherwise. Amounts in these financial statements are rounded to the nearest thousand Euro; therefore amounts may not equal (sub) totals due to rounding.

The Consolidated Condensed Interim Financial Statements for the six months ended June 30, 2012 were authorized for issue by the Management Board on August 6, 2012.

The consolidated Condensed Interim Financial Statements have not been audited or reviewed by an external auditor.

Accounting policies

These Consolidated Condensed Interim Financial Statements have been prepared in accordance with IAS 34, Interim Financial Reporting. As permitted by IAS 34, the Consolidated Interim Financial Statements do not include all of the information required for full annual financial statements and should be read in conjunction with ASMI's 2011 Statutory Annual Report. In addition, the notes to these Consolidated Condensed Interim Financial Statements are presented in a condensed format. The applied accounting principles are in line with those as described in ASMI's 2011 Statutory Annual Report and are based on IFRS as endorsed by the European Union.

No new standards and interpretations became effective as of January 1, 2012 which impact the Consolidated Condensed Interim Financial Statements.

Use of estimates

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ materially from those estimates. On an ongoing basis, ASMI evaluates its estimates. ASMI bases its estimates on historical experience and on various other assumptions that are believed to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

Note 1 - Segmentation

The Company organizes its activities in two operating segments, Front-end and Back-end. Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Executive Officer (“CEO”), which is the chief operating decision maker.

The Front-end segment manufactures and sells equipment used in wafer processing, encompassing the fabrication steps in which silicon wafers are layered with semiconductor devices. The segment is a product driven organizational unit comprised of manufacturing, service, and sales operations in Europe, the United States, Japan and Southeast Asia.

The Back-end segment manufactures and sells equipment and materials used in assembly and packaging, encompassing the processes in which silicon wafers are separated into individual circuits and subsequently assembled, packaged and tested. The segment is organized in ASM Pacific Technology Ltd., in which the Company holds a majority of 52.17% interest, whilst the remaining shares are listed on the Stock Exchange of Hong Kong. The segment’s main operations are located in Hong Kong, the People’s Republic of China, Singapore, Malaysia and Germany.

Segment performance is evaluated by the Company’s management based on U.S. GAAP net earnings or loss which in certain respect is measured differently from net income or loss reported by the Company in its consolidated financial statements, which are based on IFRS, as adopted by the EU. For a reconciliation between IFRS and US GAAP see next page.

EUR (thousands, except headcount)	Six months ended June 30, 2011 *(unaudited)*			Six months ended June 30, 2012 *(unaudited)*		
	Front-end	Back-end	Total	Front-end	Back-end	Total
Net sales to unaffiliated customers	237,830	668,418	906,248	181,233	507,647	688,881
Gross profit	92,991	252,327	345,318	59,845	167,328	227,173
Earnings from operations	39,570	158,221	197,791	946	59,458	60,404
Net interest income (expense)	(6,452)	875	(5,577)	(5,615)	412	(5,203)
Accretion of interest convertible	(2,150)	-	(2,150)	(2,310)	(193)	(2,503)
Revaluation conversion option	(4,378)	-	(4,378)	-	-	-
Foreign currency exchange gains (losses)	(3,226)	(1,377)	(4,603)	3,332	(14)	3,317
Income tax expense	(51)	(29,692)	(29,743)	2,398	(11,310)	(8,911)
Net earnings (loss)	23,313	128,027	151,340	(1,249)	48,353	47,104
Net earnings allocated to						
Shareholders of the parent			90,354			23,974
Minority interest			60,986			23,130
Capital expenditures and purchase of intangible assets	8,627	39,387	48,014	11,501	25,189	36,690
Depreciation and amortization	6,913	16,074	22,987	8,114	18,685	26,799
Cash and cash equivalents	181,939	196,524	378,462	207,603	126,130	333,733
Pledged cash	-	-	-	-	20,000	20,000
Capitalized goodwill	10,965	36,585	47,550	11,421	42,136	53,557
Other intangible assets	5,001	2,036	7,037	9,896	4,664	14,561
Other identifiable assets	302,915	794,120	1,097,035	311,279	954,478	1,265,757
Total assets	500,820	1,029,265	1,530,085	540,199	1,127,409	1,667,607
Total debt	156,637	14,823	171,460	154,885	69,267	224,152
Headcount (in full-time equivalents)	1,582	17,073	18,655	1,686	16,461	18,147

Reconciliation from US GAAP to IFRS			
(EUR thousands)	Six months ended June 30, 2011 *(unaudited)*		
	Front-end	Back-end	Total
Net earnings			
Based on US GAAP	23,313	128,027	151,340
Adjustments to IFRS	4,390	—	4,390
Based on IFRS	27,703	128,027	155,730
Capital expenditure and purchase and capitalization of other intangibles			
Based on US GAAP	8,627	39,387	48,014
Adjustments to IFRS	9,308	—	9,308
Based on IFRS	17,935	39,387	57,322
Capitalized goodwill			
Based on US GAAP	10,965	36,585	47,550
Adjustments to IFRS	(949)	(8,667)	(9,616)
Based on IFRS	10,016	27,918	37,934
Total assets			
Based on US GAAP	500,820	1,029,265	1,530,085
Adjustments to IFRS	40,551	(8,667)	31,884
Based on IFRS	541,371	1,020,598	1,561,969
Total debt			
Based on US GAAP	171,460	—	171,460
Adjustments to IFRS	(3,734)	—	(3,734)
Based on IFRS	167,726	—	167,726
	Six months ended June 30, 2012 *(unaudited)*		
	Front-end	Back-end	Total
Net earnings			
Based on US GAAP	(1,249)	48,353	47,104
Adjustments to IFRS	6,542	(1,153)	5,389
Based on IFRS	5,293	47,200	52,493
Capital expenditure and purchase and capitalization of other intangibles			
Based on US GAAP	11,501	25,189	36,690
Adjustments to IFRS	10,119	-	10,119
Based on IFRS	21,620	25,189	46,809
Capitalized goodwill			
Based on US GAAP	11,421	42,136	53,557
Adjustments to IFRS	(948)	(9,982)	(10,930)
Based on IFRS	10,473	32,154	42,627
Total assets			
Based on US GAAP	540,199	1,127,409	1,667,607
Adjustments to IFRS	59,626	(9,982)	49,644
Based on IFRS	599,825	1,117,427	1,717,251
Total debt			
Based on US GAAP	154,885	69,267	224,152
Adjustments to IFRS	(2,658)	-	(2,658)
Based on IFRS	152,227	69,267	221,494

There are no inter-segment transactions, other than charges for management services, which are based on actual cost. The accounting policies used to measure the net earnings and total assets in each segment are identical to those used in the Consolidated Financial Statements. The measurement methods used to determine reported segment earnings are consistently applied for all periods presented. There were no asymmetrical allocations to segments.

Note 2 - Other intangible assets

Other intangible assets include purchased technology from third parties and software developed or purchased for internal use. The changes in the amount of other intangible assets are as follows:

(EUR thousands)	Capitalized development expenses	Software	Purchased technology and other intangible assets	Total
Book value, net as per January 1, 2011	40,685	6,624	181	47,489
Capitalized development expenses	9,308	-	-	9,308
Additions	-	313	-	313
Amortization for the period 1 Jan - 30 June	(2,945)	(1,154)	(401)	(4,500)
Business combinations	-	102	1,430	1,532
Foreign currency, translation effect	(2,583)	(46)	(17)	(2,645)
Carrying value, net as per June 30, 2011 *(unaudited)*	44,465	5,841	1,193	51,499
Book value, net as per January 1, 2012	52,408	7,257	7,519	67,184
Capitalized development expenses	10,119	-	-	10,119
Additions	-	1,213	1,068	2,280
Amortization for the period 1 Jan - 30 June	(2,724)	(1,294)	(1,356)	(5,374)
Foreign currency, translation effect	3,460	50	103	3,613
Carrying value, net as per June 30, 2012 *(unaudited)*	63,262	7,227	7,335	77,824

Other intangible assets are reviewed by the Company for impairment whenever events or changes in circumstances indicate that the carrying amount (value in use) of an asset may not be recoverable. The Company recorded impairment charges with respect to selected development projects for which the Company estimated no future economic benefits.

Other intangible assets are amortized over useful lives of 3 to 7 years.

Note 3 - Net working capital

Net working capital is composed as follows:

(EUR thousands)	June 30, 2011 *(unaudited)*	June 30, 2012 *(unaudited)*
Accounts receivable	347,678	347,169
Inventories	407,312	455,248
Other current assets	82,148	95,760
Accounts payable	(199,131)	(213,751)
Provision for warranty	(52,497)	(39,638)
Accrued expenses and other	(284,122)	(155,626)
Sub total	301,388	489,162
Adjustment for accruals for restructuring, including negative goodwill released in the third quarter of 2011 and acquisition related accruals	133,763	(23,907)
Net working capital	435,151	465,255

Note 4 - Net debt

Net debt is composed as follows:

(Euro thousands)	June 30, 2011 *(unaudited)*	June 30, 2012 *(unaudited)*
Notes payable to banks	22,614	69,267
Current portion of long-term debt	14,158	2,512
Long-term debt	1,861	14,985
Convertible subordinated debt	129,093	134,730
Debt	167,726	221,494
Cash and cash equivalents	(378,462)	(333,733)
Pledged cash	-	(20,000)
Net debt	(210,736)	(132,239)

Note 5 - Litigation and environmental matters

The Company is party to various legal proceedings generally incidental to its business and is subject to a variety of environmental and pollution control laws and regulations. As is the case with other companies in similar industries, the Company faces exposure from actual or potential claims and legal proceedings. For instance, we recently determined that various Applied Materials patents licensed under the 1998 Settlement Agreement with Applied had expired. Accordingly, as of the third quarter of 2011, we ceased paying such royalties and believe we have overpaid prior related royalties in 2010. Applied disagrees and requests we pay royalties through 2013. This matter is being addressed in accordance with the resolution procedures provided in the agreement. Although the ultimate disposition of legal proceedings (including the royalty discussions with Applied Materials) cannot be predicted with certainty, it is the opinion of the Company's management that the outcome of any claim which is pending or threatened, either individually or on a combined basis, will not have a material effect on the financial position of the Company, its cash flows and result of operations.

Note 6 - Earnings per share

Basic net earnings per common share is computed by dividing net earnings by the weighted average ordinary shares outstanding for that period. Diluted net earnings per ordinary share reflects the potential dilution that could occur if stock options under the ASMI Option Plan were exercised and if convertible notes were converted, unless potential dilution would have an anti-dilutive effect,

The following represents a reconciliation of net earnings and weighted average number of shares outstanding (in thousands) for purposes of calculating basic and diluted net earnings per share:

	six months ended June 30,	
	2011 *(unaudited)*	2012 *(unaudited)*
(In EUR thousands)		
Net earnings used for purpose of computing basic earnings per common share	94,744	29,914
After-tax equivalent of interest expense on convertible subordinated notes and of fair value change conversion option	8,835	-
Net earnings used for purposes of computing diluted net earnings per common share	103,579	29,914
(In thousands)		
Basic weighted average number of shares outstanding during the year used for purpose of computing basic earnings per share	55,043	55,270
Dilutive effect of stock options	787	334
Dilutive effect of convertible subordinated notes	8,902	-
Dilutive weighted average number of shares outstanding	64,733	55,604
(In EUR)		
Net earnings per share		
Basic net earnings from continuing operations	1.72	0.54
Diluted net earnings from continuing operations	1.60	0.54

For the six months ended June 30, 2011, the effect of 9,074 conversion rights to acquire common shares was anti-dilutive.

During 2008, ASM engaged Lehman Bros ("Lehman") to repurchase ordinary ASMI shares on the Euronext and Nasdaq markets on behalf of ASMI. As of September 15, 2008, at the time it went into bankruptcy administration, Lehman reported that it had purchased and held on our behalf 2,552,071 shares, which were accounted for as treasury shares accordingly. ASMI filed a submission with the Lehman administrators giving notice of the shares held in custody by Lehman. At ASMI's May 2009 Annual General Meeting, our shareholders resolved to cancel all of these treasury shares which, accordingly, was accounted for in our 2009 Annual Report as a reduction of the number of outstanding shares. Lehman was notified of the cancellation of shares at the time.

In September 2010, Lehman's administrators notified us that there is a possible shortfall in the number of shares held by Lehman of 479,279 shares (out of the 2,552,071 shares), which cannot currently be accounted for by Lehman. During 2011 we received further information based on which we conclude that the possible shortfall in the number of shares held by Lehman is now reduced to 246,983 shares.

The Lehman administrators also reported a segregated collateral cash account of US$ 6,759, that ASMI may be entitled to in the absence of the shares. We have not been able to obtain additional information to confirm and understand the potential shortfall of shares or our ability to recover the US$ 6,759 from the Lehman bankruptcy proceedings in lieu of the shares. Accordingly, we are uncertain at this time as to the accuracy of the shortfall of shares, our ability to claim the collateral cash sum to cover the value of any such discrepancy, and our entitlement to all or a portion of such sum when distributions are determined and made by the administrator since there is likely to also be a shortfall in Lehman assets subject to proprietary rights. Given the magnitude of the overall Lehman administration, we believe it may take several years to obtain clarity or resolution about the potential shortfall or claim to cash. ASMI is in the process of filing a claim with the Lehman administrators to safeguard our interests.

Considering the factual and legal uncertainties, it is premature to conclude that the 246,983 shares should still be considered as outstanding or that ASMI has a US$ 6,759 receivable from Lehman. ASMI has, therefore, neither reversed the cancellation of these shares that we recorded in 2009, nor recorded a receivable from Lehman. If the shares would be considered as outstanding, the negative impact on our basic and diluted earnings per share (eur 1) as at June 30, 2012 would have been €0.002 per share.

NOTE 7 - Related party transactions

There have been no significant related party transactions or changes in related party transactions described in the annual report of 2011 that could have a material effect on the financial position or performance of the Company in the first six months of the 2012 financial year.