



BEYOND THE LAYERS



RECONCILIATION ASMI'S FINANCIAL KEY FIGURES BASED ON IFRS AND US GAAP

Up until the most recent reporting period, ASMI's primary external and internal reporting has been based on US GAAP. Following the voluntary delisting from NASDAQ, August 2015, ASMI will migrate to IFRS as its only internal and external reporting standard from January 1, 2016 and will discontinue the use of US GAAP as of the same date. During 2016 comparable results based on US GAAP will be presented, as from 2017 only results based on IFRS will be reported.

RECONCILIATION CONSOLIDATED FINANCIAL DATA

ASMI's Statutory annual report is based on IFRS, The Statutory interim report and the Statutory annual report are available on the Company's website at www.asmi.com. In the periods presented the main differences between IFRS and US GAAP for ASMI relate to the following:

	YEAR ENDED DECEMBER 31,	
	2014	2015
NET EARNINGS ALLOCATED TO THE PARENT OF THE COMPANY BASED ON IFRS	141,317	157,277
Goodwill	(3,157)	–
Inventory obsolescence	(233)	696
GAAP differences investments	(781)	1,147
Debt issuance fees	960	(273)
Development expenditures	(798)	(4,919)
NET EARNINGS ALLOCATED TO THE PARENT OF THE COMPANY BASED ON US GAAP	137,308	153,928

	DECEMBER 31,	
	2014	2015
SHAREHOLDERS' EQUITY BASED ON IFRS	1,743,021	1,948,379
Goodwill	949	949
Inventory obsolescence	(2,324)	(1,860)
GAAP differences investments	(851)	366
Pension plans	(271)	(325)
Debt issuance fees	1,236	963
Development expenditures	(51,445)	(61,192)
SHAREHOLDERS' EQUITY BASED ON US GAAP	1,690,315	1,887,280

MAIN DIFFERENCES FOR ASMI

GOODWILL

IFRS 1 'First time adoption of IFRS' includes a transition option to apply IFRS 3 prospectively from the transition date (January 1, 2004). ASMI has elected to apply this option and accordingly, all accounting under Dutch GAAP for business combinations prior to January 1, 2004 is fixed at the transition date and the corresponding value of goodwill is fixed as well. As a result of amortization of goodwill under Dutch GAAP prior to January 1, 2004, the value of goodwill under IFRS as of January 1, 2004 is lower when compared to the value of goodwill under US GAAP as of January 1, 2004. Since the difference relates to non-euro denominated acquisitions, this difference will fluctuate over time with currency rate fluctuations. In addition, IFRS requires the inclusion of contingent consideration in the cost of acquisition if it is probable and can be estimated reliably, while under US GAAP, contingent consideration is generally excluded from the cost of acquisition until the contingency is resolved. As a result of the sale of the 12% share in ASMPT the difference in goodwill between US GAAP and IFRS was released.

INVENTORY OBSOLESCENCE

Under US GAAP a write-down of inventory to market is not reversed for subsequent recoveries in value. IAS 2 requires a reversal of the write-down if the net realizable value of an item subsequently increases.

INCOME TAXES

Under US GAAP, the elimination of unrealized net income from intercompany transactions that are eliminated from the carrying amount of assets in consolidation give rise to a temporary difference for which prepaid taxes must be recognized in consolidation. Under US GAAP the prepaid taxes are calculated based on the tax rate applicable in the sellers' jurisdiction. Contrary to US GAAP, the deferred taxes under IFRS are calculated based on the tax rate applicable in the purchaser's tax jurisdiction.

DEBT ISSUANCE FEES

Under US GAAP debt issuance fees related to a credit facility are capitalized and amortized during the economic life of the facility. Under IFRS such debt issuance fees are recognized as expenses when incurred.

DEVELOPMENT EXPENDITURES

IAS 38 'Intangible Assets' requires capitalization of development expenses if, and only if, an entity can demonstrate all of the following:

- › the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- › its intention to complete the intangible asset and use or sell it;
- › its ability to use or sell the intangible asset;
- › how the intangible asset will generate probable future economic benefits;
- › the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- › its ability to measure the expenditure attributable to the intangible asset during its development reliably.

From 2005 onwards ASMI capitalizes development expenses that meet the above-mentioned criteria in its Consolidated Financial Statements prepared in accordance with IFRS. US GAAP prohibits capitalization of research and development costs.

PENSION PLANS

Under US GAAP, ASMI applies ASC 715, 'Employers' Accounting for Defined Benefit Pension and Other Post retirement Plans – an amendment of SFAS No. 87, 88, 106, and 132(R)'. Accordingly, the Company recognizes in its Consolidated Balance Sheet an asset or a liability for the plan's overfunded status or underfunded status respectively. IAS 19 'Employee Benefits' does not require recognition of a plan's overfunded status or underfunded status. In accordance with IAS 19R, the Company recognizes a plan's net assets or liabilities, taking into account unrecognized actuarial losses and transition amounts.

RECONCILIATION FINANCIAL DATA SEGMENTS

The following tables provide a reconciliation of the main items between IFRS and US GAAP.

	YEAR ENDED DECEMBER 31, 2014				IFRS TOTAL
	US GAAP			ADJUSTMENTS FROM US GAAP TO IFRS	
	FRONT-END	BACK-END 100%	DECONSOLIDATED AND DISCONTINUED		
Income statement:					
Net sales	545,604	1,386,776	(1,386,776)	–	545,604
Gross profit	234,999	492,137	(492,137)	279	235,278
Result from operations	90,535	209,439	(209,439)	2,839	93,374
Interest income	1,583	–	–	–	1,583
Interest expense	(2,312)	(11,745)	11,745	(960)	(3,272)
Foreign currency exchange gains (losses), net	26,439	–	–	–	26,439
Result from investments	(278)	–	38,910	781	39,413
Income tax expense	(17,569)	(43,728)	43,728	(1,808)	(19,377)
Net earnings fro discontinued operations	–	–	–	3,157	3,157
Net earnings (loss)	98,398	153,966	(115,056)	4,009	141,317
Cash flow Statement:					
Cash flow from operating activities	110,390	144,734	(144,734)	14,346	124,736
Cash flow from investing activities	(31,784)	(162,405)	162,405	5,628	(26,156)
Cash flow from financing activities	(37,850)	124,196	(124,196)	(19,974)	(57,824)
Balance sheet:					
Cash and cash equivalents	385,777	275,431	(275,431)	–	385,777
Capitalized goodwill	12,219	43,076	(43,076)	(949)	11,270
Other intangible assets	3,960	66,617	(66,617)	61,254	65,214
Investments and associates	–	–	1,092,097	851	1,092,948
Other identifiable assets	332,995	755,106	(755,106)	1,081	334,076
Total assets	734,951	1,140,230	(48,133)	62,237	1,889,285
Total debt	–	247,608	(247,608)	–	–

YEAR ENDED DECEMBER 31, 2015

	US GAAP			RECONCILIATION FROM US GAAP TO IFRS	IFRS
	FRONT-END	BACK-END 100%	DECONSOLIDATED AND DISCONTINUED		TOTAL
Income statement:					
Net sales to unaffiliated customers	69,621	1,505,625	(1,505,625)	–	69,621
Gross profit	296,321	547,079	(547,079)	(794)	295,527
Result from operations	106,327	176,360	(176,360)	4,736	111,063
Interest income	1,112	–	–	–	1,112
Interest expense	(1,893)	(18,181)	18,181	273	(1,620)
Foreign currency exchange gains (losses), net	25,264	–	–	–	25,264
Result on investments and associates	(900)	–	18,155	(1,147)	16,108
Income tax expense	5,863	(47,622)	47,622	(513)	5,350
Net earnings (loss)	135,773	110,557	(92,402)	3,349	157,277
Cash flow Statement:					
Cash flow from operating activities	144,639	137,991	(137,991)	30,178	174,817
Cash flow from investing activities	(41,280)	(77,335)	77,335	12,687	(28,593)
Cash flow from financing activities	(62,046)	(112,571)	112,571	(42,865)	(104,911)
Balance sheet:					
Cash and cash equivalents	446,915	239,428	(239,428)	–	446,915
Capitalized goodwill	12,219	50,697	(50,697)	(949)	11,270
Other intangible assets	9,056	71,691	(71,691)	72,479	81,535
Investments and associates	–	–	1,181,205	(366)	1,180,839
Other identifiable assets	354,538	910,481	(910,481)	880	355,418
Total assets	822,728	1,272,297	(91,092)	72,044	2,075,977
Total debt	–	304,775	(304,775)	–	–

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