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**ASM INTERNATIONAL REPORTS  
 2005 SECOND QUARTER OPERATING RESULTS**

- *Net earnings of € 0.5 million or € 0.01 diluted net earnings per share, as compared to a net loss of € 7.2 million or € 0.14 diluted net loss per share in the first quarter of 2005 and net earnings of € 4.4 million or € 0.08 diluted net earnings per share for the second quarter of 2004.*
- *Net sales of € 183.3 million, up 36.0% from the first quarter of 2005 and down 13.5% from the second quarter of 2004.*
- *Second quarter bookings of € 177.7 million, up 18.5% from the first quarter of 2005.*
- *Quarter-end backlog of € 196.5 million, down 2.8% from the end of the first quarter of 2005.*

BILTHOVEN, THE NETHERLANDS, July 26, 2005 - **ASM International N.V.** (NASDAQ: ASMI and Euronext Amsterdam: ASM) reports today its 2005 second quarter operating results. These operating results have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

In making the announcement, Arthur del Prado, President and CEO, stated, "In line with our prior guidance, the second quarter results showed improvement over the first quarter of 2005. Although Front-end bookings increased, they were at lower levels than anticipated, reflecting our customers' continued caution toward capital outlays. At the same time, the quarter did see some positive developments in our Front-end business that included major installations in Taiwan, the further strengthening of our Asian commercial network and the formalization of our Back-end-of-line interconnect technology program with IMEC, Europe's leading independent nanotechnology research institute.

The strong performance of our Back-end assembly operations compensated for the lower than expected Front-end results. Market momentum, visible as early as February, built through the second quarter enabling ASM Pacific Technology, our 54%-owned assembly and packaging subsidiary, to enjoy solid growth while continuing to develop new business."

The consolidated financial statements for the second quarter of 2005 and six months ended June 30, 2005 include the operations of the Company's wholly owned subsidiaries ASM NuTool, Inc. and ASM Genitech, Inc., which were acquired in June 2004 and August 2004, respectively.

The following table compares the operating performance for the second quarter of 2005 with the first quarter of 2005 and the second quarter of 2004:

(euro millions)						
				<i>% Change Q1 2005 to Q2 2005</i>	<i>% Change Q2 2004 to Q2 2005</i>	
	<i>Q2 2004</i>	<i>Q1 2005</i>	<i>Q2 2005</i>			
Gross profit	211.9	134.7	183.3	36.0%	(13.5)%	
Gross profit margin	73.7	45.9	63.7	38.8%	(13.6)%	
	34.8%	34.1%	34.8%	0.7 (1)	0.0 (1)	
Selling, general and administrative expenses	(29.1)	(23.8)	(24.1)	1.2%	(17.4)%	
Research and development expenses	(23.1)	(20.9)	(23.8)	13.8%	3.2 %	
Amortization of purchased technology and other intangible assets	(0.5)	(0.4)	(0.4)	5.8%	(19.9)%	
Earnings from operations	21.0	0.8	15.4	1804.1%	(26.5)%	
Net earnings (loss)	4.4	(7.2)	0.5	na	(88.1)%	
New orders	232.1	150.0	177.7	18.5%	(23.4)%	
Backlog at end of period	248.9	202.1	196.5	(2.8)%	(21.1)%	

(1) Percentage points change.

Sales and order intake improved in the second quarter of 2005 compared to sales and order intake in the first quarter of 2005, in both the Company's Front-end and Back-end segments. In particular in the Back-end segment, market conditions improved significantly in the second quarter. The decline in currency exchange rates in the second quarter of 2005 compared to the second quarter of 2004 impacted sales negatively by 2.8%.

Net sales in the Front-end segment in the second quarter of 2005 were higher as compared to both the first quarter of 2005 and the second quarter of 2004. Net sales in the Back-end segment in the second quarter of 2005 were higher as compared to the first quarter of 2005 and lower as compared to the second quarter of 2004.

As a percentage of net sales, selling, general and administrative expenses in the second quarter of 2005 were 13.1%, as compared to 17.6% in the first quarter of 2005 and 13.7% in the second quarter of 2004.

As a percentage of net sales, research and development costs in the second quarter of 2005 were 13.0%, as compared to 15.6% in the first quarter of 2005 and 10.9% in the second quarter of 2004.

Amortization of purchased technology and other intangible assets mainly relates to the amortization of purchased technology and other intangible assets from the acquisitions of ASM NuTool and ASM Genitech.

In the second quarter of 2005, earnings from operations increased in both the Front-end and Back-end segments, when compared to the first quarter of 2005.

Net interest expense was € 2.8 million in the second quarter of 2005, unchanged from the second quarter of 2004 and the first quarter of 2005. When compared to the second quarter of 2004, interest expenses increased due to increased borrowings, including the issuance of US\$ 150.0 million in convertible debt in December 2004. This increased interest expense was fully offset by favourable US dollar exchange rates and increased interest income, which was due to increased cash and cash equivalents and increased interest rates for US dollar cash deposits. When compared to the first quarter of 2005, interest expenses increased due to a strengthening of the US dollar against euro in the second quarter of 2005. Net interest

expense in the first quarter of 2005 included a € 0.3 million loss related to the early extinguishment of US\$ 4.6 million of convertible subordinated notes due November 2005.

The net earnings for the second quarter of 2005 amounted to € 0.5 million, or € 0.01 diluted net earnings per share, compared to net earnings of € 4.4 million or € 0.08 diluted net earnings per share for the same period in 2004.

### Six months ended June 30, 2005.

*Net Sales.* The following table shows net sales for the Front-end and Back-end segments and the percentage change for the six months ended June 30, 2005 compared to the same period in 2004:

(euro millions)	Six months ended June 30,		
	2004	2005	% Change
Front-end	169.3	173.4	2.4 %
Back-end	238.5	144.6	(39.4) %
Consolidated net sales	407.8	318.0	(22.0) %

In the six months ended June 30, 2005, net sales of wafer processing equipment (Front-end segment) represented 54.5% of consolidated net sales. Net sales of assembly and packaging equipment and materials (Back-end segment) represented 45.5% of consolidated net sales.

While net sales in the Front-end segment in the six months ended June 30, 2005 increased slightly as compared to the same period in 2004, the Back-end segment saw a decrease in net sales. This is the result of the strong market momentum and record sales in the six months ended June 30, 2004 followed by weak market conditions in the second half of 2004 and the first quarter of 2005 and improved market momentum and performance in the second quarter of 2005.

Consolidated sales levels expressed in euro were negatively impacted by the strengthened euro against the US dollar and US dollar related currencies. The decline in exchange rates in the six months ended June 30, 2005 compared to the six months ended June 30, 2004 impacted sales negatively by 3.7%.

*Gross Profit Margin.* The following table shows the gross profit margin for Front-end and Back-end segments and the percentage point change for the six months ended June 30, 2005 compared to the same period in 2004:

(euro millions)	Six months ended June 30,				
	€ 2004	€ 2005	Percentage of net sales 2004	Percentage of net sales 2005	Percentage point increase (decrease)
Front-end	50.4	45.5	29.8%	26.2%	(3.6)
Back-end	104.4	64.2	43.8%	44.4%	0.6
Total gross profit	154.8	109.7	38.0%	34.5%	(3.5)

The decrease in the gross profit margin of the Company's Front-end segment was caused by a change in product mix; in particular increased sales of Vertical Furnace equipment with relatively low margins and lower 200mm equipment sales compared to 300mm equipment sales.

In the six months ended June 30, 2005 as compared to the six months ended June 30, 2004, the Company's Back-end segment improved its gross profit margin, in part because of, one-time charges impacting the gross profit margin in the six months ended June 30, 2004.

ASM Front-End Manufacturing Singapore ("FEMS"). To further improve Gross Margin the Company initiated the manufacture of components and generic subassemblies for Front-end systems in Singapore. The project is nicely on track and will be in high volume manufacturing mode for generic Vertical Furnace production at the end of 2005 and FEMS will ship the first generic Epi systems to Phoenix for final assembly and test in the fourth quarter of 2005.

*Selling, General and Administrative Expenses.* The following table shows selling, general and administrative expenses for Front-end and Back-end segments and the percentage change for the six months ended June 30, 2005 compared to the same period in 2004:

(euro millions)	Six months ended June 30,		
	2004	2005	% Change
Front-end	28.9	29.1	0.7%
Back-end	25.2	18.7	(25.8)%
Total selling, general and administrative expenses	54.1	47.8	(11.6)%

Selling, general and administrative expenses reported by the Front-end segment are stable as a result of tight cost control measures.

The decrease in the Back-end segment is due to lower commercial activities in the six months ended June 30, 2005.

As a percentage of net sales, selling, general and administrative expenses were 15.0% in the first half of 2005, compared to 13.3% in the first half of 2004.

*Research and Development Expenses.* The following table shows research and development expenses for Front-end and Back-end segments and the percentage change for the six months ended June 30, 2005 compared to the same period in 2004:

(euro millions)	Six months ended June 30,		
	2004	2005	% Change
Front-end	25.7	33.0	28.4%
Back-end	14.9	11.8	(20.8)%
Total research and development expenses	40.6	44.8	10.3%

The increase in the Front-end segment was the result of increased research and development activities generally, the inclusion of the operations of the Company's subsidiaries ASM NuTool and ASM Genitech, which were acquired in June 2004 and August 2004 respectively, and the full consolidation of the operations of the Company's subsidiary NanoPhotonics in 2005.

The decrease in the Back-end segment reflects the relatively high spending for various engineering prototypes in the 2004 period.

As a percentage of net sales, research and development expenses were 14.1% in the first half of 2005, compared to 10.0% in the first half of 2004.

*Earnings from Operations* amounted to € 16.2 million for the six months ended June 30, 2005 as compared to € 59.7 million for the six months ended June 30, 2004.

*Net Loss* for the six months ended June 30, 2005 amounted to € 6.7 million or € 0.13 diluted net loss per share compared to net earnings of € 19.0 million or € 0.37 diluted net earnings per share for the same period in 2004.

## **Bookings and backlog**

New orders received increased 18.5% from € 150.0 million in the first quarter of 2005 to € 177.7 million in the second quarter of 2005. This positive development in order intake was noticed in both Front-end and Back-end segments. The Front-End segment showed an increase and ended a period of decreasing order intake which started in the third quarter of 2004. The Back-End segment benefited from improved market conditions and, for the second quarter in a row, increased its order intake.

For the second quarter of 2005, the level of new orders divided by the net sales for the quarter (book-to-bill ratio) was 0.97, compared to a book-to-bill ratio of 0.78 and 1.11 in the fourth quarter of 2004 and first quarter of 2005, respectively. For the six months ended June 30, 2005 the book-to-bill ratio was 1.03, consisting of 0.93 for the Front-end segment and 1.16 for the Back-end segment.

The backlog at June 30, 2005 amounted to € 196.5 million, a decrease of 2.8% compared to the backlog of € 202.1 million at March 31, 2005.

The following table shows the level of new orders during the six months ended June 30, 2004 and 2005 and the backlog at June 30, 2004 and 2005 and the percentage change:

(euro millions)	Six months ended June 30,		
	2004	2005	% Change
Front-end:			
New orders	205.4	160.4	(21.9)%
Backlog at June 30	140.8	127.9	(9.2)%
Back-end:			
New orders	252.4	167.3	(33.7)%
Backlog at June 30	108.1	68.6	(36.5)%
Total			
New orders	457.8	327.7	(28.4)%
Backlog at June 30	248.9	196.5	(21.1)%

## **Liquidity and capital resources**

Net cash used in operations in the second quarter of 2005 was € 3.9 million as compared to net cash provided by operations of € 22.5 million in the second quarter of 2004. For the six months ended June 30, 2005, net cash provided by operations was € 18.7 million compared to cash provided by operations of € 56.6 million for the same period in 2004. This was the result of lower net earnings and increased working capital.

Net cash used in investing activities in the second quarter of 2005 was € 6.9 million, compared to € 15.7 million in the second quarter of 2004, primarily because of decreased

capital expenditures. For the six months ended June 30, 2005, net cash used in investing activities was € 18.8 million compared to € 24.6 million for the same period in 2004.

Net working capital, consisting of accounts receivable, inventories, other current assets, accounts payable, accrued expenses, advance payments from customers and deferred revenue, increased from € 174.9 million at March 31, 2005 to € 211.0 million at June 30, 2005. The increase is primarily the result of increased sales levels and order intake, resulting in increased accounts receivable and inventory levels. The number of outstanding days of working capital, measured based on quarterly sales, decreased from 117 days at March 31, 2005 to 104 days at June 30, 2005.

At June 30, 2005, the Company's principal sources of liquidity consisted of € 217.9 million in cash and cash equivalents, of which € 162.5 million was available for the Company's Front-end operations and € 55.4 million was restricted for use in the Company's Back-end operations. In addition, the Company also had € 69.7 million in undrawn bank facilities, of which € 36.0 million was available for its Back-end operations and € 33.7 million was available for the Front-end operations in Japan.

If the Company's convertible subordinated notes due November 2005 are not converted into common shares prior to or at maturity in November 2005, the Company has to repay these notes in cash. The conversion price is \$18.85. At June 30, 2005, € 78.0 million of these notes were outstanding.

### **International Financial Reporting Standards**

The Company's primary consolidated financial statements are and will continue to be prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). However, the Company is required under Dutch law to also report its financial statements in accordance with International Financial Reporting Standards (IFRS). The Company expects to report its 2004 and first half 2005 financial position and operating results in accordance with IFRS on August 1, 2005.

### **Outlook**

The improved net sales in our Front-end segment in the second quarter of 2005 will not, in view of the current order backlog, be continued for the third quarter. We are, however, receiving positive signals from customers for orders and shipments for the fourth quarter. Overall, we expect that total sales in 2005 for the Front-end segment will be comparable to the total sales in 2004. We are not yet in a position to make a statement on a positive outcome for the Front-end segment for the fourth quarter of 2005.

In the first half year of 2005, our Back-end segment has further strengthened its market position and once more outperformed its peers. Assuming that the markets in which the Back-end segment operates stay at the current levels, we are confident that our Back-end segment will see a stronger second half compared to the first half of 2005.

## ASM INTERNATIONAL CONFERENCE CALL

ASM International will host an investor conference call and web cast on

**WEDNESDAY, JULY 27, 2005 at**

9:00 a.m. US Eastern time

15:00 p.m Continental European time.

The teleconference dial-in numbers are as follows:

United States: +1 800.901.5217

International: +1 617.786.2964

Participation pass code is 374 17 739

A simultaneous audio web cast will be accessible at [www.asm.com](http://www.asm.com).

The teleconference will be available for replay, beginning one hour after completion of the live broadcast, through August 6, 2005. The replay dial-in numbers are:

United States: +1 888.286.8010

International +1 617.801.6888

Participation pass code is 327 21 925

### **About ASM International**

ASM International N.V., headquartered in Bilthoven, the Netherlands, and its subsidiaries design and manufacture equipment and materials used to produce semiconductor devices. ASM International and its subsidiaries provide production solutions for wafer processing (Front-end segment) as well as assembly and packaging (Back-end segment) through facilities in the United States, Europe, Japan and Asia. ASM International's common stock trades on NASDAQ (symbol ASMI) and the Euronext Amsterdam Stock Exchange (symbol ASM). For more information, visit ASMI's website at <http://www.asm.com>.

*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, 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 as filed.*

**ASM INTERNATIONAL N.V.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

(thousands except per share data)	in Euro			
	Three months ended June 30,		Six months ended June 30,	
	2004	2005	2004	2005
	<b>(unaudited)</b>	<b>(unaudited)</b>	<b>(unaudited)</b>	<b>(unaudited)</b>
Net sales	211,946	183,256	407,817	317,983
Cost of sales	(138,208)	(119,513)	(252,981)	(208,316)
Gross profit	73,738	63,743	154,836	109,667
Operating expenses:				
Selling, general and administrative	(29,114)	(24,052)	(54,070)	(47,824)
Research and development	(23,105)	(23,846)	(40,589)	(44,806)
Amortization of purchased technology and other intangible asset:	(503)	(403)	(503)	(784)
Total operating expenses	(52,722)	(48,301)	(95,162)	(93,414)
Earnings from operations	21,016	15,442	59,674	16,253
Loss on equity investments	(130)	-	(417)	-
Net interest expense	(2,769)	(2,780)	(5,120)	(5,563)
Foreign currency transaction gains (losses)	128	(233)	256	(409)
Earnings before income taxes and minority interest	18,245	12,429	54,393	10,281
Income tax expense	(2,763)	(1,485)	(7,595)	(2,050)
Earnings before minority interest	15,482	10,944	46,798	8,231
Minority interest	(11,123)	(10,426)	(27,846)	(14,961)
Net earnings (loss)	4,359	518	18,952	(6,730)
Net earnings (loss) per share:				
Basic	0.09	0.01	0.37	(0.13)
Diluted (1)	0.08	0.01	0.37	(0.13)
Weighted average number of shares used in computing per share amounts (in thousands):				
Basic	50,944	52,633	50,552	52,627
Diluted (1)	51,410	52,760	51,078	52,627

(1) The calculation of diluted net earnings (loss) per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock. Only instruments that have a dilutive effect on net earnings (loss) are included in the calculation. The assumed conversion results in adjustment in the weighted average number of common shares and net earnings (loss) due to the related impact on interest expense. The calculation is done for each reporting period individually.

For the three months and six months ended June 30, 2004 the effect of a potential conversion of convertible debt into 10,782,929 common shares were anti-dilutive and no adjustments have been reflected in the diluted weighted average number of shares and net earnings for those periods. For the three months ended June 30, 2005 the effect of a potential conversion of convertible debt into 16,891,831 common shares were anti-dilutive and no adjustments have been reflected in the diluted weighted average number of shares and net earnings for those periods. Due to the loss reported in the six months ended June 30, 2005, the effect of securities and other contracts to issue common stock were anti-dilutive and no adjustments have been reflected in the diluted weighted average number of shares and net loss for that period.

**ASM INTERNATIONAL N.V.**  
**CONSOLIDATED BALANCE SHEETS**

(thousands except share data)	In Euro	
	December 31,	June 30,
Assets	2004	2005
	<b>(unaudited)</b>	
Cash and cash equivalents	218,614	217,850
Marketable securities	5	6
Accounts receivable, net	171,996	181,178
Inventories, net	156,959	191,021
Income taxes receivable	26	39
Deferred tax assets	3,624	4,178
Other current assets	24,646	26,609
<b>Total current assets</b>	<b>575,870</b>	<b>620,881</b>
Property, plant and equipment, net	142,696	159,087
Goodwill, net	89,309	100,319
Purchased technology and other intangible assets	8,833	9,162
Deferred tax assets	780	886
Debt issuance costs	6,346	6,146
<b>Total Assets</b>	<b>823,834</b>	<b>896,481</b>
<b>Liabilities and Shareholders' Equity</b>		
Notes payable to banks	23,379	27,972
Accounts payable	76,026	88,755
Accrued expenses	67,756	75,249
Advance payments from customers	7,189	11,441
Deferred revenue	13,397	12,401
Income taxes payable	13,636	12,234
Current portion of long-term debt	7,883	8,745
Current portion of convertible subordinated debt	72,646	78,024
<b>Total current liabilities</b>	<b>281,912</b>	<b>314,821</b>
Deferred tax liabilities	914	1,103
Long-term debt	17,137	15,468
Convertible subordinated debt	176,208	198,480
<b>Total Liabilities</b>	<b>476,171</b>	<b>529,872</b>
Minority interest in subsidiaries	90,947	98,337
<b>Shareholders' Equity:</b>		
<b>Common shares</b>		
Authorized 110,000,000 shares, par value € 0.04, issued and outstanding 52,617,952 and 52,640,231 shares	2,105	2,106
Financing preferred shares, issued none	-	-
Preferred shares, issued none	-	-
Capital in excess of par value	299,761	299,997
Retained earnings	24,631	17,901
Accumulated other comprehensive loss	(69,781)	(51,732)
<b>Total Shareholders' Equity</b>	<b>256,716</b>	<b>268,272</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>823,834</b>	<b>896,481</b>

**ASM INTERNATIONAL N.V.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(thousands)	in Euro		in Euro	
	Three months ended June 30, 2004	2005	Six months ended June 30, 2004	2005
	<b>(unaudited)</b>	<b>(unaudited)</b>	<b>(unaudited)</b>	<b>(unaudited)</b>
Cash flows from operating activities:				
Net earnings (loss)	4,359	518	18,952	(6,730)
Adjustments to reconcile net earnings to net cash from operating activities:				
Depreciation property, plant and equipment	12,377	8,618	20,092	16,726
Amortization of purchased technology and other intangible assets	503	404	503	785
Amortization of debt issuance costs	387	455	765	929
Compensation expense employee stock option plan	56	-	56	-
Deferred income taxes	1,161	(365)	1,533	(255)
Loss on equity investments	130	-	417	-
Minority interest	11,123	10,426	27,846	14,961
Changes in other assets and liabilities:				
Accounts receivable	(20,245)	(20,294)	(52,555)	3,882
Inventories	441	(5,716)	(11,502)	(18,595)
Other current assets	(918)	(3,259)	(4,744)	(611)
Accounts payable and accrued expenses	8,931	6,094	46,950	8,889
Advance payments from customers	1,460	(665)	1,593	3,177
Deferred revenue	1,413	(1,310)	305	(1,710)
Income taxes	1,328	1,231	6,390	(2,792)
<b>Net cash provided by (used in) operating activities</b>	<b>22,506</b>	<b>(3,863)</b>	<b>56,601</b>	<b>18,656</b>
Cash flows from investing activities:				
Capital expenditures	(13,683)	(6,937)	(20,976)	(18,860)
Investments and loan advances	(1,093)	-	(2,809)	-
Acquisition of shares from minority shareholders ASMPT	(4,465)	-	(4,465)	-
Acquisition of business, net of common shares issued and cash acquired	106	-	106	-
Proceeds from sale of property, plant and equipment	3,471	19	3,500	29
<b>Net cash used in investing activities</b>	<b>(15,664)</b>	<b>(6,918)</b>	<b>(24,644)</b>	<b>(18,831)</b>
Cash flows from financing activities:				
Notes payable to banks, net	(2,550)	3,830	(4,960)	3,610
Proceeds from long-term debt and subordinated debt	965	-	965	589
Repayments of long-term debt and subordinated debt	(1,923)	(2,002)	(2,311)	(6,128)
Proceeds from issuance of common shares	255	127	1,980	237
Dividend to minority shareholders	(15,663)	(18,468)	(15,663)	(18,468)
<b>Net cash used in financing activities</b>	<b>(18,916)</b>	<b>(16,513)</b>	<b>(19,989)</b>	<b>(20,160)</b>
Exchange rate effects	(692)	12,280	4,724	19,571
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(12,766)</b>	<b>(15,014)</b>	<b>16,692</b>	<b>(764)</b>
Cash and cash equivalents at beginning of period	184,315	232,864	154,857	218,614
<b>Cash and cash equivalents at end of period</b>	<b>171,549</b>	<b>217,850</b>	<b>171,549</b>	<b>217,850</b>
Supplemental disclosures of cash flow information				
Cash paid during the period for:				
Interest, net	4,755	5,523	4,919	4,891
Income taxes, net	976	619	373	5,097
Non cash investing and financing activities:				
Common shares issued for acquisition of business	34,515	-	34,515	-

**ASM INTERNATIONAL N.V.**  
**DISCLOSURE ABOUT SEGMENTS AND RELATED INFORMATION**

ASMI organizes its activities in two operating segments, Front-end and Back-end.

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 53.84 % 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 and Malaysia.

(thousands, except headcount)	In Euro		
	Front-end	Back-end	Total
<b>Six months ended June 30, 2004</b>			
Net sales to unaffiliated customers	169,318	238,499	407,817
Gross profit	50,416	104,420	154,836
Earnings (loss) from operations	(4,684)	64,358	59,674
Net interest and other financial (expense) income	(6,077)	796	(5,281)
Income taxes	(2,789)	(4,806)	(7,595)
Minority interest	-	(27,846)	(27,846)
Net earnings (loss)	(13,550)	32,502	18,952
Net capital expenditure	6,602	10,874	17,476
Depreciation property, plant and equipment	7,810	12,282	20,092
Cash and cash equivalents	90,687	80,862	171,549
Capitalized goodwill	46,237	45,618	91,855
Other identifiable assets	295,626	238,823	534,449
Total assets	432,550	365,303	797,853
Total debt	209,952	-	209,952
Headcount in full-time equivalents (1)	1,318	7,041	8,359
<b>Six months ended June 30, 2005</b>			
Net sales to unaffiliated customers	173,422	144,561	317,983
Gross profit	45,467	64,200	109,667
Earnings (loss) from operations	(17,429)	33,682	16,253
Net interest and other financial (expense) income	(6,828)	856	(5,972)
Income taxes	78	(2,128)	(2,050)
Minority interest	-	(14,961)	(14,961)
Net earnings (loss)	(24,179)	17,449	(6,730)
Net capital expenditure	9,458	9,373	18,831
Depreciation property, plant and equipment	9,358	7,368	16,726
Cash and cash equivalents	162,471	55,379	217,850
Capitalized goodwill	54,462	45,857	100,319
Other identifiable assets	332,581	245,731	578,312
Total assets	549,514	346,967	896,481
Total debt	328,689	-	328,689
Headcount in full-time equivalents (1)	1,776	7,503	9,279

(1) Headcount includes those employees with a fixed contract, and is exclusive of temporary workers.

**ASM INTERNATIONAL N.V.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**Basis of Presentation**

ASM International N.V. ("ASMI") follows accounting principles in the United States of America ("US GAAP"). Accounting principles applied are unchanged compared to the year 2004.

**Principles of Consolidation**

The Consolidated Financial Statements include the accounts of ASMI and its subsidiaries, where ASMI holds a controlling interest. The minority interest in subsidiaries is disclosed separately in the Consolidated Financial Statements. All intercompany profits, transactions and balances have been eliminated in consolidation. Intercompany profits included in inventory are recognized in the Consolidated Statements of Operations upon the sale of the respective inventory to a third party.