

ASM INTERNATIONAL N.V.
CONSOLIDATED STATEMENTS OF OPERATIONS

(euro thousands except per share data)				
	Three months ended June 30,		Six months ended June 30,	
	2005	2006	2005	2006
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Net sales	183,256	234,759	317,983	441,247
Cost of sales	(119,513)	(141,464)	(208,316)	(269,365)
Gross profit	63,743	93,295	109,667	171,882
Operating expenses:				
Selling, general and administrative	(24,052)	(30,628)	(47,824)	(66,399)
Research and development	(23,846)	(21,884)	(44,806)	(43,724)
Amortization of other intangible assets	(403)	(788)	(784)	(972)
Total operating expenses	(48,301)	(53,300)	(93,414)	(111,095)
Earnings from operations	15,442	39,995	16,253	60,787
Net interest expense	(2,780)	(1,580)	(5,563)	(3,393)
Foreign currency transaction losses	(233)	(1,040)	(409)	(879)
Earnings before income taxes and minority interest	12,429	37,375	10,281	56,515
Income tax expense	(1,485)	(3,609)	(2,050)	(6,043)
Earnings before minority interest	10,944	33,766	8,231	50,472
Minority interest	(10,426)	(16,365)	(14,961)	(30,502)
Net earnings (loss)	518	17,401	(6,730)	19,970
Net earnings (loss) per share:				
Basic	0.01	0.33	(0.13)	0.37
Diluted (1)	0.01	0.30	(0.13)	0.37
Weighted average number of common shares used in computing per share amounts (in thousands):				
Basic	52,633	53,446	52,627	53,260
Diluted (1)	52,760	65,424	52,627	53,366

(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 shares were exercised or converted into common shares or resulted in the issuance of common shares that would then share in earnings. 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 ended June 30, 2005, the effect of a potential conversion of convertible subordinated debt into 16,891,831 common shares was anti-dilutive and no adjustment has been reflected in the diluted weighted average number of common shares and net earnings for this period. Due to the loss reported in the six months ended June 30, 2005, the effect of securities and other contracts to issue common shares was anti-dilutive and no adjustment has been reflected in the diluted weighted average number of common shares and net loss for this period. For the six months ended June 30, 2006, the effect of a potential conversion of convertible subordinated debt into 11,886,738 common shares was anti-dilutive and no adjustment has been reflected in the diluted weighted average number of common shares and net earnings for this period.

ASM INTERNATIONAL N.V.
CONSOLIDATED BALANCE SHEETS

(euro thousands except share data)	December 31,	June 30,
Assets	2005	2006
		(unaudited)
Cash and cash equivalents	135,000	161,476
Accounts receivable, net	209,314	206,692
Inventories, net	189,404	187,435
Income taxes receivable	22	53
Deferred tax assets	2,841	3,427
Other current assets	24,232	25,343
Total current assets	560,813	584,426
Debt issuance costs	5,430	4,559
Deferred tax assets	536	213
Other intangible assets	9,177	9,763
Goodwill, net	73,009	69,268
Property, plant and equipment, net	163,343	150,815
Total Assets	812,308	819,044
Liabilities and Shareholders' Equity		
Notes payable to banks	21,061	21,133
Accounts payable	93,669	90,869
Accrued expenses	76,899	75,810
Advance payments from customers	7,943	11,945
Deferred revenue	9,862	10,942
Income taxes payable	7,965	10,727
Current portion of long-term debt	7,150	7,010
Total current liabilities	224,549	228,436
Deferred tax liabilities	311	1,344
Long-term debt	25,741	21,482
Convertible subordinated debt	203,448	188,784
Total Liabilities	454,049	440,046
Minority interest in subsidiary	119,665	118,226
Shareholders' Equity:		
Common shares		
Authorized 110,000,000 shares, par value € 0.04, issued and outstanding 52,678,952 and 53,450,545 shares	2,107	2,138
Financing preferred shares, issued none	-	-
Preferred shares, issued none	-	-
Capital in excess of par value	300,479	310,234
Accumulated deficit	(15,586)	4,384
Accumulated other comprehensive loss	(48,406)	(55,984)
Total Shareholders' Equity	238,594	260,772
Total Liabilities and Shareholders' Equity	812,308	819,044

ASM INTERNATIONAL N.V.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(euro thousands)	Three months ended June 30,		Six months ended June 30,	
	2005	2006	2005	2006
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Cash flows from operating activities:				
Net earnings (loss)	518	17,401	(6,730)	19,970
Adjustments to reconcile net earnings to net cash from operating activities:				
Depreciation property, plant and equipment	8,618	8,968	16,726	18,400
Amortization of other intangible assets	404	788	785	972
Impairment of property, plant and equipment	-	-	-	285
Amortization of debt issuance costs	455	243	929	499
Deferred income taxes	(365)	608	(255)	704
Compensation expense employee stock option plan	-	312	-	624
Compensation expense employee share incentive scheme ASMPT	-	2,273	-	3,298
Non cash settlement charges	-	-	-	3,048
Minority interest	10,426	16,365	14,961	30,502
Changes in other assets and liabilities:				
Accounts receivable	(20,294)	(902)	3,882	(8,618)
Inventories	(5,716)	4,520	(18,595)	(9,426)
Other current assets	(3,259)	(135)	(611)	(2,194)
Accounts payable and accrued expenses	6,094	(2,533)	8,889	4,669
Advance payments from customers	(665)	1,425	3,177	4,846
Deferred revenue	(1,310)	(879)	(1,710)	1,366
Income taxes	1,231	4,489	(2,792)	3,305
Net cash provided by (used in) operating activities	(3,863)	52,943	18,656	72,250
Cash flows from investing activities:				
Capital expenditures	(6,937)	(8,694)	(18,860)	(15,901)
Purchase of other intangible assets	-	(458)	-	(2,085)
Acquisition of business	-	(656)	-	(656)
Proceeds from sale of property, plant and equipment	19	836	29	973
Net cash used in investing activities	(6,918)	(8,972)	(18,831)	(17,669)
Cash flows from financing activities:				
Notes payable to banks, net	3,830	(611)	3,610	1,009
Proceeds from long-term debt and subordinated debt	-	-	589	-
Repayments of long-term debt and subordinated debt	(2,002)	(2,338)	(6,128)	(3,296)
Proceeds from issuance of common shares	127	141	237	6,738
Dividend to minority shareholders	(18,468)	(24,870)	(18,468)	(24,870)
Net cash used in financing activities	(16,513)	(27,678)	(20,160)	(20,419)
Exchange rate effects	12,280	(3,944)	19,571	(7,686)
Net increase (decrease) in cash and cash equivalents	(15,014)	12,349	(764)	26,476
Cash and cash equivalents at beginning of period	232,864	149,127	218,614	135,000
Cash and cash equivalents at end of period	217,850	161,476	217,850	161,476
Supplemental disclosures of cash flow information				
Cash paid during the period for:				
Interest, net	5,523	3,975	4,891	3,580
Income taxes, net	619	(1,488)	5,097	2,034

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 53.59 % 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.

(euro thousands, except headcount)			
	Front-end	Back-end	Total
Six months ended June 30, 2005	(unaudited)	(unaudited)	(unaudited)
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)	1,587	7,503	9,090
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Six months ended June 30, 2006	(unaudited)	(unaudited)	(unaudited)
Net sales to unaffiliated customers	202,083	239,164	441,247
Gross profit	61,107	110,775	171,882
Earnings (loss) from operations	(8,580)	69,367	60,787
Net interest and other financial (expense) income	(5,924)	1,652	(4,272)
Income taxes	(747)	(5,296)	(6,043)
Minority interest	-	(30,502)	(30,502)
Net earnings (loss)	(15,251)	35,221	19,970
Net capital expenditure	8,707	7,194	15,901
Depreciation property, plant and equipment	9,675	8,725	18,400
Cash and cash equivalents	72,896	88,580	161,476
Capitalized goodwill	25,651	43,617	69,268
Other identifiable assets	332,672	255,628	588,300
Total assets	431,219	387,825	819,044
Total debt	238,253	156	238,409
Headcount in full-time equivalents (1)	1,733	8,384	10,117

(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 2005, except for the adoption of Statement of Financial Accounting Standard No. 123R "Share-based Payment" ("SFAS 123R") effective January 1, 2006.

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.

Option plans

ASMI adopted SFAS 123R effective January 1, 2006 and applies the provisions of SFAS 123R to all share-based payments, including employee stock options, granted, vested, modified or settled subsequent to January 1, 2006. SFAS 123R requires that the cost of all share-based compensation arrangements, be reflected in the financial statements based on the fair value of the awards. The cost is measured at fair value on the grant date and is recognized over the requisite service period.

Prior to January 1, 2006, ASMI applied the intrinsic-value method prescribed in APB No. 25, "Accounting for Stock Issued to Employees." All stock options granted to employees had an exercise price equal to the market value of the underlying common shares on the date of grant and accordingly for these plans no stock-based compensation expense was reflected in financial statements.

ASM INTERNATIONAL N.V.
RECONCILIATION US GAAP - IFRS

Accounting principles under IFRS

ASMI's primary consolidated financial statements are and will continue to be prepared in accordance with US GAAP. However, ASMI is required under Dutch law to report its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS").

The first consolidated financial statements prepared by ASMI in accordance with IFRS have been included in its Dutch Statutory Annual Report for 2005, including the consolidated financial statements of 2004 for comparison purposes. These consolidated financial statements replaced the consolidated financial statements ASMI prepared through 2004 in accordance with accounting principles generally accepted in the Netherlands ("Dutch GAAP"), included in its Dutch Statutory Annual Reports through 2004. As a result of the differences between IFRS and US GAAP that are applicable to ASMI, the Consolidated Statement of Operations and Consolidated Balance Sheet reported in accordance with IFRS differs from those reported in accordance with US GAAP. The major differences relate to accounting for goodwill, accounting for minority interest, accounting for convertible subordinated notes, accounting for development expenses and accounting for option plans.

The reconciliation between IFRS and US GAAP is as follows:

(thousands)	Net earnings		Net earnings (loss)	
	Three months ended June 30,		Six months ended June 30,	
	2005	2006	2005	2006
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
US GAAP	518	17,401	(6,730)	19,970
Adjustments for IFRS:				
Goodwill	-	-	-	-
Classification of minority interest	10,426	16,365	14,961	30,502
Convertible subordinated notes	(254)	(3,236)	(1,367)	(5,760)
Development expenses	2,392	2,249	4,576	4,979
Option plans	(342)	124	(596)	158
Total adjustments	12,222	15,502	17,574	29,879
IFRS	12,740	32,903	10,844	49,849
IFRS allocation of net earnings:				
Shareholders	2,314	16,538	(4,117)	19,347
Minority interest	10,426	16,365	14,961	30,502
Net earnings (loss) per share:				
Basic	0.04	0.31	(0.08)	0.36
Diluted (1)	0.04	0.31	(0.08)	0.36

(thousands)	Equity	
	December 31,	June 30,
	2005	2006
	(unaudited)	
US GAAP	238,594	260,772
Adjustments for IFRS:		
Goodwill	(11,686)	(10,918)
Classification of minority interest	119,665	118,226
Convertible subordinated notes	38,229	32,469
Development expenses	9,366	13,538
Option plans	-	-
Total adjustments	155,574	153,315
IFRS	394,168	414,087