Interim Financial Report

For the six months ended June 30, 2011

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 nor intends 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 both the wafer processing and assembly and packaging 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. 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 close to our global customers. This includes

- Expanding returns on Front-end operations after our execution of our "PERFORM!-program" focusing on product commercialization, operating efficiencies and working capital reductions, while maintaining solid profitability for our Back-end segment.

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

- Maintaining our global reach through our operating, sales and customer service 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 by filing applications for key developments in equipment, processes, materials and software where this is deemed necessary and beneficial.

- Integrating and expanding the activities of the newly acquired SMT activities in our Back-end operations.

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, and PECVD technologies, as well as our newer Atomic Layer Deposition technology platform, today we address all of the critical areas driving the semiconductor industry roadmap: silicon-on-insulator (SOI) and strained silicon, high-k and metal electrodes for logic and memory, and low-k for interconnect, enabling the industry transition to smaller line-widths and better transistors employing new materials.

Assembly, Packaging and SMT

ASM Pacific Technology Ltd. (“ASMPT”), our 52.4% 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 and SMT equipment. With headquarters in Hong Kong, and operations in the People’s Republic of China, Singapore, Malaysia, ASMPT offers the most comprehensive leading edge portfolio for all of the major process steps in Back-end, from die attach through encapsulation. Early 2011, ASMPT entered the Surface Mount Technology market through the acquisition of the Siemens Electronic Assembly Systems business from Siemens AG. With its SMT operations in Europe, USA and Asia Pacific, ASMPT offers a strong portfolio in pick and placement technologies.

Global Operations

With corporate headquarters in Almere, the Netherlands, ASMI operates facilities in the United States, Japan, Hong Kong, the People’s Republic of China, Singapore, Malaysia and Germany, 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 18,600 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, Chief Financial Officer

Financial Highlights

(Unaudited)

(EUR millions)	Six months ended June 30,	
	2010	**2011**
Net sales	522	**906**
Front-end	120	**238**
Back-end	402	**668**
Earnings from operations	128	**203**
Net earnings allocated to shareholders of the parent	55	**95**
Balance sheet		
Net working capital [1.]	265	**435**
Total assets	1,092	**1,562**
Net debt [2.]	(94)	**(211)**
Backlog	557	**436**
Front-end	82	**122**
Back-end	475	**315**
Number of staff		
Full-time equivalents	13,847	**18,655**
Front-end	1,301	**1,582**
Back-end	12,546	**17,073**
(In Euro) Per share data:		
Net earnings allocated to shareholders of the parent per share		
Basic	1.06	**1.72**
Diluted	0.85	**1.60**
(In thousands) Weighted average number of shares used in computing per share amounts		
Basic	52,047	**55,043**
Diluted	63,801	**64,733**

1. See Note 5 on the Consolidated Interim Financial Statements
2. See Note 6 on the Consolidated Interim Financial Statements

Interim Management Board report

ASMI consolidated results six months ended June 30, 2011

Net Sales. The following table shows net sales of our Front-end and Back-end segments for the six months ended June 30, 2011 compared to the same period in 2010:

(EUR millions)	Six months ended June 30,		
	2010	**2011**	% Change
Front-end	120.0	**237.8**	98%
Back-end			
-Excluding ASM AS (comparable)	401.5	**450.3**	12%
-ASM AS	-	**218.1**	n/a
-Back-end total	401.5	**668.4**	66%
ASMI consolidated	521.5	**906.2**	74%

The increase of net sales in the first six months of 2011 in our Front-end segment compared to the same period last year was driven by increased equipment and higher spares and service sales as a result of increased activity at our customers. In our Back-end segment record quarterly sales was realized both in the first quarter and in the second quarter of 2011 especially due to the consolidation of the SMT activities (AS).

The impact of currency changes year-over-year was a decrease of 4%.

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, 2010 compared to the same period in 2011:

(EUR millions)	Six months ended June 30,				
	Gross profit		Gross profit margin		
	2010	**2011**	2010	**2011**	Increase or decrease) percentage points
Front-end	44.0	**93.0**	36.7%	**39.1%**	2.4
Back-end					
-Excluding ASM AS (comparable)	181.8	**193.0**	45.3%	**42.9%**	(2.4)
-ASM AS	-	**59.3**	-	**27.2%**	n/a
Back-end	181.8	**252.3**	45.3%	**37.7%**	(7.6)
Total gross profit	225.9	**345.3**	43.3%	**38.1%**	(5.2)

The increase of the gross margin in our Front-end segment compared to the same period last year is mainly attributable to the lower manufacturing overhead as a result of the transfer of our manufacturing activities to Singapore. The gross profit margin in the Back-end segment decreased mainly due to the increase in raw material prices for its lead frame business and the acquisition of the AS business with its lower gross margin.

The impact of currency changes year to year was a decrease of 4%.

Selling, General and Administrative Expenses. The following table shows selling, general and administrative expenses for our Front-end and Back-end segments for the six months ended June 30, 2011 compared to the same period in 2010:

(EUR millions)	Six months ended June 30,		
	2010	**2011**	% Change
Front-end	19.5	**32.8**	68%
Back-end			
-Excluding ASM AS (comparable)	36.0	**36.5**	1%
-ASM AS	-	**17.6**	n/a
- Acquisition related transaction costs	-	**2.4**	n/a
Back-end	36.0	**56.5**	57%
Total selling, general and administrative expenses	55.5	**89.3**	61%

As a percentage of net sales, selling, general and administrative expenses were 10% in the first half year of 2011 and 11% in the same period of 2010.

For the first six months of 2011 selling, general and administrative expenses as a percentage of net sales of our Front-end segment, were reduced to 14% compared with 16% for the first six months of 2010. On a comparable base- excluding the AS business- for the period under review the selling, general and administrative expenses in the Back-end segment as a percentage of net sales remained at a level of 8% .

The impact of currency changes year to year was a decrease of 3%.

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, 2011 compared to the same period in 2010:

(EUR millions)	Six months ended June 30,		
	2010	**2011**	% Change
Front-end	10.8	**12.6**	17%
Back-end			
-Excluding ASM AS (comparable)	19.5	**21.7**	11%
-ASM AS	-	**16.0**	n/a
Back-end	19.5	**37.6**	93%
Total research and development expenses	30.3	**50.2**	52%

As a percentage of net sales, research and development expenses were 6% both in the first six months of 2011 and in the comparable period of 2010.

The impact of currency changes year to year was a decrease of 3%.

Interest expenses decreased as a result of lower average interest bearing debt for the period under review 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, the conversion option had to be valued at fair value resulting in a non-cash loss of EUR 4.4 million, due to the increase of our share price. After this redemption and conversion, there are no longer any convertible bonds outstanding that are subjected to fair value valuation recognized through the income statement. For the comparable period in 2010 we reported a gain of EUR 11.4 million.
Income tax expenses increased from an expense of EUR 18.0 million for the first six months of 2010 to an expense of EUR 30.6 million in the comparable period of 2011. The increase mainly results from the improvement of results in our Back-end segment.

Net earnings increased year-to-year from EUR 107.7 million for the first six months of 2010 to EUR 155.7 million in the comparable period of 2011.

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, 2010 and 2011 and the backlog at June 30, 2010 and 2011 and the percentage change:

(EUR millions)	Six months ended June 30,		
	2010	**2011**	% Change
Front-end			
Backlog at the beginning of the quarter	50.3	**162.9**	224%
- New orders for the quarter	145.1	**204.9**	41%
- Net sales for the quarter	(120.0)	**(237.8)**	98%
- FX-effect for the quarter	6.8	**(8.3)**	n/a
Backlog at the end of the quarter	82.1	**121.7**	48%
Book-to-bill ratio (new orders divided by net sales)	1.2	**0.9**	
Back-end			
Backlog at the beginning of the quarter	146.4	**336.9**	130%
- Acquisition ASM AS business	-	**101.0**	n/a
- New orders for the quarter	682.2	**578.8**	(15)%
- Net sales for the quarter	(401.5)	**(668.4)**	66%
- FX-effect for the quarter	47.3	**(33.6)**	n/a
Backlog at the end of the quarter	474.5	**314.6**	(34)%
Book-to-bill ratio (new orders divided by net sales)	1.7	**0.9**	
ASMI consolidated			
Backlog at the beginning of the quarter	196.7	**499.8**	154%
- Acquisition ASM AS business	-	**101.0**	n/a
- New orders for the quarter	827.4	**783.6**	(5)%
- Net sales for the quarter	(521.5)	**(906.2)**	74%
- FX-effect for the quarter	54.0	**(42.0)**	n/a
Backlog at the end of the quarter	556.6	**436.3**	(22)%
Book-to-bill ration (new orders divided by net sales)	1.6	**0.9**	

Liquidity and Capital Resources

Net cash provided by operations for the six months ended June 30, 2011 was EUR 122 million compared to EUR 92 million for the comparable period in 2010. This increase results mainly from the improved net earnings, partly offset by investments in working capital resulting from the increased level of activity.

Net cash used in investing activities for the six months ended June 30, 2011 was EUR 58 million compared to EUR 35 million for the comparable period in 2010. The increase results mainly from increased capital expenditures in our Back-end segment.

Net cash used in financing activities for the six months ended June 30, 2011 was EUR 15 million compared to EUR 70 million for the comparable period in 2010. The increase mainly results from the increased payment of dividend to minority shareholders and the dividend paid on common shares of ASMI.

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 296 million at December 31, 2010 to EUR 435 million at June 30, 2011. The number of outstanding days of working capital, measured based on quarterly sales, increased from 77 days at December 31, 2010 to 84 days at June 30, 2011. For the same period, outstanding days of our Front-end segment decreased from 97 days to 87 days while the Back-end segment showed an increase from 70 days to 76 days.

At June 30, 2011, the Company's principal sources of liquidity consisted of EUR 378 million in cash and cash equivalents and EUR 137 million in undrawn bank lines. Approximately EUR 196 million of the cash and cash equivalents and EUR 39 million of the undrawn bank lines are restricted to use in the Company's Back-end operations. EUR 18 million of the cash and cash equivalents and EUR 6 million in undrawn bank lines are restricted to use in the Company's Front-end operations in Japan.

In July we finalized the increase and extension of ASMI's existing standby revolving credit facility. The credit commitment was increased from EUR 90 million to EUR 150 million and the maturity date was extended from 1 November 2012 until July 31 2014. In the event all outstanding convertible bonds due 6 November 2014 are converted, repaid or replaced prior to 30 June 2014, the maturity date will be 31 July 2015.

Subsequent Events

Subsequent events have been evaluated by the Company until August 5, 2011, the issuance date of this interim report 2011. 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 2010 that could have a material effect on the financial position or performance of the Company in the first six months of the 2011 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 2010 Statutory Annual Report and item 3.D. "Risks factors" in our 2010 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 2011.

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

The current market uncertainty leads to a situation whereby our customers are taking more time to assess their overall capacity plans. This has led in Q2 as compared to Q1 to a lower order intake for our Back-end and Front-end operations. We do not expect that this situation will improve in the 3rd quarter. Taking our current backlog into account, we expect that this will lead to a sales decrease in Q3 both for our Back-end and Front-end operations .

Responsibility Statement

The Management Board states that, to the best of its knowledge:

- the consolidated condensed interim financial statements of the first six months ended June 30, 2011 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 5, 2011

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, Chief Financial Officer

Consolidated Condensed Interim Financial Statements

For the first six months ended June 30, 2011

Consolidated Statements of Financial Position

(EUR thousands, except share data)	Note	June 30, 2010 *(unaudited)*	December 31, 2010	**June 30, 2011** ***(unaudited)***
Assets				
Cash and cash equivalents	**6**	308,220	340,294	**378,462**
Accounts receivable	**5**	249,283	271,271	**347,678**
Inventories	**5**	204,198	258,058	**407,312**
Income taxes receivable		50	57	**810**
Other current assets	**5**	55,803	59,402	**82,148**
Total current assets		817,555	929,082	**1,216,409**
Deferred tax assets		17,636	13,981	**18,000**
Other intangible assets, net	**3**	44,291	47,489	**51,499**
Goodwill, net		43,109	40,482	**37,934**
Evaluation tools at customers		9,956	6,644	**7,016**
Investments		50	50	**1,044**
Assts held for sale		6,349	6,347	**5,951**
Property, plant and equipment, net		152,879	197,937	**224,116**
Total assets		1,091,825	1,242,011	**1,561,969**
Liabilities				
Notes payable to banks	**6**	14,019	8,297	**22,614**
Accounts payable	**5**	130,413	170,553	**199,131**
Provision for warranty	**5**	6,336	8,273	**52,497**
Accrued expenses and other	**5**	113,133	117,401	**284,122**
Current portion convertible subordinated debt	**4, 6**	-	32,263	**-**
Current portion of long-term (subordinated) debt	**6**	6,046	15,950	**14,158**
Current portion of conversion option	**6**	-	23,875	**-**
Income taxes payable		32,921	47,493	**60,962**
Total current liabilities		302,868	424,106	**633,483**
Pension liabilities		6,173	6,210	**8,667**
Provision for warranty		-	-	
Deferred tax liabilities		5,752	7,193	**7,255**
Long-term debt	**6**	17,119	4,316	**1,861**
Convertible subordinated debt	**4, 6**	171,979	126,542	**129,093**
Conversion option	**4**	4,971	-	**-**
Total liabilities		508,862	568,367	**780,360**
Equity				
Share capital		2,110	2,117	**2,214**
Capital in excess of par value		304,932	314,596	**377,925**
Retained earnings		81,931	148,824	**224,463**
Accumulated other comprehensive loss		(4,101)	(27,658)	**(55,226)**
Total shareholders’ equity		384,873	437,878	**549,376**
Non-controlling interest		198,090	235,767	**232,234**
Total equity		582,963	673,645	**781,610**
Total equity and liabilities		1,091,825	1,242,011	**1,561,969**

See Notes to Consolidated Condensed Interim Financial Statements.

Unaudited Consolidated Statements of Income

(EUR thousands, except share data)		Six months ended 30 June,	
	Note	2010	**2011**
Net sales		521,468	**906,248**
Cost of sales		(295,614)	**(560,930)**
Gross profit		225,854	**345,318**
Operating expenses			
Selling, general and administrative		(55,481)	**(89,286)**
Research and development, net		(30,316)	**(50,168)**
Impairment of capitalized development cost		(2,444)	**-**
Amortization of other intangible assets	**3**	(2,291)	**(3,117)**
Restructuring expenses		(6,958)	**-**
Total operating expenses		(97,490)	**(142,570)**
Earnings from operations		128,364	**202,748**
Interest income		517	**1,289**
Interest expense		(7,597)	**(6,020)**
Debt issuance fees		(300)	**-**
Accretion interest expense convertible notes		(3,947)	**(2,695)**
Revaluation conversion option	**4**	11,383	**(4,378)**
Result early extinguishment of debt		(2,281)	**-**
Foreign currency exchange losses, net		(374)	**(4,603)**
Earnings before income taxes		125,765	**186,341**
Income tax expense		(18,046)	**(30,611)**
Net earnings for the period		107,719	**155,730**
Allocation of net earnings			
Shareholders of the parent		55,325	**94,744**
Non-controlling interest		52,394	**60,986**
Net earnings per share, attributable to the shareholders of the parent (in EUR)			
Basic	**8**	1.06	**1.72**
Diluted	**8**	0.85	**1.60**
Weighted average number of shares used in computing per share amounts (in thousands)			
Basic	**8**	52,047	**55,043**
Diluted	**8**	63,801	**64,733**

See Notes to Consolidated Condensed Interim Financial Statements.

Unaudited 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, 2010	51,745,140	2,070	290,523	-	25,267	(60,269)	257,591	144,684	402,275
Compensation expense stock options	-	-	-	-	1,339	-	1,339	4,816	6,155
Exercise of stock options by issue of common shares	133,110	5	1,766	-	-	-	1,771	-	1,771
Conversion subordinated convertible bonds	878,202	35	12,643	-	-	-	12,678	-	12,678
Net earnings	-	-	-	-	55,325		55,325	52,394	107,719
Other comprehensive income	-	-	-	-		56,168	56,168	24,794	80,962
Dividend paid to minority shareholders	-	-	-	-	-	-	-	(28,598)	(28,598)
Balance June 30, 2010	52,756,452	2,110	304,932	-	81,931	(4,101)	384,873	198,090	582,963
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	**55,357,320**	**2,214**	**377,925**	**-**	**224,463**	**(55,226)**	**549,376**	**232,234**	**781,610**

See Notes to Consolidated Condensed Interim Financial Statements.

Unaudited Consolidated Statements of Comprehensive Income

(EUR thousands)	Six months ended June 30,	
	2010	**2011**
Net earnings	107,719	**155,730**
Other comprehensive income		
Foreign currency translation effect	81,357	**(42,503)**
Amortization deferred actuarial losses	-	**-**
Unrealized gains (losses) on derivative instruments, net of tax	(395)	**(14)**
Total other comprehensive income	80,962	**(42,517)**
Comprehensive income	188,681	**113,213**
Allocation of comprehensive income		
Shareholders of the parent	111,493	**67,176**
Non-controlling interest	77,188	**46,037**

Unaudited Consolidated Statement of Cash Flows

(EUR thousands, except for number of shares)		Six months ended	
	Note	2010	**2011**
Cash flows from operating activities			
Net earnings		107,719	**155,730**
Adjustments to reconcile net earnings to net cash from			
Depreciation of property, plant and equipment		14,535	**20,297**
Depreciation evaluation tools		1,182	**1,136**
Amortization of other intangible assets	**3**	3,473	**4,500**
Impairment of capitalized development expenses	**3**	2,444	**-**
Addition to accrual restructuring expenses		1,991	**-**
Payments from restructuring accruals		(7,116)	**(2,468)**
Non-cash financing costs		(4,609)	**7,076**
Compensation expense employee share incentive scheme		1,339	**990**
Compensation expense employee stock option plan		4,816	**5,747**
Income taxes		11,885	**1,539**
Other changes in assets and liabilities			
Accounts receivable		(54,069)	**(13,703)**
Inventories		(20,141)	**(64,129)**
Accounts payable and accrued expenses		32,507	**7,250**
Other working capital items		(3,890)	**(2,109)**
Net cash provided by operating activities		92,066	**121,856**
Cash flows from investing activities			
Capital expenditures		(30,349)	**(47,701)**
Capitalization of development expenses	**3**	(5,355)	**(9,308)**
Investments		-	**(994)**
Purchase of intangible assets	**3**	(252)	**(313)**
Proceeds from sale of property, plant and equipment		529	**575**
Net cash used in investing activities		(35,426)	**(57,741)**
Cash flows from financing activities			
Notes payable to banks, net		(5,238)	**8,304**
Repayments of long-term debt and subordinated debt		(38,202)	**(3,262)**
Proceeds from issuance of common shares and exercise of		1,771	**3,955**
Cash received from business combinations		-	**50,730**
Dividend paid on common shares ASMI		-	**(22,114)**
Dividend paid to minority shareholders ASMPT		(28,598)	**(52,308)**
Net cash used in financing activities		(70,349)	**(14,695)**
Foreign currency translation effect		28,027	**(11,252)**
Net (decrease) increase in cash and cash equivalents		14,318	**38,168**
Cash and cash equivalents at beginning of year		293,902	**340,294**
Cash and cash equivalents at balance sheet date		308,220	**378,462**

See Notes to Consolidated Condensed Interim Financial Statements.

Notes to Consolidated Condensed Interim Financial Statements

Company profile
ASM International N.V. ('ASMI' or 'the Company') is a Netherlands public liability company domiciled in the Netherlands with its principal operations in Europe, the United States, Southeast Asia and Japan. The Company dedicates its resources to the research, development, manufacturing, marketing and servicing of equipment and materials used to produce semiconductor devices and SMT equipment. The Company provides production solutions for the main areas of semiconductor production: wafer processing (Front-end), assembly and packaging and, pick and placement (Back-end).

General
The Consolidated Condensed Interim Financial Statements for the six months ended June 30, 2011 have been authorized for issue by both the Supervisory Board and the Management Board on August 5, 2011.

Changes in Group structure
On 28 July 2010, the ASMPT entered into an acquisition agreement (the "Acquisition Agreement") with Siemens Aktiengesellschaft (the "Seller") pursuant to which the Company has conditionally agreed to acquire the entire interest of 13 direct and indirect subsidiaries of the Seller operating the Siemens Electronics Assembly Systems Business (the "SEAS Business") in 11 countries, including Germany, the PRC, the United Kingdom, France, Austria, the United States of America, Mexico, Singapore, Sweden, Italy and Brazil.

An extraordinary general meeting of ASMPT was held on 6 January 2011 ("EGM") for the purpose of considering and approval of the acquisition of the SEAS Business. The acquisition was approved by the shareholders of ASMPT at the EGM. The acquisition of SEAS Business was completed on 7 January 2011.

Accounting policies
These Consolidated 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 2010 Statutory Annual Report. In addition, the notes to these Consolidated CondensedInterim Financial Statements are presented in a condensed format. The applied accounting principles are in line with those as described in ASMI's 2010 Statutory Annual Report and are based on IFRS as adopted by the European Union.

Adoption of new Standards and Interpretations which became effective as of January 1, 2011:
IAS 24 (Revised), "Related Party Disclosures" (effective for annual periods beginning on or after January 1, 2011), IAS 32 (Amendment) "Classification of Rights Issues" (effective for annual periods beginning on or after February 1, 2010) and IFRIC 19, 'Extinguishing financial liabilities with equity instruments' (effective for annual periods beginning on or after July 1, 2010 . The adoption of these revised and/or amended Standards did not have any impact on ASMI's consolidated condensed interim financial statements.

Critical accounting estimates and judgments
The preparation of financial statements in conformity with IFRS requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses during the period as well as the information disclosed. For ASMI's critical accounting estimates and judgments, reference is made to the Management Report contained in the 2010 Statutory Annual Report, including but not limited to the determination of fair value and value in use of cash-generating units for goodwill impairment testing, the amortization and depreciation rates of intangible assets with definite lives and property, plant and equipment, the determination of deferred tax assets for loss carry forwards and the provision for tax contingencies, the determination of development expenses capitalized.

Also reference is made to Note 21 ‘Financial Instruments and Risk Management’ to the Consolidated Financial Statements contained in the 2010 Statutory Annual Report which discusses ASMI’s exposure to credit risk and financial market risks. Actual results in the future may differ from those estimates. Estimates and judgments are being continually evaluated and based on historic experience and other factors, including expectations of future events believed to be reasonable under the circumstances.

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

Auditors’ involvement
These consolidated condensed interim financial statements have not been audited.

Note 1- Business combinations

On July 28, 2010, the ASM PT entered into an acquisition agreement (the "Acquisition Agreement") with Siemens Aktiengesellschaft (the "Seller") pursuant to which the Company has conditionally agreed to acquire the entire interest of 13 direct and indirect subsidiaries of the Seller operating the Siemens Electronics Assembly Systems Business (the "SEAS Business") in 11 countries, including Germany, the PRC, the United Kingdom, France, Austria, the United States of America, Mexico, Singapore, Sweden, Italy and Brazil.

An extraordinary general meeting of the ASM PT was held on January 6, 2011 ("EGM") for the purpose of considering and approval of the acquisition of the SEAS Business. The acquisition was approved by the shareholders of the ASM PT at the EGM. The acquisition of SEAS Business was completed on January 7, 2011.

Pursuant to the Acquisition Agreement, the ASM PT paid to Siemens Electronics Assembly Systems GmbH & Co. KG ("SEAS KG"), one of the 13 entities comprising the SEAS Business and an indirect wholly-owned subsidiary of the Company upon completion of the Acquisition Agreement, an amount of EUR 20 million (equivalent to approximately HK $208 million) on January 7, 2011 by increasing SEAS KG's registered limited partnership interest and granted SEAS KG a revolving loan facility of up to € 20 million (equivalent to approximately HK $208 million) for a period of at least three years from January 7, 2011 subject to the terms and conditions as set out in the Acquisition Agreement. The Company also provided a letter of support to SEAS KG amounting to € 120 million (equivalent to approximately HK $1,246 million), valid as for a duration of six years following completion. The Company also provided the Seller with a bank guarantee in an amount of € 20 million (equivalent to approximately HK $208 million) which shall secure certain obligations of the Group as set out in the Acquisition Agreement.

The purchase consideration for the acquisition has been finalized at EUR 86.7 million. After certain agreed adjustments, such as contributions by the seller, an interim amount of EUR 27.4 million was paid to Siemens.

As the initial accounting for the business combination is incomplete at the time these interim financial statements are authorized for issue further disclosures could not be made. A preliminary estimate is that HK$ 0.9 billion gain will be realized from the acquisition reflecting the value of the negative goodwill. The completion of the purchase price allocation is expected to be finalized in the third quarter of 2011.

Note 2 - 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. Moreover the Back-end segment is engaged in development, production, sale and service of service mount technology (SMT) placement machines. The segment is organized in ASM Pacific Technology Ltd., in which the Company holds a majority of 52.36% 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, 2010			**Six months ended June 30, 2011**		
	Front-end	Back-end	Total	Front-end	Back-end	Total
Net sales to unaffiliated customers	120,012	401,456	521,468	**237,830**	**668,418**	**906,248**
Gross profit	44,041	181,813	225,854	**92,991**	**252,327**	**345,318**
Earnings (loss) from operations	(1,394)	126,254	124,860	**39,570**	**158,221**	**197,791**
Net interest income (expense)	(8,009)	212	(7,798)	**(6,452)**	**875**	**(5,577)**
Loss resulting from early extinguishment of debt	(2,281)	-	(2,281)			
Accretion of interest convertible	(3,229)	-	(3,229)	**(2,150)**	**-**	**(2,150)**
Revaluation conversion option	11,383	-	11,383	**(4,378)**	**-**	**(4,378)**
Foreign currency exchange gains (losses)	(1,861)	1,487	(374)	**(3,226)**	**(1,377)**	**(4,603)**
Income tax expense	(1,040)	(17,429)	(18,470)	**(51)**	**(29,692)**	**(29,743)**
Net earnings (loss)	(6,431)	110,523	104,092	**23,313**	**128,027**	**151,340**
Net earnings allocated to						
Shareholders of the parent			51,698			**90,354**
Minority interest			52,394			**60,986**
Capital expenditures and purchase of intangible assets	5,567	25,033	30,600	**8,627**	**39,387**	**48,014**
Depreciation and amortization	6,622	10,456	17,077	**6,913**	**16,074**	**22,987**
Cash and cash equivalents	159,509	148,711	308,220	**181,939**	**196,524**	**378,462**
Capitalized goodwill	11,193	43,066	54,259	**10,965**	**36,585**	**47,550**
Other intangible assets	7,222	637	7,859	**5,001**	**2,036**	**7,037**
Other identifiable assets	230,776	469,233	700,009	**302,915**	**794,120**	**1,097,035**
Total assets	408,700	661,646	1,070,347	**500,820**	**1,029,265**	**1,530,085**
Total debt	218,812	-	218,812	**156,637**	**14,823**	**171,460**
Headcount (in full-time equivalents)	1,301	12,546	13,847	**1,582**	**17,073**	**18,655**

Reconciliation from US GAAP to IFRS

Six months ended June 30, 2010			
(EUR thousands)	**Front-end**	**Back-end**	**Total**
Net earnings			
Based on US GAAP	(6,431)	110,523	104,092
Adjustments to IFRS	3,628	—	3,628
Based on IFRS	(2,803)	110,523	107,719
Capital expenditure and purchase and capitalization of other intangibles			
Based on US GAAP	5,567	25,033	30,600
Adjustments to IFRS	5,355	—	5,355
Based on IFRS	10,922	25,033	35,955
Capitalized goodwill			
Based on US GAAP	11,193	43,066	54,259
Adjustments to IFRS	(947)	(10,203)	(11,150)
Based on IFRS	10,246	32,863	43,109
Total assets			
Based on US GAAP	408,700	661,646	1,070,347
Adjustments to IFRS	31,681	(10,203)	21,478
Based on IFRS	440,381	651,443	1,091,825
Total debt			
Based on US GAAP	218,812	—	218,812
Adjustments to IFRS	(4,678)	—	(4,678)
Based on IFRS	214,134	—	214,134

Six months ended June 30, 2011			
(EUR thousands**)**	**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**

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 3 - 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, 2010	32,540	8,437	500	41,477
Capitalized development expenses	5,355	-	-	5,355
Impairment charges	(2,444)	-	-	(2,444)
Amortization for the period 1 Jan - 30 June	(2,113)	(1,182)	(178)	(3,473)
Additions	-	252	-	252
Reclassifications	-	(120)	-	(120)
Foreign currency, translation effect	3,096	108	40	3,244
Carrying value, net as per June 30, 2010	36,434	7,495	362	44,291
Book value, net as per January 1, 2011	**40,685**	**6,624**	**181**	**47,489**
Capitalized development expenses	**9,308**	**-**	**-**	**9,308**
Amortization for the period 1 Jan - 30 June	**(2,945)**	**(1,154)**	**(401)**	**(4,500)**
Additions	**-**	**368**	**-**	**368**
Business combinations	**-**	**49**	**1,430**	**1,479**
Foreign currency, translation effect	**(2,583)**	**(46)**	**(17)**	**(2,645)**
Carrying value, net as per June 30, 2011	**44,465**	**5,841**	**1,193**	**51,499**

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 4 - Convertible subordinated notes

Convertible subordinated notes, the changes in the amount of other intangible assets are as follows:

(EUR thousands)	5.25% convertible subordinated notes, due May, 2010)	4.25% convertible subordinated notes, due December, 2011	6.50% convertible subordinated notes, due November, 2014
Nominal value at date of issuance	79,267	111,682	150,000
Debt issuance costs	(3,303)	(3,574)	(5,201)
Conversion option (net of deferred tax) at date of issuance	(19,789)	(26,128)	(23,601)
Liability component at date of issuance	56,175	81,980	121,198
Liability component at January 1, 2010	11,516	64,773	121,907
Accrual of interest	211	1,275	2,461
Buy-back	-	(25,128)	-
Conversion of notes into common shares	(13,512)	(1)	-
Foreign currency translation effect	1,786	6,692	-
Liability component at June 30, 2010	-	47,611	124,368
Liability component at January 1, 201**1**	**-**	**32,263**	**126,542**
Accrual of interest	**-**	**144**	**2,551**
Conversion of notes into common shares	**-**	**(33,339)**	**-**
Redemption of notes	**-**	**(270)**	**-**
Foreign currency translation effect	**-**	**1,202**	**-**
Liability component at June 30, 2011	**-**	**-**	**129,093**

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, the conversion option had to be valued at fair value resulting in a non-cash loss of EUR 4.4 million , due to the increase of our share price. After this redemption and conversion, there are no longer any convertible bonds outstanding that are subjected to fair value valuation recognized through the income statement.

Note 5 - Net working capital

Net working capital is composed as follows:

(EUR thousands)	June 30, 2010	**June 30, 2011**
Accounts receivable	249,283	**347,678**
Inventories	204,198	**407,312**
Other current assets	55,803	**82,148**
Accounts payable	(130,413)	**(199,131)**
Provision for warranty	(6,336)	**(52,497)**
Accrued expenses and other	(113,133)	**(284,122)**
Adjustment for accruals for restructuring and negative goodwill to be release in the third quarter of 2011 and acquisition related accruals	5,959	**(133,763)**
Accrued expenses and other, adjusted	(107,174)	**(150,359)**
Net working capital	265,361	**435,151**

For more detail on the acquisition related items see Note 1 Business combinations.

Note 6 - Net debt

Net debt is composed as follows:

(Euro thousands)	June 30, 2010	**June 30, 2011**
Notes payable to banks	14,019	**22,614**
Current portion of long-term debt	6,046	**14,158**
Long-term debt	17,119	**1,861**
Convertible subordinated debt	171,979	**129,093**
Conversion option	4,971	**-**
Debt	214,134	**167,726**
Cash and cash equivalents	(308,220)	**(378,462)**
Net debt	(94,087)	**(210,736)**

Note 7 - 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. Although the ultimate disposition of legal proceedings 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 materially adverse effect on the financial position of the Company, its cash flows and result of operations.

Under our license agreement with Applied Materials, we pay royalties based upon our sales of equipment that employs technology covered by the licensed patents. We believe that we no longer practice patents applicable to certain equipment and ceased paying royalties on the sale of such equipment as of December 18, 2007 and gave written notice to Applied Materials in December 2007. The agreement provides a process to address royalty issues in a prescribed manner: the first step is written notice of a royalty matter to a party; the second step is amicable resolution with the participation of an expert if desired by Applied Materials; and the final step if not resolved by the parties is through binding arbitration. Initiation of this process is not considered a default event and the remedy is the payment of any unpaid royalties for equipment shipped after the written notice that are ultimately agreed to by the parties or determined by arbitration. Applied Materials is verifying our position through the review by an independent expert. While we consider the matter closed, Applied Materials notified us in late 2009 that they are continuing to evaluate the matter and will contact us if they require additional information. Although we believe our position is correct, the outcome of any possible arbitration is uncertain and, if we are not successful, we could be required to pay up to approximately US$ 5.8 million (€ 4.3 million) for royalties as of June 30, 2011.

Note 8 - 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:

(EUR thousands, except share data)	six months ended June 30,	
(In EUR thousands)	2010	**2011**
Net earnings used for purpose of computing basic earnings per common share	55,325	**94,744**
After-tax equivalent of interest expense on convertible subordinated notes and of fair value change conversion option	(861)	**8,835**
Net earnings used for purposes of computing diluted net earnings per common share	54,564	**103,579**
(In thousands)		
Basic weighted average number of shares outstanding during the year used for purpose of computing basic earnings per share	52,047	**55,043**
Dilutive effect of stock options	-	**787**
Dilutive effect of convertible subordinated notes	11,754	**8,902**
Dilutive weighted average number of shares outstanding	63,801	**64,733**
(In EUR)		
Net earnings per share		
Basic net earnings from continuing operations	1.06	**1.72**
Diluted net earnings from continuing operations	0.85	**1.60**

For the six months ended June 30, 2010, the effect of 312,829 option rights to acquire common stock 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. ASM 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. 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 479,279 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 impact on both our basic and diluted earnings per share as at June 30, 2011 would have been € (0.01) per share.

NOTE 9 - Related party transactions

There have been no significant related party transactions or changes in related party transactions described in the annual report of 2010 that could have a material effect on the financial position or performance of the Company in the first six months of the 2011 financial year.