

ADVANCED SEMICONDUCTOR ENGINEERING INC
Form 6-K
July 06, 2010

FORM 6-K
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16
of the Securities Exchange Act of 1934

July 6, 2010

Commission File Number 001-16125

Advanced Semiconductor Engineering, Inc.
(Exact name of Registrant as specified in its charter)

26 Chin Third Road
Nantze Export Processing Zone
Kaoshiung, Taiwan
Republic of China
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's "home country"), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No X

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):
Not applicable

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ADVANCED SEMICONDUCTOR
ENGINEERING, INC.

Date: July 6, 2010

By: /s/ Joseph Tung
Name: Joseph Tung
Title: Chief Financial Officer

MINUTES
OF
2010 ANNUAL SHAREHOLDERS' MEETING
OF
ADVANCED SEMICONDUCTOR ENGINEERING, INC.

(Translation)

1. Time: Monday, June 14, 2010 at 10 a.m.
2. Place: Zhuang Jing Auditorium, 600 Jiachang Rd., Nantz Processing Export Zone, Nantz District, Kaohsiung City
3. Present : Total shares represented by shareholders and proxy present 4,582,291,392 shares is 84.96% of total outstanding shares of ASE 5,393,436,318 shares (excluding the shareholders who had no voting right stipulated in Company Law) .
4. Chairperson's Remarks (To be omitted)
5. Status Reports
 1. 2009 Business Report. (see Attachment I)
 2. Report by supervisors on review of the 2009 financial statements. (see Attachment II)
 3. Report on total amount for endorsement, guarantee and amount of loans to third parties.
 4. Report on the Company's indirect investment on Mainland China by the Company.
6. Matters for Ratification

Item 1 (Proposed by the Board of Directors)

Proposal: Please ratify the Company's report on 2009 final financial statements.

Explanation:

1. The Company's 2009 financial statements have been audited and attested by Deloitte & Touche and reviewed by the Supervisors.
2. Please ratify the financial statements (see Attachment III to this Agenda Manual for details) and the 2009 Business Report (see Attachment I to this Agenda Manual for details).

Resolution: The above proposals be and hereby were approved as proposed.

Item 2 (Proposed by the Board of Directors)

Proposal: Please ratify the Company's 2009 proposal for surplus distribution.

Explanation: The Board of Directors has drafted the Company's 2009 proposal for surplus distribution as shown in the table below in accordance with The Company Act and the Company's Articles of Incorporation for your ratification.

Advanced Semiconductor Engineering, Inc.
2009 Surplus Distribution Proposal

| Items | Amount |
|---|---------------|
| Prior year retained earnings | 2,953,801,375 |
| Add: Current year gross profit | 6,744,545,355 |
| Add: Adjustments to Long-term Investments at Equity | 27,143 |
| Subtract: Provision for 10% statutory surplus | 674,454,536 |
| Current year earnings to be distributed | 9,023,919,337 |
| Items for distribution: | |
| Dividends (note) | 6,593,964,945 |
| Current year retained earnings | 2,429,954,392 |

Notes:

NT\$120,000,000 to be distributed for Director and Supervisor remuneration

NT\$607,009,000 to be distributed for employee bonuses, all in cash

President: Jason C.S. Chang Manager: Richard

H.P. Chang Accountant Manager: Joseph Tung

Note:1 The shareholders' bonus distributed this time totaled NT\$ 6,593,964,945, NT\$ 1.2 per share, of which NT\$ 1,978,189,485 was distributed in cash, cash dividend of NT\$0.36 per share and the remaining NT\$ 4,615,775,460 was distributed in stocks, i.e., 84 shares of stock dividend as gratuitous surplus-turned capital increase for cash 1,000 shares held. Additionally, the Company plans to implement a capital increase out of capital reserves of NT\$ 879,195,320 i.e., 16 shares of stock dividend as capital reserve-turn capital increase for each 1,000 shares held, and the total amount of dividends for this shareholder distribution is NT\$ 1.36 per share, which includes a cash

dividend of NT\$ 0.36 per share and a stock dividend of NT\$ 1 per

share. With respect to the above-mentioned cash dividend rate, the calculation was based on the 5,494,970,794 shares registered in the roster of shareholders as of March 17, 2010. Later, if the Company's ECB holders exercise the right of conversion, or new shares issued to employees against Employee Stock Option warrant, or new shares issued by the Company for a cash capital increase, or buyback of the Company's stocks, or transfer or cancellation of the Company's treasury stocks, which affect the cash distribution rate of the shareholders' bonus, requiring adjustment, the management will request the shareholders' meeting to authorize the board of directors to handle the situation plenipotentially and make the adjustment accordingly.

Note:2 In order to meet the implementation to Income Tax Integration, earnings of the most recent year will be priority in distributed this time.

Resolution: The above proposals be and hereby were approved as proposed.

7. Matters for Discussions

Item 1 (Proposed by the Board of Directors)

Proposal: Please consider a share issue by converting earnings and capital reserve into equity stock.

Explanation: 1. In conjunction with the plant expansion plan, the Company contemplates to use the shareholders' bonus of NT\$4,615,775,460 due for distribution in 2009 for capital increase of 461,577,546 shares at NT\$10 par value.

2. It is additionally planned to allocate NT\$ 879,195,320 from capital reserves for capitalization. The interest payable arising from convertible bonds, NT\$ 656,826,623, will take precedence prior to stock premium, NT\$ 222.368,697, in the aforementioned capitalization of capital reserves.

3. New shares allocation method: In the previous items 1 and 2, a capital increase of a total of NT\$ 5,494,970,780 is planned, with an issuance of 549,497,078 new shares, calculated according to the 5,494,970,794 shares registered in the Company's roster of shareholders as of March 17, 2010, with 16 shares of stock dividend as gratuitous surplus-turned capital increase and 84 shares of stock dividend as capital reserve-turned capital increase for

a total of 100 shares for each 1,000 shares held by shareholders. Later, if the Company's ECB holders exercise the right of conversion, or new shares issued to employees against Employee Stock Option warrant, or new shares issued by the Company for a cash capital increase, or buyback of the Company's stocks, or transfer or cancellation of the Company's treasury stocks, which affect the cash distribution rate and stock distribution rate of the shareholders' bonus, requiring adjustment, the management will request the shareholders' meeting to authorize the board of directors to handle the situation plenipotentiarily and make the adjustment accordingly. Shareholders are advised to consolidate the odd share of less than one share to make up one share by their own means for registration within 5 days as of the base date for distribution of new shares. Where the insufficient and inadequate part will be paid in cash by the par value. The board of directors has authorized the chairman to assign a specific person to purchase odd shares of less than one share. In addition, distribution of new shares for employee bonus-turned capital increase, the Company's by laws and the Company's Measures Concerning Distribution of Employee Bonus shall govern.

4. The rights and obligations of new shares shall be equal to the older ones.

5. Ex-rights base date: It shall be set separately, pending resolution passed by the shareholders' meeting and approval by the competent regulatory authority.

6. The plant expansion plan by the capital increase of this time shall be completed by December 2011. Implementation of such plan is expected to enhance the Company's competitiveness, elevate the benefit of operation efficiency and is passively beneficial to the shareholders' equity. If the competent regulatory authority deems it necessary to change any of the.

Resolution: The above proposals be and hereby were approved as proposed.

Item 2 (Proposed by the Board of Directors)

Proposal: To meet the requirements for larger production capacity in future the Company needs to enrich its operation capital in order to repay bank loans or the needs for other long-term development use, thereby enabling the fund-raising channels more diversified and flexible. As such, the shareholders' meeting is requested to

authorize the board of directors to opt at the optimal time, depending on the market situation and the status of capital needs of the Company and in accordance with existing laws and regulations, for capital increase in cash by issuing common shares or joining the issuance of GDR (Global depository receipts) or domestic capital increase in cash or issuance of domestic or ECB to raise fund. The case is being presented for discussions.

Explanation: 1. The principles to authorize the board of directors to issue new common shares and GDR for capital increase in cash shall be as follows:

1.1 Issuance of common shares in the form GDR for capital increase in cash shall be limited to 500,000,000 shares only. The shareholders' meeting shall authorize the board of directors and the chairman of the board to make the adjustment by the market condition and issue the authorized GDR's all at once.

1.2 In conducting issuance of new shares in the form of GDR for capital increase in cash, the issuance price shall be by the rules set forth in the Self-discipline Rules Concerning Subscription and Issuance of Securities by the Issuing Company Member Underwriters Have Assisted in the Process, i.e., the issuance price shall not be lower than the closing price of the Company's common stock at the domestic open market. Take the simple arithmetic mean of the closing price of the common share on the first, third and fifth day prior to the price-setting day, minus 90% of the average stock price after gratuitous ex-rights and ex-interest, then comes the price for the new issue. However, the price-setting method may be duly adjusted if related domestic laws and regulations are updated. Since the stock price at home has often experience drastic volatility in the short run, the chairman of the board is authorized to set the actual issuance price within the above-mentioned price range, after having consulted with underwriter taking into consideration the international general practice, international capital market, domestic market price, the overall subscription status so as to make the offering price attractive to overseas investors. Consequently, the price-setting method should be reasonable. Additionally, the deciding method for the issuance price of GDR is based on the fair trading price of common shares at the domestic open market whereas the original stockholder may purchase the common shares at domestic stock exchange at the price close to the issuance price of the GDR, without bearing

the exchange rate risk and liquidity risk. Moreover, the tranche of issuance of new shares and GRD for capital increase in cash do not affect much of the shareholders' equity as the highest dilution ratio in relation to the original shareholders' equity stands only at 9.10%.

1.3 10% of common shares issued for capital increase in cash shall, according to Article 267 of The Company Act, be reserved for subscription by company employees and the remaining 90% will be fully appropriated for open issuance as the securities for GDR as the original shareholders have waived their rights for subscription in accordance with Article 28-1 of the Securities Trading Act. For the part that employees have not subscribed, the chairman of the board is authorized to contact specific party for purchase or, depending on the market requirements, list as the original securities for participation in the issuance of GDR.

1.4 The proceeds for capital increase in cash from subscription to the GDR shall be used for overseas procurement of materials, enrichment of operation capital, repayment of bank loans, purchase of machinery and equipment, and/or spin-off in one or multiple use and is expected to complete the implementation within 2 years after the fund is fully raised. Implementation of the said plan is expected to intensify the Company's competitiveness, enhance the benefit of the operation efficiency, producing positive benefit to shareholders.

1.5 The board of directors is authorized to set the major contents of the capital increase in cash plan, which includes issuance price, number of shares issued, issuance conditions, source of capital, plan items, amount of fund raised, estimated progress and estimated probable effect generated as well as the issuance plan of participation in the issuance of GDR.

1.6 Once the plan for capital increase in cash is approved by the competent regulatory authority, the board of directors will be authorized to proceed with matters related to issuance of new shares.

1.7 If the agreement on issuance time, issuance condition, issuance volume, issuance amount of capital increase in cash and participation in issuance of GDR as well as other matters related to capital increase in cash and participation in issuance of GDR needs update in future due to the decision by

the competent regulatory authority and on the basis of operation evaluation, or the needs of objective environment, the board of directors shall be authorized to handle at its full discretion.

1.8 In conjunction with the issuance method of common shares for capital increase in cash and participation in GDR issuance, the chairman of the board or his designated representative is authorized to represent the Company in signing all documents related to the participation in the issuance of GDR as well as handling all needed matters related to the participation in the issuance of GDR.

1.9 For matters that are not covered herein, the board of directors may, in accordance with law, proceed at its discretion.

2. The principles to authorize the board of directors to conduct capital increase in cash at home shall be as follows:

2.1 Number of new shares issued for capital increase in cash shall not be in excess of 500,000,000 shares.

2.2 The par value of the new shares for capital increase in cash shall be NT\$10 each. Actual issuance price shall be by related rules set forth in the Self-discipline Rules Concerning Subscription and Issuance of Securities by the Issuing Company Member Underwriters Have Assisted in the Process and the market condition at the time of issuance. The chairman of the board and the underwriter may reach an agreement on the issuance in consideration of all the conditions mentioned above, which shall be subject to the approval by the competent regulatory authority before the issuance.

2.3 The issuance method of new shares for the capital increase in cash shall be by price enquiry and selected purchase. With the exception of 10%-15% reserved for employees as required by Article 267 of The Company Act, the rest will be offered for public issuance as all original shareholders have waived their rights to subscribe according to Article 28-1 of the Securities Trading Act. In addition, if the Company's employees have not subscribed sufficiently and adequately or waived the right to subscribe, the chairman may contact specific party for purchase.

2.4 The proceeds for capital increase in cash from subscription to the GDR

shall be used for overseas procurement of materials, enrichment of operation capital, repayment of bank loans, purchase of machinery and equipment, and/or spin-off in one or multiple use and is expected to complete the implementation within 2 years after the fund is fully raised. Implementation of the said plan is expected to intensify the Company's competitiveness, enhance the benefit of the operation efficiency, producing positive benefit to shareholders.

2.5 The board of directors is authorized to set the major contents of the capital increase in cash plan, which includes issuance price, number of shares issued, issuance conditions, plan items, amount of fund raised, estimated progress and estimated probable effect generated as well as the issuance plan of participation in the issuance of GDR.

2.6 Once the plan for capital increase in cash is approved by the competent regulatory authority, the board of directors will be authorized to set the base date for capital increase.

2.7 With respect to the manner of issuance as mentioned in Section 2.3 above, the board of directors is authorized to make the amendment at its full discretion if amendment becomes necessary due to update of laws or regulations or the objective environment dictates the amendment.

2.8 For matters that are not covered herein, the board of directors may, in accordance with law, proceed at its discretion.

3. The principles to authorize the board of directors to conduct capital increase in cash by issuance of convertible corporate bond at home and ECB overseas:

3.1 Estimated number of shares for conversion: Not to exceed the number of shares registered in the application for update of the Company's profit-seeking registration card.

3.2 Time of issuance: It depends on the capital needs by the Company and the market condition.

3.3 Interest rate: In principle, it shall be by the market interest rate then prevailing in the marketplace and reasonable, if possible.

3.4 Issuance duration: It depends on the capital needs by the Company.

3.5 Issuance condition: Subject to negotiation with the lead underwriter and existing laws and regulations.

3.6 The proceeds from subscriptions to the domestic convertible corporate bond and ECB overseas shall be used for overseas procurement of materials, enrichment of operation capital, repayment of bank loans, purchase of machinery and equipment, and/or spin-off in one or multiple use and is expected to complete the implementation within 2 years after the fund is fully raised. Implementation of the said plan is expected to intensify the Company's competitiveness, enhance the benefit of the operation efficiency, producing positive benefit to shareholders.

3.7 The board of directors is authorized to set the issuance measures, amount of fund raised, plan items, estimated progress as well as estimated probable effect generated.

3.8 In conjunction with the issuance of the convertible corporate bond the chairman of the board or his designated representative is authorized to represent the Company in signing all documents related to the issuance of the convertible corporate bond as well as handling all needed matters related to the issuance of the convertible corporate bond.

3.9 For matters that are not covered herein, the board of directors may, in accordance with law, proceed at its discretion.

Resolution: The above proposals be and hereby were approved as proposed.

Item 3 (Proposed by the Board of Directors)

Proposal: Please discuss the revised version of the Company's Handling Procedure for Loans to Third Parties.

Explanation:

1. In order to meet the revisions to "Guidelines on Public Companies Lending Money and Providing Guarantees" announced on March 19, 2010 by Financial Supervisory Commission, the board of directors passed a resolution revising the Company's "Procedure for Lending Funds to Third Parties" on March 26, 2010.

2. For details of the table of comparison of the revised provisions of the Procedure for Lending Funds to Third Parties, please refer to Attachment VI

2. For details of the table of comparison of the revised provisions of the Procedure for Lending Funds to Third Parties, please refer to Attachment VI to this Agenda Manual. Your consent is solicited.

Resolution: The above proposals be and hereby were approved as proposed.

Item 4 (Proposed by the Board of Directors)

Proposal: Please discuss the revised version of the Company's Handling Procedure for Endorsements and Guarantees.

Explanation: 1. In order to meet the revisions to "Guidelines on Public Companies Lending Money and Providing Guarantees" announced on March 19, 2010 by Financial Supervisory Commission, the board of directors passed a resolution revising the Company's "Handling Procedure for Endorsements and Guarantees" on March 26, 2010.

2. For details of the table of comparison of the revised provisions of the Handling Procedure for Endorsements and Guarantees, please refer to Attachment V to this Agenda Manual. Your consent is solicited.

Resolution: The above proposals be and hereby were approved as proposed.

Item 5 (Proposed by the Board of Directors)

Proposal: Please discuss the revised version of the Company's Articles of Incorporation.

Explanation: 1. In order to meet the regulatory authority's policy of promoting issuance of paperless securities and to facilitate the Company's calling of board meetings, parts of the provisions of the Company's Articles of Incorporation are suggested for revision.

2. For details of the table of comparison of the revised provisions of the Company's Articles of Incorporation., please refer to Attachment VI to this Agenda Manual. Your consent is solicited.

Resolution: The above proposals be and hereby were approved as proposed.

Other Resolutions and Extempore Motions None.

Meeting Ended Monday, June 14, 2010 at 10:33 a.m.

Advanced Semiconductor Engineering, Inc.
Business Report

World economy gradually recovered from the financial tsunami in the second half of 2009. Emerging markets began to show their strength on the world economic stage with the Chinese economy becoming the main force for global economic growth. Benefiting from a substantial increase in the ratio of consumption in emerging markets to all markets, the world's manufacturing sector is expected grow strongly in 2010. According to the IEK ITIS project of Industrial Technology Research Institute, in 2009 output of Taiwan's assembly industry was NT\$199.6 billion, a 10% decrease on 2008. In 2009, the testing industry output in Taiwan was NT\$87.6 billion, which was a 9.2% drop from 2008. In spite of an economic recovery, governments' policies to cope with the financial tsunami that have resulted in an asset bubble and possible inflation will be issues global economy must face in the future. The Company should watch closely developments in the international financial conditions to carefully deal with future challenges. The following is our report on the company's operation for the past year:

"2009 Operating Results"

1. Implementation results of business plan for 2009

The Company's consolidated revenues for 2009 were NT\$85.8 billion, a drop of 8.6 billion from 2008, a contraction of 9.1%. In the first half, affected by the economic downturn continued from 2008, most IC semiconductor firms made adjustments to their stocks. The semiconductor industry saw its worst sales in decades. Coupled with a traditional low season in the electronics industry, the Company experienced a period of hardship. In the second half, with the economy recovering, IDM customers outsourcing their orders and all employees working hard, the Company gradually made progress in its operations with sales rising each season and profits made, an indication of its resilience to industry ups and downs.

2. Budget performance

No financial forecast was disclosed in 2009.

3. Analysis of financial accounts and profitability

As of the end of 2009, the Company's paid-in capital was NT\$54,798,783 thousands and shareholders' equity NT\$71,616,026 thousands accounting for 54% of total assets of NT\$133,343,314 thousands. Its long-term capital are 375% of fixed assets and current ratio 97%. This year's ratios are slightly worse than the preceding year's. Nevertheless, its financial structure and ability to repay debts are relatively sound. This year's after-tax net profit rose to NT\$6,744,546,000. The Company's overall operating results and profitability have returned to the levels before the global economic recession.

4. R&D overview

In terms of R&D, 3D SiP has become the best option of producing advanced compact products. Its main elements include TSV, PoP, Embedded Technology and IPD, integrating all kinds of active, passive components, sensors and actuators and is the future trend. Processes the Company successfully developed in 2009 are 45 nano copper/lead-free flip-chip assembly and wire-bond assembly of wafers with an ultra-low dielectric coefficient/lead-free flip-chip stacking assembly of wafers with a low dielectric coefficient, silicon substrate assembly, substrate embedded with active, passive components, WLCSP (Fan out WLP) and Cu Pillar Bump assembly processes. Maintaining an edge in R&D will ensure the Company's continuing growth and profitability.

"Outline of 2010 Business Plan"

1. Operating policy

(1) Providing customers with service of "ultimate quality" (2) creating long-term, stable profits for the Company and customers (3) working with partner firms to jointly create a prosperous future (4) being as flexible as possible in its business dealings.

2. Projects sales volume and references

In light of current industry dynamics, future market demand and ASE's capacity, the projected sales volume for 2010 is as follows:

| Item | Project Sales |
|---------|---------------------------|
| Package | Approx. 7.2 billion chips |
| Test | Approx. 900 million chips |

3. Important production and sales policies

As 3C products are becoming more compact with more powerful functionality, ASE has decided to merge Universal Scientific Industrial Co., Ltd. in order to develop an SIP module technology by combining its IC assembly and testing technology with USI's PCB carrier technology. Meanwhile, it will endeavor to increase its market share in the hope of a growth rate higher than the rate of economic recovery in the coming year.

In the past few years, most competitors committed few resources to the development of new technology. By contrast, the Company continued to invest manpower and funds in R&D and developed several standard-setting new assembly processes and techniques. In 2010, with the development of new processes including copper process, aQFN, Fan-Out and WLP, the results will be worth looking forward to. The Company plans to speed up its transition to a new copper process and boost its aQFN and Fan-Out WLP capacity. Meanwhile, it will actively encourage customers to certify and employ its new assembly process and technique in order to enhance its cost edge and boost sales.

"Development Strategy"

IEK of ITRI estimates the semiconductor industry will recover in 2010 as the world economy resumes growth. It estimates a growth rate of 10%-15% and that Taiwan's IC output will grow by 23.6%, better than the world's semiconductor growth rate. In recent years gold prices have risen and remained high. Efforts are being made to replace gold with copper as a stable source of material in an effort to stabilize profits. It takes at least 18 months for a copper process to be developed, certified and used in mass production. The Company currently leads competitors by a large margin in the development and certification of copper processes, which is estimated to account for more than 30% of wire-bond assembly business by the end of 2010. More orders from Japanese IDM firms have been received

this year. European and American IDM firms are expected to place orders soon. The Company will endeavor to develop new processes so that it can do better during the low season next year.

"Impacts of Competition, Legislation and Operating Environment"

Faced with dramatic economic ups and downs in the past two years, the Company came up with various personnel, production and cost-cutting plans, constantly improving itself in terms of efficiency and profitability. It eventually emerged from fierce competition and proved its ability to face and solve problems. Management is not satisfied with what it has accomplished. It will work hard to grow the Company and ensure shareholders' interests. This year, as the economy improves, the Company will endeavor to improve its competitiveness, deal carefully with changes, and generate higher return to reward shareholders' support and employees' hard work.

President: Jason C.S. Chang
Chang

Manager: Richard H.P.
Accountant Manager: Joseph Tung

Supervisors' Report

We have examined the Company's 2009 financial statements, and the Company's business report, earnings distribution proposals, etc. that have been prepared and submitted by the Board of Directors and audited and attested by certified public accountants, Kung Chun Chi and Chiu Hui Yin of Deloitte & Touche, and do not find any discrepancy. We hereby respectfully prepare and present this Report in accordance with Article 219 of The Company Act for your review.

Advanced Semiconductor Engineering, Inc.

Advanced Semiconductor Engineering, Inc.

Supervisors: YY Tseng

John Ho

Sam Liu

TS Chen

Jerry Chang

April 20, 2010

Attachment

Advanced Semiconductor Engineering,
Inc.

Financial Statements for the
Years Ended December 31, 2009 and 2008 and
Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Advanced Semiconductor Engineering, Inc.

We have audited the accompanying balance sheets of Advanced Semiconductor Engineering, Inc. (the "Company") as of December 31, 2009 and 2008, and the related statements of income, changes in shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2009 and 2008, and the results of its operations and its cash flows for the years then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, the requirements of the Business Accounting Law and Guidelines Governing Business Accounting relevant to financial accounting standards, and accounting principles generally accepted in the Republic of China.

As discussed in Note 3 to the accompanying financial statements, starting from January 1, 2009, the Company adopted Statements of Financial Accounting Standards No. 10 "Accounting for Inventories" revised by the Accounting Research and Development Foundation of the Republic of China (the "ARDF") in November 2007. Also, starting from January 1, 2008, the Company adopted Interpretation 96-052, "Accounting for Bonuses to Employees, Directors and Supervisors" issued by the ARDF in March 2007.

We have also audited the consolidated financial statements of the Company and its subsidiaries as of and for the years ended December 31, 2009 and 2008, and have issued a modified unqualified opinion with an explanatory paragraph.

March 10, 2010

Notice to Readers

The accompanying financial statements are intended only to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

ADVANCED SEMICONDUCTOR ENGINEERING, INC.

BALANCE SHEETS

DECEMBER 31, 2009 AND 2008

(In Thousands of New Taiwan Dollars, Except Par Value)

| ASSETS | 2009 | | 2008 | |
|---|-------------------|-----------|-------------------|-----------|
| | Amount | % | Amount | % |
| CURRENT ASSETS | | | | |
| Cash | \$4,079,270 | 3 | \$3,133,212 | 3 |
| Financial assets at fair value through profit or loss - current | 15,747 | - | - | - |
| Bond investments with no active market - current | - | - | 450,000 | - |
| Accounts receivable, net | 9,331,438 | 7 | 4,842,944 | 4 |
| Receivable for income tax refund | 99,330 | - | 99,330 | - |
| Other receivables | 423,015 | - | 287,072 | - |
| Other receivables from related parties | 613,854 | - | 173,510 | - |
| Inventories | 2,086,376 | 2 | 1,519,636 | 1 |
| Deferred income tax assets - current | 700,357 | 1 | 700,690 | 1 |
| Other current assets | 242,226 | - | 219,725 | - |
| Total current assets | 17,591,613 | 13 | 11,426,119 | 9 |
| LONG-TERM INVESTMENTS | | | | |
| Financial assets carried at cost - noncurrent | 467,468 | - | 362,554 | - |
| Equity method investments | 79,873,491 | 60 | 77,144,106 | 62 |
| Total long-term investments | 80,340,959 | 60 | 77,506,660 | 62 |
| PROPERTY, PLANT AND EQUIPMENT | | | | |
| Cost | | | | |
| Land | 1,558,201 | 1 | 1,558,201 | 1 |
| Buildings and improvements | 18,278,699 | 13 | 17,502,360 | 14 |
| Machinery and equipment | 54,595,445 | 41 | 51,866,609 | 42 |
| Transportation equipment | 66,613 | - | 74,665 | - |
| Furniture and fixtures | 968,773 | 1 | 937,561 | 1 |
| Leased assets | 39,825 | - | 67,830 | - |
| Total cost | 75,507,556 | 56 | 72,007,226 | 58 |
| Accumulated depreciation | 48,492,479 | 36 | 43,894,884 | 35 |
| | 27,015,077 | 20 | 28,112,342 | 23 |
| Construction in progress | 128,315 | - | 514,507 | - |
| Machinery in transit and prepayments | 3,239,679 | 3 | 669,875 | 1 |
| Total property, plant and equipment | 30,383,071 | 23 | 29,296,724 | 24 |
| INTANGIBLE ASSETS | | | | |

Edgar Filing: ADVANCED SEMICONDUCTOR ENGINEERING INC - Form 6-K

| | | | | |
|---|----------------------|------------|----------------------|------------|
| Patents | 62,194 | - | 81,722 | - |
| Goodwill | 957,167 | 1 | 957,167 | 1 |
| Deferred pension cost | 50,393 | - | 56,762 | - |
| Total intangible assets | 1,069,754 | 1 | 1,095,651 | 1 |
| OTHER ASSETS | | | | |
| Assets leased to others | 2,439,452 | 2 | 2,766,268 | 2 |
| Idle assets | 86,062 | - | 4,744 | - |
| Guarantee deposits - noncurrent | 12,193 | - | 11,060 | - |
| Deferred charges | 641,094 | - | 764,178 | 1 |
| Deferred income tax assets - noncurrent | 694,669 | 1 | 975,695 | 1 |
| Restricted assets | 84,447 | - | 84,147 | - |
| Total other assets | 3,957,917 | 3 | 4,606,092 | 4 |
| TOTAL | \$133,343,314 | 100 | \$123,931,246 | 100 |

| LIABILITIES AND SHAREHOLDERS' EQUITY | 2009 | | 2008 | |
|--|-------------------|-----------|-------------------|-----------|
| | Amount | % | Amount | % |
| CURRENT LIABILITIES | | | | |
| Financial liabilities at fair value through profit or loss - current | \$61,195 | - | \$82,238 | - |
| Hedging derivative liabilities - current | 122,495 | - | - | - |
| Accounts payable | 5,253,226 | 4 | 2,766,104 | 2 |
| Accounts payable to related parties | 1,061,115 | 1 | 798,621 | 1 |
| Income tax payable | 808,739 | 1 | 642,744 | 1 |
| Accrued expenses | 2,658,620 | 2 | 2,401,079 | 2 |
| Other payables to related parties | 5,875,663 | 4 | 861,740 | 1 |
| Payable for properties purchased | 1,755,397 | 1 | 554,618 | - |
| Other payables | 207,070 | - | 253,712 | - |
| Current portion of capital lease obligations | 9,048 | - | 18,320 | - |
| Other current liabilities | 292,383 | - | 170,991 | - |
| Total current liabilities | 18,104,951 | 13 | 8,550,167 | 7 |
| LONG-TERM LIABILITIES | | | | |
| Hedging derivative liabilities - noncurrent | 311,778 | - | 391,695 | - |
| Long-term bonds payable | - | - | 1,375,000 | 1 |
| Long-term bank loans | 42,235,920 | 32 | 42,929,640 | 35 |
| Capital lease obligations | 1,749 | - | 10,890 | - |
| Total long-term liabilities | 42,549,447 | 32 | 44,707,225 | 36 |
| OTHER LIABILITIES | | | | |
| Accrued pension cost | 1,072,012 | 1 | 1,001,302 | 1 |
| Guarantee deposits received | 878 | - | 558 | - |
| Total other liabilities | 1,072,890 | 1 | 1,001,860 | 1 |

Edgar Filing: ADVANCED SEMICONDUCTOR ENGINEERING INC - Form 6-K

| | | | | |
|--|----------------|------|----------------|------|
| Total liabilities | 61,727,288 | 46 | 54,259,252 | 44 |
| CAPITAL STOCK - NT\$10 PAR VALUE | | | | |
| Authorized - 8,000,000 thousand shares | | | | |
| Issued - 5,479,878 thousand shares in 2009 and 5,690,428 thousand shares in | | | | |
| 2008 | 54,798,783 | 41 | 56,904,278 | 46 |
| Capital received in advance | 135,205 | - | 3,387 | - |
| Total capital stock | 54,933,988 | 41 | 56,907,665 | 46 |
| CAPITAL SURPLUS | | | | |
| Capital in excess of par value | 1,311,421 | 1 | 1,329,634 | 1 |
| Treasury stock | 827,285 | 1 | 823,813 | 1 |
| Long-term investment | 3,538,222 | 3 | 3,536,854 | 3 |
| Accrued interest on convertible bonds | 656,827 | - | 682,986 | - |
| Total capital surplus | 6,333,755 | 5 | 6,373,287 | 5 |
| RETAINED EARNINGS | 13,229,409 | 10 | 9,221,404 | 7 |
| OTHER EQUITY ADJUSTMENTS | | | | |
| Unrealized gain (loss) on financial instruments | 25,498 | - | (439,438) | - |
| Cumulative translation adjustments | 3,276,508 | 2 | 4,873,957 | 4 |
| Unrecognized pension cost | (248,641) | - | (230,401) | - |
| Treasury stock - 322,532 thousand shares in 2009 and 431,232 thousand shares in 2008 | (5,934,491) | (4) | (7,034,480) | (6) |
| Other equity adjustments, net | (2,881,126) | (2) | (2,830,362) | (2) |
| Total shareholders' equity | 71,616,026 | 54 | 69,671,994 | 56 |
| TOTAL | \$ 133,343,314 | 100 | \$ 123,931,246 | 100 |

(With Deloitte & Touche audit report dated March 10, 2010)

ADVANCED SEMICONDUCTOR ENGINEERING, INC.

STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2009 AND 2008

(In Thousands of New Taiwan Dollars, Except Per Share Data)

| | 2009 | | 2008 | |
|---|--------------|-----|--------------|-----|
| | Amount | % | Amount | % |
| REVENUES | \$46,805,576 | 101 | \$49,073,365 | 101 |
| LESS: SALES DISCOUNTS AND ALLOWANCES | 671,262 | 1 | 622,348 | 1 |
| NET REVENUES | 46,134,314 | 100 | 48,451,017 | 100 |
| COST OF REVENUES | 35,724,319 | 77 | 37,912,254 | 78 |
| GROSS PROFIT | 10,409,995 | 23 | 10,538,763 | 22 |
| OPERATING EXPENSES | | | | |
| Research and development | 2,036,633 | 4 | 1,796,768 | 4 |
| Selling | 783,222 | 2 | 716,055 | 2 |
| General and administrative | 1,941,215 | 4 | 2,538,292 | 5 |
| Total operating expenses | 4,761,070 | 10 | 5,051,115 | 11 |
| INCOME FROM OPERATIONS | 5,648,925 | 13 | 5,487,648 | 11 |
| NON-OPERATING INCOME AND GAINS | | | | |
| Interest income | 19,363 | - | 40,033 | - |
| Gain on valuation of financial assets, net | 808,585 | 2 | 753,390 | 1 |
| Equity in earnings of equity method investments | 2,762,236 | 6 | 2,409,736 | 5 |
| Other | 632,494 | 1 | 856,196 | 2 |
| Total non-operating income and gains | 4,222,678 | 9 | 4,059,355 | 8 |
| NON-OPERATING EXPENSES AND LOSSES | | | | |
| Interest expense | 1,070,718 | 3 | 852,027 | 2 |
| Loss on valuation of financial liabilities, net | 572,952 | 1 | 513,556 | 1 |
| Foreign exchange loss, net | 3,631 | - | 159,625 | - |
| Other | 556,611 | 1 | 680,292 | 1 |
| Total non-operating expenses and losses | 2,203,912 | 5 | 2,205,500 | 4 |
| INCOME BEFORE INCOME TAX | 7,667,691 | 17 | 7,341,503 | 15 |

| | | | | |
|--------------------|-------------|----|-------------|----|
| INCOME TAX EXPENSE | 923,145 | 2 | 1,181,451 | 2 |
| NET INCOME | \$6,744,546 | 15 | \$6,160,052 | 13 |

(Continued)

| | 2009 | | 2008 | |
|---------------------------------|-------------------------|------------------------|-------------------------|------------------------|
| | Before Income Tax | After Income Tax | Before Income Tax | After Income Tax |
| EARNINGS PER SHARE (EPS) | | | | |
| Basic EPS | \$1.49 | \$1.31 | \$1.36 | \$1.14 |
| Diluted EPS | \$1.47 | \$1.29 | \$1.33 | \$1.12 |

PRO FORMA INFORMATION

Had the Company's shares held by subsidiaries been accounted for as available-for-sale financial assets rather than treasury stock (after tax):

| | 2009 | 2008 |
|---|-------------|-------------|
| Net income for calculation of basic EPS purpose | \$6,905,441 | \$6,695,152 |
| Net income for calculation of diluted EPS purpose | \$6,878,969 | \$6,634,560 |

| EARNING PER SHARE | | |
|--------------------------|--------|--------|
| Basic EPS | \$1.26 | \$1.18 |
| Diluted EPS | \$1.24 | \$1.16 |

(With Deloitte & Touche audit report dated March 10, 2010) (Concluded)

ADVANCED SEMICONDUCTOR ENGINEERING, INC.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

YEARS ENDED DECEMBER 31, 2009 AND 2008

(In Thousands of New Taiwan Dollars)

| | Common Stock | Capital Stock Capital Received in Advance | Capital Surplus | Legal Reserve | Retained Earnings Unappropriated Earnings | Total | Unrealized Gain (Loss) on Financial Instruments | Other E Cumula Translat Adjustm |
|--|-----------------|---|--------------------|------------------|---|--------------|---|--|
| BALANCE, JANUARY 1, 2008 | \$54,475,589 | \$491,883 | \$6,394,834 | \$1,698,504 | \$12,199,709 | \$13,898,213 | \$402,518 | \$2,179,8 |
| Appropriations of 2007 earnings | | | | | | | | |
| Legal reserve | - | - | - | 1,216,525 | (1,216,525) | - | - | - |
| Remuneration to directors and supervisors | - | - | - | - | (216,000) | (216,000) | - | - |
| Bonus to employees - cash | - | - | - | - | (383,205) | (383,205) | - | - |
| Bonus to employees - stock | 383,205 | - | - | - | (383,205) | (383,205) | - | - |
| Cash dividends - 17.1% | - | - | - | - | (9,361,728) | (9,361,728) | - | - |
| Stock dividends - 0.9% | 492,723 | - | - | - | (492,723) | (492,723) | - | - |
| Issuance of common stock from capital surplus | 1,094,939 | - | (1,094,939) | - | - | - | - | - |
| Adjustment arising from changes in percentage of ownership in investees | - | - | 1,014 | - | - | - | (432,247) | - |
| Cash dividends paid to subsidiaries | - | - | 535,100 | - | - | - | - | - |
| | - | - | - | - | - | - | (18,014) | - |

| | | | | | | | | | |
|---|------------|-----------|-----------|-----------|--------------|--------------|-----------|-----------|---------|
| Unrealized loss on available-for-sale financial assets | | | | | | | | | |
| Change in unrealized loss on cash flow hedging financial instruments | - | - | - | - | - | - | - | (391,695) | - |
| Stock options exercised by employees | | | | | | | | | |
| Common stock | 198,067 | (61,952) | 101,268 | - | - | - | - | - | - |
| Capital received in advance | - | 3,387 | - | - | - | - | - | - | - |
| Conversion of convertible bonds | 259,755 | (429,931) | 436,010 | - | - | - | - | - | - |
| Net income in 2008 | - | - | - | - | 6,160,052 | 6,160,052 | - | - | - |
| Cumulative translation adjustments | - | - | - | - | - | - | - | - | 2,694,1 |
| Unrecognized pension cost | - | - | - | - | - | - | - | - | - |
| Acquisition of treasury stock - 108,700 thousand shares | - | - | - | - | - | - | - | - | - |
| BALANCE, DECEMBER 31, 2008 | 56,904,278 | 3,387 | 6,373,287 | 2,915,029 | 6,306,375 | 9,221,404 | (439,438) | 4,873,9 | |
| Appropriations of 2008 earnings | | | | | | | | | |
| Legal reserve | - | - | - | 616,005 | (616,005) | - | - | - | - |
| Cash dividends - 5.0% | - | - | - | - | (2,736,568) | (2,736,568) | - | - | - |
| Adjustment arising from changes in percentage of ownership in investees | - | - | 1,369 | - | 27 | 27 | 380,464 | - | - |
| Cash dividends paid to subsidiaries | - | - | 160,895 | - | - | - | - | - | - |
| Change in unrealized gain on cash flow hedging financial instruments | - | - | - | - | - | - | 84,472 | - | - |

| | | | | | | | | | |
|---|--------------|-----------|-------------|-------------|-------------|--------------|----------|-------------|-------------|
| Stock options exercised by employees | | | | | | | | | |
| Common stock | 74,245 | (3,387) | 32,726 | - | - | - | - | - | - |
| Capital received in advance | - | 135,205 | - | - | - | - | - | - | - |
| Net income in 2009 | - | - | - | - | 6,744,546 | 6,744,546 | - | - | - |
| Cumulative translation adjustments | - | - | - | - | - | - | - | - | (1,597,000) |
| Unrecognized pension cost | - | - | - | - | - | - | - | - | - |
| Acquisition of treasury stock - 109,274 thousand shares | - | - | - | - | - | - | - | - | - |
| Retirement of treasury stock - 217,974 thousand shares | (2,179,740) | - | (234,522) | - | - | - | - | - | - |
| BALANCE, DECEMBER 31, 2009 | \$54,798,783 | \$135,205 | \$6,333,755 | \$3,531,034 | \$9,698,375 | \$13,229,409 | \$25,498 | \$3,276,500 | |

(With Deloitte & Touche audit report dated March 10, 2010)

ADVANCED SEMICONDUCTOR ENGINEERING, INC.

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2009 AND 2008
(In Thousands of New Taiwan Dollars)

| | 2009 | 2008 |
|---|--------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income | \$6,744,546 | \$6,160,052 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation | 5,611,664 | 5,897,774 |
| Amortization | 349,617 | 412,468 |
| Provision for inventory valuation | 112,025 | 430,394 |
| Equity in earnings of equity method investments, net of cash dividends of NT \$1,784,475 thousand and NT \$805,103 thousand received in 2009 and 2008, respectively | (977,761) | (1,604,633) |
| Deferred income taxes | 281,359 | 694,539 |
| Other | 376,609 | 806,424 |
| Changes in operating assets and liabilities | | |
| Financial assets for trading | (15,747) | - |
| Accounts receivable | (4,489,556) | 4,927,024 |
| Other receivables (including related parties) | (83,966) | 76,471 |
| Inventories | (678,765) | 373,260 |
| Other current assets | (53,902) | 6,238 |
| Financial liabilities for trading | (21,043) | 47,789 |
| Accounts payable (including related parties) | 2,749,616 | (2,827,863) |
| Income tax payable | 165,995 | (78,146) |
| Accrued expenses | 257,541 | 610,576 |
| Other payables (including related parties) | 22,919 | (82,558) |
| Other current liabilities | 121,833 | (2,862) |
| Net cash provided by operating activities | 10,472,984 | 15,846,947 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Acquisition of available-for-sale financial assets | (570,000) | (3,020,000) |
| Proceeds from disposal of available-for-sale financial assets | 570,058 | 7,578,407 |
| Acquisition of bond investments with no active market | - | (450,000) |
| Proceeds from disposal of bonds investments with no active market | 450,000 | - |
| Proceeds from disposal of held-to-maturity financial assets | - | 50,000 |
| Acquisition of financial assets carried at cost | (104,914) | (39,552) |
| Increase in equity method investments | (23,614,725) | (34,990,304) |
| Proceeds from disposal of equity method investments | 20,814,031 | - |
| Cash received from return of capital on long-term investments | - | 33,145 |
| Acquisition of property, plant and equipment | (5,574,392) | (4,926,877) |

Edgar Filing: ADVANCED SEMICONDUCTOR ENGINEERING INC - Form 6-K

| | | |
|---|--------------|--------------|
| Proceeds from disposal of property, plant and equipment | 101,739 | 593,528 |
| Increase in patents | - | (92,026) |
| Decrease (increase) in guaranteed deposits | 2,768 | (1,057) |
| Increase in deferred charges | (256,365) | (372,306) |
| Decrease (increase) in restricted assets | (300) | 1,078 |
| Increase in other receivables from related parties | (450,000) | - |
| Net cash used in investing activities | (8,632,100) | (35,635,964) |

(Continued)

ADVANCED SEMICONDUCTOR ENGINEERING, INC.

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2009 AND 2008
(In Thousands of New Taiwan Dollars)

| | 2009 | 2008 |
|--|--------------------|---------------------|
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Increase in other payables to related parties | \$4,893,800 | \$- |
| Proceeds from long-term bank loans | 27,680,050 | 36,699,000 |
| Repayment of long-term bank loans | (28,263,090) | (1,562,335) |
| Repayment of bonds payable | (1,375,000) | (5,549,983) |
| Repayment of capital lease obligations | (18,413) | (25,507) |
| Decrease in guarantee deposits received | (121) | (48,634) |
| Cash bonus to employees, remuneration to directors and supervisors | - | (599,205) |
| Cash dividends | (2,736,568) | (9,361,728) |
| Proceeds from exercise of stock options by employees | 238,789 | 240,770 |
| Acquisition of treasury stock | (1,314,273) | (1,099,989) |
| Net cash provided by (used in) financing activities | (894,826) | 18,692,389 |
| NET INCREASE (DECREASE) IN CASH | 946,058 | (1,096,628) |
| CASH, BEGINNING OF YEAR | 3,133,212 | 4,229,840 |
| CASH, END OF YEAR | \$4,079,270 | \$3,133,212 |
| SUPPLEMENTAL INFORMATION | | |
| Interest paid (excluding capitalized interest) | \$1,171,916 | \$717,443 |
| Income tax paid | 471,854 | 565,058 |
| Cash paid for acquisition of property, plant and equipment | | |
| Acquisition of property, plant and equipment | \$6,838,333 | \$4,292,093 |
| Decrease (increase) in payable (including related parties) | (1,263,941) | 634,784 |
| | \$5,574,392 | \$4,926,877 |
| Cash received from disposal of property, plant and equipment | | |
| Proceeds from disposal of property, plant and equipment | \$140,891 | \$91,899 |
| Decrease (increase) in other receivables (including related parties) | (39,152) | 501,629 |
| | \$101,739 | \$593,528 |
| Cash received from disposal of equity method investments | | |
| Proceeds from disposal of equity method investments | \$29,608,501 | \$- |
| Increase in other receivables | (8,794,470) | - |

\$20,814,031 \$-

(Continued)

ADVANCED SEMICONDUCTOR ENGINEERING, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2009 AND 2008

(In Thousands of New Taiwan Dollars)

| | 2009 | 2008 |
|---|--------------|--------------|
| Cash paid for acquisition of equity method investments | | |
| Acquisition of equity method investments | \$32,409,195 | \$34,990,304 |
| Capitalization from other receivables | (8,794,470) | - |
| | \$23,614,725 | \$34,990,304 |
| Cash received from return of capital on long-term investments | | |
| Cash received from return of capital on long-term investments | \$3,169 | \$33,145 |
| Increase in other receivables from related parties | (3,169) | - |
| | \$- | \$33,145 |
| FINANCING ACTIVITIES NOT AFFECTING CASH FLOWS | | |
| Bonds converted to capital stock | \$- | \$265,834 |
| Current portion of capital lease obligations | 9,048 | 18,320 |

(With Deloitte & Touche audit report dated March 10, 2010) (Concluded)

Advanced Semiconductor Engineering, Inc. and Subsidiaries

Consolidated Financial Statements as of
December 31, 2008 and 2009 and for the
Years Ended December 31, 2007, 2008 and 2009 and
Report of Independent Registered Public Accounting Firm

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders
Advanced Semiconductor Engineering, Inc.

We have audited the accompanying consolidated balance sheets of Advanced Semiconductor Engineering, Inc. (a corporation incorporated under the laws of the Republic of China) and its subsidiaries (collectively, the “Company”) as of December 31, 2008 and 2009, and the related consolidated statements of income, changes in shareholders’ equity and cash flows for each of the three years in the period ended December 31, 2009, all expressed in New Taiwan dollars. These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants, auditing standards generally accepted in the Republic of China (“ROC”) and the Standards of the Public Company Accounting Oversight Board (United States). Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2008 and 2009, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2009, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and accounting principles generally accepted in the ROC.

As discussed in Note 3 to the consolidated financial statements, starting from January 1, 2009, the Company adopted the newly revised ROC Statement of Financial Accounting Standards (“SFAS”) No.10, “Accounting for Inventories”. Besides, starting from January 1, 2008, the Company changed its method of accounting for bonuses paid to employees, directors and supervisors upon adoption of Interpretation 96-052, “Accounting for Bonuses to Employees, Directors and Supervisors” issued by the ROC Accounting Research and Development Foundation (“ARDF”) in March 2007.

Accounting principles generally accepted in the ROC differ in certain significant respects from accounting principles generally accepted in the United States of America. Information relating to the nature and effect of such differences is presented in Note 32 to the consolidated financial statements.

Our audits also comprehended the translation of New Taiwan dollar amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 2 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of the readers.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2009, based on the criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated April 28, 2010 expressed an unqualified opinion on the Company's internal control over financial reporting.

Deloitte & Touche
Taipei, Taiwan
The Republic of China
April 28, 2010

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(Amounts in Thousands, Except Par Value)

| ASSETS | December 31 | | |
|---|--------------------|--------------------|------------------|
| | 2008 NT\$ | 2009 NT\$ | US\$ |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | \$26,138,930 | \$22,557,494 | \$706,025 |
| Financial assets at fair value through profit or loss - current | 537,480 | 1,024,711 | 32,072 |
| Available-for-sale financial assets - current | 279,812 | 3,995,524 | 125,056 |
| Bond investments with no active market - current | 450,000 | - | - |
| Accounts receivable, net | 11,388,105 | 17,811,541 | 557,482 |
| Other receivables | 587,030 | 763,679 | 23,902 |
| Other receivables from related parties | 32,003 | 463,068 | 14,494 |
| Guarantee deposits - current | 16,074 | 256,876 | 8,040 |
| Inventories | 3,635,032 | 4,955,227 | 155,093 |
| Construction in progress related to property development | 1,144,113 | 7,251,193 | 226,954 |
| Deferred income tax assets - current | 1,085,448 | 893,622 | 27,969 |
| Other current assets | 1,072,824 | 1,440,067 | 45,072 |
| Total current assets | 46,366,851 | 61,413,002 | 1,922,159 |
| LONG-TERM INVESTMENTS | | | |
| Financial assets carried at cost - noncurrent | 547,368 | 692,059 | 21,661 |
| Bond investments with no active market - noncurrent | - | 96,090 | 3,007 |
| Equity method investments | 3,779,670 | 4,371,841 | 136,834 |
| Total long-term investments | 4,327,038 | 5,159,990 | 161,502 |
| PROPERTY, PLANT AND EQUIPMENT | | | |
| Cost | | | |
| Land | 2,395,951 | 2,374,530 | 74,320 |
| Buildings and improvements | 39,763,199 | 41,186,763 | 1,289,101 |
| Machinery and equipment | 129,424,251 | 131,206,473 | 4,106,619 |
| Transportation equipment | 212,956 | 201,003 | 6,291 |
| Furniture and fixtures | 3,765,175 | 3,800,859 | 118,963 |
| Leased assets and leasehold improvements | 390,209 | 343,204 | 10,742 |
| Total cost | 175,951,741 | 179,112,832 | 5,606,036 |
| Less: Accumulated depreciation | (98,560,461) | (109,231,262) | (3,418,819) |
| Less: Accumulated impairment | (12,991) | (5,401) | (169) |
| | 77,378,289 | 69,876,169 | 2,187,048 |
| Construction in progress | 4,989,149 | 4,167,279 | 130,431 |
| Machinery in transit and prepayments | 2,390,546 | 5,320,412 | 166,523 |

Edgar Filing: ADVANCED SEMICONDUCTOR ENGINEERING INC - Form 6-K

| | | | |
|---|-----------------------|-----------------------|---------------------|
| Net property, plant and equipment | 84,757,984 | 79,363,860 | 2,484,002 |
| INTANGIBLE ASSETS | | | |
| Patents | 130,373 | 101,716 | 3,184 |
| Goodwill | 9,456,091 | 9,419,005 | 294,805 |
| Deferred pension cost | 73,793 | 58,450 | 1,829 |
| Acquired special technology | 626,362 | 484,544 | 15,166 |
| Land use rights | 1,438,351 | 1,385,144 | 43,353 |
| Other intangible assets | 867,079 | 783,839 | 24,533 |
| Total intangible assets | 12,592,049 | 12,232,698 | 382,870 |
| OTHER ASSETS | | | |
| Assets leased to others | 688,656 | 586,067 | 18,343 |
| Idle assets | 361,388 | 361,835 | 11,325 |
| Guarantee deposits - noncurrent | 45,150 | 50,628 | 1,585 |
| Deferred charges | 1,156,213 | 1,030,404 | 32,251 |
| Deferred income tax assets - noncurrent | 1,629,709 | 1,621,017 | 50,736 |
| Restricted assets | 191,416 | 177,565 | 5,557 |
| Others | 73,533 | 63,830 | 1,998 |
| Total other assets | 4,146,065 | 3,891,346 | 121,795 |
| TOTAL | \$ 152,189,987 | \$ 162,060,896 | \$ 5,072,328 |

| LIABILITIES AND SHAREHOLDERS' EQUITY | December 31 | | |
|--|--------------|--------------|-----------|
| | 2008 NT\$ | 2009 NT\$ | US\$ |
| CURRENT LIABILITIES | | | |
| Short-term borrowings | \$8,779,267 | \$13,024,993 | \$407,668 |
| Financial liabilities at fair value through profit or loss - current | 82,876 | 74,530 | 2,333 |
| Hedging derivative liabilities - current | - | 122,495 | 3,834 |
| Accounts payable | 5,167,347 | 8,954,015 | 280,251 |
| Income tax payable | 1,265,274 | 1,181,485 | 36,979 |
| Accrued expenses | 4,194,044 | 4,453,294 | 139,383 |
| Payable for properties | 2,246,924 | 3,433,235 | 107,457 |
| Advance real estate receipts | - | 1,507,472 | 47,182 |
| Current portion of long-term bank loans | 2,670,845 | 923,284 | 28,898 |
| Current portion of capital lease obligations | 23,133 | 12,055 | 377 |
| Other current liabilities | 840,984 | 887,231 | 27,769 |
| Total current liabilities | 25,270,694 | 34,574,089 | 1,082,131 |
| LONG-TERM DEBTS | | | |
| Hedging derivative liabilities - noncurrent | 391,695 | 311,778 | 9,758 |
| Long-term bonds payable | 1,375,000 | - | - |
| Long-term bank loans | 49,839,565 | 49,076,618 | 1,536,044 |
| Capital lease obligations | 15,927 | 3,718 | 116 |
| Total long-term debts | 51,622,187 | 49,392,114 | 1,545,918 |

| | | | |
|--|----------------------|----------------------|--------------------|
| OTHER LIABILITIES | | | |
| Accrued pension cost | 2,663,776 | 2,729,844 | 85,441 |
| Deferred income tax liabilities | 151,729 | 180,955 | 5,663 |
| Others | 520,859 | 470,200 | 14,717 |
| Total other liabilities | 3,336,364 | 3,380,999 | 105,821 |
| Total liabilities | 80,229,245 | 87,347,202 | 2,733,870 |
| EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT | | | |
| Capital stock - NT\$10 par value | | | |
| Authorized - 8,000,000 thousand shares | | | |
| Issued - 5,690,428 thousand shares in 2008 and 5,479,878 thousand shares in | | | |
| 2009 | 56,904,278 | 54,798,783 | 1,715,142 |
| Capital received in advance | 3,387 | 135,205 | 4,232 |
| Capital surplus | | | |
| Capital in excess of par value | 1,329,634 | 1,311,421 | 41,046 |
| Treasury stock transactions | 823,813 | 827,285 | 25,893 |
| Long-term investment | 3,536,854 | 3,538,222 | 110,743 |
| Others | 682,986 | 656,827 | 20,558 |
| Total capital surplus | 6,373,287 | 6,333,755 | 198,240 |
| Retained earnings | 9,221,404 | 13,229,409 | 414,066 |
| Other equity adjustments | | | |
| Unrealized gain or loss on financial instruments | (439,438) | 25,498 | 798 |
| Cumulative translation adjustments | 4,873,957 | 3,276,508 | 102,551 |
| Unrecognized pension cost | (230,401) | (248,641) | (7,782) |
| Treasury stock - 431,232 thousand shares in 2008 and 322,532 thousand shares in 2009 | (7,034,480) | (5,934,491) | (185,743) |
| Total other equity adjustments | (2,830,362) | (2,881,126) | (90,176) |
| Total equity attributable to shareholders of the parent | 69,671,994 | 71,616,026 | 2,241,504 |
| MINORITY INTEREST | 2,288,748 | 3,097,668 | 96,954 |
| Total shareholders' equity | 71,960,742 | 74,713,694 | 2,338,458 |
| TOTAL | \$152,189,987 | \$162,060,896 | \$5,072,328 |

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche audit report dated April 28, 2010)

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Thousands, Except Per Share Data)

| | Year Ended December 31 | | | |
|---|------------------------|-------------------|-------------------|----------------|
| | 2007 NT\$ | 2008 NT\$ | 2009 NT\$ | US\$ |
| NET REVENUES | | | | |
| Packaging | \$78,516,274 | \$73,391,622 | \$67,935,456 | \$2,126,305 |
| Testing | 20,007,839 | 19,021,360 | 15,795,108 | 494,370 |
| Other | 2,638,956 | 2,017,930 | 2,044,750 | 63,998 |
| Total net revenues | 101,163,069 | 94,430,912 | 85,775,314 | 2,684,673 |
| COST OF REVENUES | | | | |
| Packaging | 58,261,353 | 59,178,272 | 55,557,439 | 1,738,887 |
| Testing | 12,634,387 | 12,766,132 | 11,342,103 | 354,995 |
| Other | 2,024,020 | 717,034 | 729,588 | 22,835 |
| Total cost of revenues | 72,919,760 | 72,661,438 | 67,629,130 | 2,116,717 |
| GROSS PROFIT | 28,243,309 | 21,769,474 | 18,146,184 | 567,956 |
| OPERATING EXPENSES | | | | |
| Research and development | 3,073,491 | 3,671,204 | 3,611,950 | 113,050 |
| Selling | 994,229 | 1,158,637 | 1,209,199 | 37,847 |
| General and administrative | 5,512,880 | 5,694,224 | 4,310,692 | 134,920 |
| Total operating expenses | 9,580,600 | 10,524,065 | 9,131,841 | 285,817 |
| INCOME FROM OPERATIONS | 18,662,709 | 11,245,409 | 9,014,343 | 282,139 |
| NON-OPERATING INCOME AND GAINS | | | | |
| Interest income | 348,660 | 326,772 | 173,870 | 5,442 |
| Gain on valuation of financial assets, net | 205,997 | 286,914 | 934,938 | 29,262 |
| Equity in earnings of equity method investees | 345,705 | 77,450 | 330,117 | 10,332 |
| Foreign exchange gain, net | 403,532 | 282,031 | 4,203 | 132 |
| Others | 1,176,137 | 985,336 | 815,680 | 25,530 |
| Total non-operating income and gains | 2,480,031 | 1,958,503 | 2,258,808 | 70,698 |
| NON-OPERATING EXPENSES AND LOSSES | | | | |
| Interest expense | 1,574,524 | 1,813,296 | 1,508,023 | 47,200 |
| Loss on valuation of financial liabilities | 28,583 | 732,204 | 645,774 | 20,212 |
| Impairment loss | 994,682 | 293,319 | 11,117 | 348 |

Edgar Filing: ADVANCED SEMICONDUCTOR ENGINEERING INC - Form 6-K

| | | | | |
|---|--------------|-------------|-------------|-----------|
| Others | 1,193,083 | 889,328 | 719,847 | 22,530 |
| Total non-operating expenses and losses | 3,790,872 | 3,728,147 | 2,884,761 | 90,290 |
| INCOME BEFORE INCOME TAX | 17,351,868 | 9,475,765 | 8,388,390 | 262,547 |
| INCOME TAX EXPENSE | 3,357,384 | 2,268,282 | 1,484,922 | 46,476 |
| NET INCOME | \$13,994,484 | \$7,207,483 | \$6,903,468 | \$216,071 |
| ATTRIBUTABLE TO | | | | |
| Shareholders of the parent | \$12,165,249 | \$6,160,052 | \$6,744,546 | \$211,097 |
| Minority interest | 1,829,235 | 1,047,431 | 158,922 | 4,974 |
| | \$13,994,484 | \$7,207,483 | \$6,903,468 | \$216,071 |

(Continued)

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Thousands, Except Per Share Data)

| | Year Ended December 31 | | | |
|----------------------------|------------------------|--------------|--------------|--------|
| | 2007 NT\$ | 2008 NT\$ | 2009 NT\$ | US\$ |
| EARNINGS PER SHARE | | | | |
| Basic earnings per share | | | | |
| Before income tax | \$2.55 | \$1.36 | \$1.49 | \$0.05 |
| After income tax | \$2.26 | \$1.14 | \$1.31 | \$0.04 |
| Diluted earnings per share | | | | |
| Before income tax | \$2.46 | \$1.33 | \$1.47 | \$0.05 |
| After income tax | \$2.18 | \$1.12 | \$1.29 | \$0.04 |
| EARNINGS PER ADS | | | | |
| Basic earnings per ADS | | | | |
| Before income tax | \$12.73 | \$6.81 | \$7.43 | \$0.23 |
| After income tax | \$11.28 | \$5.71 | \$6.53 | \$0.20 |
| Diluted earnings per ADS | | | | |
| Before income tax | \$12.32 | \$6.67 | \$7.34 | \$0.23 |
| After income tax | \$10.90 | \$5.59 | \$6.45 | \$0.20 |

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche audit report dated April 28,
2010)

(Concluded)

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Amounts in Thousands)

| | Capital Stock | Capital Received in Advance | Capital Surplus | Legal Reserve | Retained Earnings Unappropriated Earnings | Total | Unrealized Gain (Loss) on Financial Instruments | Other Equ Cumulativ Translatio Adjustmen |
|--|------------------|--------------------------------------|--------------------|------------------|---|--------------|--|---|
| New Taiwan Dollars | | | | | | | | |
| BALANCE, JANUARY 1, 2007 | \$45,925,086 | \$384,428 | \$3,805,768 | \$- | \$16,985,043 | \$16,985,043 | \$416,400 | \$1,330,65 |
| Appropriations of 2006 earnings | | | | | | | | |
| Legal reserve | - | - | - | 1,698,504 | (1,698,504) | - | - | - |
| Compensation to directors and supervisors | - | - | - | - | (300,000) | (300,000) | - | - |
| Bonus to employees - cash | - | - | - | - | (535,028) | (535,028) | - | - |
| Bonus to employees - stock | 535,029 | - | - | - | (535,029) | (535,029) | - | - |
| Cash dividends - 15% | - | - | - | - | (6,941,011) | (6,941,011) | - | - |
| Stock dividends - 15% | 6,941,011 | - | - | - | (6,941,011) | (6,941,011) | - | - |
| Adjustment of equity method investments | - | - | 15,867 | - | - | - | (15,069) | - |
| Cash dividends received by subsidiaries from parent company | - | - | 271,945 | - | - | - | - | - |
| Unrealized gain on available-for-sale financial assets | - | - | - | - | - | - | 1,187 | - |

Edgar Filing: ADVANCED SEMICONDUCTOR ENGINEERING INC - Form 6-K

| | | | | | | | | | |
|---|-------------------|----------------|------------------|------------------|-------------------|-------------------|----------------|------------------|---------|
| Stock options exercised by employees | | | | | | | | | |
| Common stock | 697,276 | (384,428) | 649,392 | - | - | - | - | - | - |
| Capital received in advance | - | 61,952 | - | - | - | - | - | - | - |
| Conversion of convertible bonds | | | | | | | | | |
| Common stock | 377,187 | - | 923,608 | - | - | - | - | - | - |
| Capital received in advance | - | 429,931 | - | - | - | - | - | - | - |
| Capital surplus from accrued interest on convertible bonds | - | - | 728,254 | - | - | - | - | - | - |
| Net income in 2007 | - | - | - | - | 12,165,249 | 12,165,249 | - | - | - |
| Changes in minority interest | - | - | - | - | - | - | - | - | - |
| Changes in minority interest from acquisition of subsidiaries | - | - | - | - | - | - | - | - | - |
| Cumulative translation adjustments | - | - | - | - | - | - | - | - | 849,157 |
| BALANCE, DECEMBER 31, 2007 | 54,475,589 | 491,883 | 6,394,834 | 1,698,504 | 12,199,709 | 13,898,213 | 402,518 | 2,179,800 | |
| Appropriations of 2007 earnings | | | | | | | | | |
| Legal reserve | - | - | - | 1,216,525 | (1,216,525) | - | - | - | - |
| Compensation to directors and supervisors | - | - | - | - | (216,000) | (216,000) | - | - | - |
| Bonus to employees - cash | - | - | - | - | (383,205) | (383,205) | - | - | - |
| Bonus to employees - stock | 383,205 | - | - | - | (383,205) | (383,205) | - | - | - |
| Cash dividends - 17.1% | - | - | - | - | (9,361,728) | (9,361,728) | - | - | - |
| Stock dividends - 0.9% | 492,723 | - | - | - | (492,723) | (492,723) | - | - | - |
| Issuance of common stock from capital surplus | 1,094,939 | - | (1,094,939) | - | - | - | - | - | - |
| Adjustment of equity method | - | - | 1,014 | - | - | - | (432,247) | - | - |

| | | | | | | | | | |
|--|-------------------|--------------|------------------|------------------|------------------|------------------|------------------|-----------------|----------|
| investments | | | | | | | | | |
| Cash dividends received by subsidiaries from parent company | - | - | 535,100 | - | - | - | - | - | - |
| Unrealized gain on available-for-sale financial assets | - | - | - | - | - | - | (18,014) | - | - |
| Change in unrealized loss on cash flow hedging financial instruments | - | - | - | - | - | - | (391,695) | - | - |
| Stock options exercised by employees | | | | | | | | | |
| Common stock | 198,067 | (61,952) | 101,268 | - | - | - | - | - | - |
| Capital received in advance | - | 3,387 | - | - | - | - | - | - | - |
| Conversion of convertible bonds | 259,755 | (429,931) | 436,010 | - | - | - | - | - | - |
| Net income in 2008 | - | - | - | - | 6,160,052 | 6,160,052 | - | - | - |
| Changes in minority interest | - | - | - | - | - | - | - | - | - |
| Changes in minority interest from acquisition of subsidiaries | - | - | - | - | - | - | - | - | - |
| Cumulative translation adjustments | - | - | - | - | - | - | - | - | 2,694,14 |
| Change in net loss not recognized as pension cost | - | - | - | - | - | - | - | - | - |
| Acquisition of treasury stock - 108,700 thousand shares | - | - | - | - | - | - | - | - | - |
| BALANCE, DECEMBER 31, 2008 | 56,904,278 | 3,387 | 6,373,287 | 2,915,029 | 6,306,375 | 9,221,404 | (439,438) | 4,873,95 | |
| Appropriations of 2008 earnings | | | | | | | | | |
| Legal reserve | - | - | - | 616,005 | (616,005) | - | - | - | - |
| Cash dividends - 5.0% | - | - | - | - | (2,736,568) | (2,736,568) | - | - | - |

Edgar Filing: ADVANCED SEMICONDUCTOR ENGINEERING INC - Form 6-K

| | | | | | | | | |
|--|--------------|----------|------------|---|-----------|-----------|---------|-------------|
| Adjustment of equity method investments | - | - | 1,369 | - | 27 | 27 | 380,464 | - |
| Cash dividends received by subsidiaries from parent company | - | - | 160,895 | - | - | - | - | - |
| Change in unrealized loss on cash flow hedging financial instruments | - | - | - | - | - | - | 84,472 | - |
| Stock options exercised by employees | | | | | | | | |
| Common stock | 74,245 | (3,387) | 32,726 | - | - | - | - | - |
| Capital received in advance | - | 135,205 | - | - | - | - | - | - |
| Net income in 2009 | - | - | - | - | 6,744,546 | 6,744,546 | - | - |
| Changes in minority interest | - | - | - | - | - | - | - | - |
| Cumulative translation adjustments | - | - | - | - | - | - | - | (1,597,400) |
| Change in net loss not recognized as pension cost | - | - | - | - | - | - | - | - |
| Acquisition of treasury stock - 109,274 thousand shares | - | - | - | - | - | - | - | - |
| Retirement of treasury stock - 217,974 thousand shares | (2,179,740) | - | (234,522) | - | - | - | - | - |

BALANCE,
DECEMBER 31,
2009

| | | | | | | | | |
|--|--------------|-----------|-------------|-------------|-------------|--------------|----------|-------------|
| | \$54,798,783 | \$135,205 | \$6,333,755 | \$3,531,034 | \$9,698,375 | \$13,229,409 | \$25,498 | \$3,276,500 |
|--|--------------|-----------|-------------|-------------|-------------|--------------|----------|-------------|

U.S. Dollars

BALANCE,
DECEMBER 31,
2009

| | | | | | | | | |
|--|-------------|---------|-----------|-----------|-----------|-----------|-------|-----------|
| | \$1,715,142 | \$4,232 | \$198,240 | \$110,517 | \$303,549 | \$414,066 | \$798 | \$102,551 |
|--|-------------|---------|-----------|-----------|-----------|-----------|-------|-----------|

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche audit report dated April 28, 2010)

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

| | Year Ended December 31 | | | |
|---|------------------------|--------------|--------------|-------------|
| | 2007 NT\$ | 2008 NT\$ | 2009 NT\$ | US\$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Net income | \$ 13,994,484 | \$ 7,207,483 | \$ 6,903,468 | \$ 216,071 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | | |
| Depreciation | 15,558,722 | 16,333,515 | 16,775,929 | 525,068 |
| Amortization | 1,067,430 | 911,337 | 862,153 | 26,984 |
| Impairment loss | 994,682 | 293,319 | 11,117 | 348 |
| Equity in earnings of equity method investees, net of cash dividends of NT\$154,517 thousand, NT\$292,094 thousand and NT\$82,299 thousand (US\$2,576 thousand) received in 2007, 2008 and 2009, respectively | (191,188) | 214,644 | (247,818) | (7,756) |
| Accrued interest on convertible bonds | 177,111 | - | - | - |
| Provision for inventory valuation and obsolescence | 588,699 | 510,038 | 191,904 | 6,006 |
| Deferred income taxes | 2,029,567 | 701,722 | 229,744 | 7,190 |
| Others | (89,358) | 213,514 | 406,416 | 12,721 |
| Changes in operating assets and liabilities | | | | |
| Financial assets for trading | (44,091) | 1,064,514 | (487,231) | (15,250) |
| Accounts receivable | (5,441,054) | 7,474,046 | (6,470,810) | (202,529) |
| Other receivables (including receivables from related parties) | (95,286) | 223,690 | (129,022) | (4,038) |
| Inventories | (281,463) | 767,071 | (1,509,143) | (47,234) |
| Construction in progress related to property development | (68,160) | (591,148) | (6,107,080) | (191,145) |
| Other current assets | 120,897 | 96,399 | (411,045) | (12,865) |
| Financial liabilities for trading | (308,252) | 38,545 | (8,346) | (261) |
| Accounts payable | 661,423 | (4,345,030) | 3,786,668 | 118,518 |
| Income tax payable | (94,783) | 27,949 | (83,789) | (2,623) |
| Advance real estate receipts | - | - | 1,507,472 | 47,182 |
| Accrued expenses and other current liabilities | \$ 268,766) | (412,809) | 296,641 | 9,285 |
| Net cash provided by operating activities | 28,310,614 | 30,728,799 | 15,517,228 | 485,672 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Acquisition of available-for-sale financial assets | (11,768,642) | (7,692,649) | (42,695,001) | (1,336,307) |
| Proceeds from disposal of available-for-sale financial assets | 11,825,157 | 16,714,277 | 38,971,185 | 1,219,755 |
| Acquisition of bond investments with no active market | - | (450,000) | (97,740) | (3,059) |

Edgar Filing: ADVANCED SEMICONDUCTOR ENGINEERING INC - Form 6-K

| | | | | |
|--|--------------|--------------|--------------|------------|
| Proceeds from disposal of bond investments with no active market | - | - | 450,000 | 14,085 |
| Acquisition of financial assets carried at cost | (17,970) | (74,477) | (154,544) | (4,837) |
| Proceeds from disposal of financial assets carried at cost | 910,307 | 6,295 | 3,203 | 100 |
| Proceeds from disposal of held-to-maturity financial assets | - | 50,000 | - | - |
| Acquisition of equity method investments | - | - | (84,000) | (2,629) |
| Acquisition of subsidiaries | (846,889) | (26,490,526) | - | - |
| Acquisition of property, plant and equipment | (17,190,432) | (18,583,343) | (11,445,621) | (358,235) |
| Proceeds from disposal of property, plant and equipment | 347,470 | 187,521 | 93,116 | 2,914 |
| Decrease (increase) in guarantee deposits | 147,399 | 429,082 | (246,280) | (7,708) |
| Decrease in restricted assets | 57,395 | 87,652 | 13,851 | 434 |
| Increase in other assets | (894,892) | (442,555) | (337,864) | (10,575) |
| Acquisition of patents | (6,595) | (96,109) | (1,020) | (32) |
| Acquisition of land use rights | (670,669) | (4,335) | - | - |
| Increase in other receivables from related parties | - | - | (450,000) | (14,085) |
| Net cash used in investing activities | (18,108,361) | (36,359,167) | (15,980,715) | (500,179) |

(Continued)

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

| | Year Ended December 31 | | | US\$ |
|--|------------------------|----------------|--------------|-------------|
| | 2007 NT\$ | 2008 NT\$ | 2009 NT\$ | |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Proceeds from (repayments of): | | | | |
| Short-term borrowings | \$3,784,091 | \$(1,702,051) | \$4,245,726 | \$132,887 |
| Short-term bills payable | 149,831 | (149,831) | - | - |
| Bonds payable | - | (5,549,983) | (1,375,000) | (43,036) |
| Proceeds from long-term debts | 3,072,061 | 42,020,525 | 31,145,664 | 974,825 |
| Repayments of long-term debts and capital lease obligations | (7,711,576) | (11,858,119) | (33,385,917) | (1,044,942) |
| Increase (decrease) in guarantee deposits received | (212,271) | (48,634) | 28,800 | 901 |
| Decrease in collection of accounts receivable sold | (2,378,464) | - | - | - |
| Proceeds from exercise of stock options by employees | 1,024,192 | 240,770 | 238,789 | 7,474 |
| Compensation to directors and supervisors and bonus to employees | (835,028) | (599,205) | - | - |
| Cash dividends, net of cash dividends received by subsidiaries | (6,669,066) | (8,826,628) | (2,575,673) | (80,616) |
| Repurchase of treasury stock | - | (1,099,989) | (1,314,273) | (41,135) |
| Increase in minority interest | 1,283,507 | 1,435,527 | 213,335 | 6,677 |
| Net cash provided by (used in) financing activities | (8,492,723) | 13,862,382 | (2,778,549) | (86,965) |
| EFFECT OF EXCHANGE RATE CHANGES | (281,670) | 748,981 | (339,400) | (10,623) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 1,427,860 | 8,980,995 | (3,581,436) | (112,095) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 15,730,075 | 17,157,935 | 26,138,930 | 818,120 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | \$17,157,935 | \$26,138,930 | \$22,557,494 | \$706,025 |
| SUPPLEMENTAL INFORMATION | | | | |
| Interest paid (excluding capitalized interest) | \$1,605,936 | \$1,719,200 | \$1,659,164 | \$51,930 |
| Income tax paid | \$1,604,529 | \$1,538,611 | \$1,338,967 | \$41,908 |
| Cash paid for acquisition of property, plant and equipment | | | | |
| Acquisition of property, plant and equipment | \$18,172,155 | \$16,623,705 | \$12,631,932 | \$395,365 |
| Decrease (increase) in payable | (973,359) | 1,963,582 | (1,186,311) | (37,130) |
| Increase in capital lease obligations | (8,364) | (3,944) | - | - |

Edgar Filing: ADVANCED SEMICONDUCTOR ENGINEERING INC - Form 6-K

| | | | | |
|--|--------------|--------------|--------------|-----------|
| | \$17,190,432 | \$18,583,343 | \$11,445,621 | \$358,235 |
| Cash received from disposal of property, plant and equipment | | | | |
| Proceeds from disposal of property, plant and equipment | \$259,924 | \$100,162 | \$115,263 | \$3,608 |
| Decrease (increase) in other receivables | 87,546 | 87,359 | (22,147) | (694) |
| | \$347,470 | \$187,521 | \$93,116 | \$2,914 |

(Continued)

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

| | Year Ended December 31 | | | |
|---|------------------------|--------------|--------------|----------|
| | 2007 NT\$ | 2008 NT\$ | 2009 NT\$ | US\$ |
| Cash paid for acquisition of new subsidiaries | | | | |
| Fair value of assets acquired from Top Master Enterprises Limited (“TME”) and Suzhou ASEN Semiconductors Co., Ltd. (“ASEN”) | \$10,244,745 | \$- | \$- | \$- |
| Less: Fair value of liabilities from TME and ASEN | (7,094,243) | - | - | - |
| Fair value of net assets of TME and ASEN | 3,150,502 | - | - | - |
| Attributable to minority interest of ASEN | (489,134) | - | - | - |
| Fair value of net assets acquired | 2,661,368 | - | - | - |
| Less: Cash received at acquisition | (1,814,479) | - | - | - |
| Net cash outflow | \$846,889 | \$- | \$- | \$- |
| Fair value of assets acquired from ASE WeiHai Inc. (“ASE WeiHai”) | | | | |
| | \$- | \$919,505 | \$- | \$- |
| Less: Fair value of liabilities from ASE WeiHai | - | (706,649) | - | - |
| Fair value of net assets acquired | - | 212,856 | - | - |
| Less: Cash received at acquisition | - | (31,641) | - | - |
| Net cash outflow | \$- | \$181,215 | \$- | \$- |
| Net cash outflow for acquisition of ASE Test Limited (“ASE Test”) | | | | |
| | \$- | \$26,309,311 | \$- | \$- |
| FINANCING ACTIVITIES NOT AFFECTING CASH FLOWS | | | | |
| Current portion of long-term bank loans | \$5,258,946 | \$2,670,845 | \$923,284 | \$28,898 |
| Current portion of capital lease obligations | 67,838 | 23,133 | 12,055 | 377 |
| Bonds converted to capital stock | 1,730,726 | 265,834 | - | - |
| Current portion of bonds payable | 1,375,000 | - | - | - |

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche audit report dated April 28, 2010) (Concluded)

Advanced Semiconductor Engineering, Inc.

Table of Comparison of Revised Procedure for Company's Handling Procedure for Loans to Third Parties

| Original Provisions | Provisions after Revision |
|---|---|
| <p>Article 7 Decision-making and Authority Delegation</p> <p>1. Before granting a loan, the Finance Department shall evaluate and determine whether the Procedure has been adequately followed and the evaluation results along with the assessment started in Article 6 shall be submitted to the President for approval which shall then be approved by the board of directors before the lending can be conducted.</p> <p>2. Where the company has set up independent directors, before granting a loan, their opinions shall be full consideration and included the independent director's assenting or disassenting opinion as well as the reasons of disassenting in the minutes of BOD's meeting.</p> <p>3. Lending of funds and relevant matters shall be presented in the shareholders' meeting of the following year.</p> | <p>Article 7 Decision-making and Authority Delegation</p> <p>1. Before granting a loan, the Finance Department shall evaluate and determine whether the Procedure has been adequately followed and the evaluation results along with the assessment started in Article 6 shall be submitted to the President for approval which shall then be approved by the board of directors before the lending can be conducted.</p> <p>2. Lending between the Company and its parent company or subsidiaries, or between its subsidiaries shall be submitted to the board of directors for a resolution as stated above. The chairman may be authorized to lend to a given party several times or provide it with a revolving credit within a year on condition that the combined amount does not exceed the total granted at a board meeting.</p> <p>3. Except for foreign firms directly or indirectly 100% controlled by the Company that meet the conditions as set forth in Article 2.3, which are free from any limits to the amount lent between them, the amount of loans granted to any single company by the Company or subsidiaries shall not exceed 10% of the net worth shown on its most recent financial statements.</p> <p>4. Where the company has set up independent directors, before granting a loan, their opinions shall be full consideration and included the independent director's assenting or disassenting opinion as well as the reasons of disassenting in the minutes of BOD's meeting.</p> <p>5. Lending of funds and relevant matters shall be presented in the shareholders' meeting of the following year.</p> |

Advanced Semiconductor Engineering, Inc.

Table of Comparison of Revised Procedure for the Company's Handling Procedure for Endorsements and Guarantees

| Original Provisions | Provisions after Revision |
|---|--|
| Article 3 The targets of endorsements and guarantees | Article 3 The targets of endorsements and guarantees |
| <p>1. The Company may only provide endorsements for the following:</p> <p>(1)Firms with which the Company has business dealings.</p> <p>(2)Firms in which the Company controls over 50% of the voting rights (either directly or indirectly).</p> <p>(3)A firm that controls over 50% of the voting rights in the Company (either directly or indirectly).</p> <p>2. Firms directly or indirectly 100% controlled by the Company may provide guarantees to one another.</p> <p>3. Rule 2 does not apply to endorsements made to companies in which all contributing shareholders have a joint investment relationship according to their shareholding percentages, and it shall receive the endorsement.</p> <p>4. The aforementioned contribution refers to funds provided directly by the Company or through a company 100% owned by the Company.</p> | <p>1. The Company may only provide endorsements for the following:</p> <p>(1)Firms with which the Company has business dealings.</p> <p>(2)Firms in which the Company controls over 50% of the voting rights (either directly or indirectly).</p> <p>(3)A firm that controls over 50% of the voting rights in the Company (either directly or indirectly).</p> <p>2. Firms directly or indirectly controlled by the Company up to 90% or more may provide guarantees to one another subject to a board resolution with the amount not exceeding 10% of the Company's net worth as shown in its most recent financial statements. The above rule does not apply to guarantees provided to one another by firms 100% directly or indirectly controlled by the Company.</p> <p>3. Rule 2 does not apply to endorsements made to companies in which all contributing shareholders have a joint investment relationship according to their shareholding percentages, and it shall receive the endorsement.</p> <p>4. The aforementioned contribution refers to funds provided directly by the Company or through a company 100% owned by the Company.</p> |
| Article 4 Guarantee Ceiling | Article 4 Guarantee Ceiling |
| <p>1. Combined guarantees provided to third parties shall not exceed 100% of the Company's net worth as shown in its most recent financial statements.</p> <p>2. Guarantees provided to any single business shall not exceed 30% of the Company's net worth as shown in its most recent financial statements.</p> | <p>1. Combined guarantees provided to third parties shall not exceed 40% of the Company's net worth as shown in its most recent financial statements.</p> <p>2. Guarantees provided to any single business shall not exceed 30% of the Company's net worth as shown in its most recent financial statements.</p> |

3. As well as the above rules, guarantees provided to a business the Company has dealings with shall not exceed the amount associated with the dealings the Company has with it. Amount associated with dealings with a business refer to income arising from products sold or services provided or cost incurred as a result of purchases of goods or services, whichever is higher, in the most recent one year.
3. Combined guarantees provided by the Company and subsidiaries to third parties shall not exceed 45% of the Company's net worth as shown in its most recent financial statements.
4. Combined guarantees provided by the Company and subsidiaries to any single business shall not exceed 35% of the Company's net worth as shown in its most recent financial statements.
5. As well as the above rules, guarantees provided to a business the Company has dealings with shall not exceed the amount associated with the dealings the Company has with it. Amount associated with dealings with a business refer to income arising from products sold or services provided or cost incurred as a result of purchases of goods or services, whichever is higher, in the most recent one year.

Article 5 Procedure for Providing Guarantees

1. Before granting a guarantee to a business having a quota provided by the Company, the business shall provide the Company with details including amount, length of time and nature of the guarantee it requests. The guarantee shall be granted only after the Finance Department evaluates the risks involved and the request is approved by the board.
 2. The Finance Department shall check the credit history of the business requesting a guarantee and evaluate the risks involved. The following aspects shall be evaluated when conducting an evaluation:
 - (1) Necessity and reasonableness for the guarantee
 - (2) Creditworthiness of the business to which a guarantee is provided and the risks involved
 - (3) The impact the guarantee has on the Company's operating risks, financial condition and shareholders' rights and interests
 - (4) Is collateral required and how much it is worth if it is
 - (5) For a guarantee provided to a business the Company has dealings with, is the amount guaranteed commensurate with the amount of dealings involved
 3. If determined by evaluation to be necessary, collateral shall obtained and properly dealt with (hypothecated, pledged etc).
1. Before granting a guarantee to a business having a quota provided by the Company, the business shall provide the Company with details including amount, length of time and nature of the guarantee it requests. The guarantee shall be granted only after the Finance Department evaluates the risks involved and the request is approved by the board.
 2. The Finance Department shall check the credit history of the business requesting a guarantee and evaluate the risks involved. The following aspects shall be evaluated when conducting an evaluation:
 - (1) Necessity and reasonableness for the guarantee
 - (2) Creditworthiness of the business to which a guarantee is provided and the risks involved
 - (3) The impact the guarantee has on the Company's operating risks, financial condition and shareholders' rights and interests
 - (4) Is collateral required and how much it is worth if it is
 - (5) For a guarantee provided to a business the Company has dealings with, is the amount guaranteed commensurate with the amount of dealings involved
 3. If determined by evaluation to be necessary, collateral shall obtained and properly dealt with (hypothecated, pledged etc).

4. The Finance Department shall keep a written record of guarantees the Company provides, indicating the parties and amounts guaranteed, dates they were passed at board meetings or approved by the president, and periods during which guarantees are valid. It shall evaluate all the aspects stated above and indicate in the record conditions the Company must meet to be relieved of its guarantee responsibility or the date when that happens.
 4. The Finance Department shall keep a written record of guarantees the Company provides, indicating the parties and amounts guaranteed, dates they were passed at board meetings or approved by the president, and periods during which guarantees are valid. It shall evaluate all the aspects stated above and indicate in the record conditions the Company must meet to be relieved of its guarantee responsibility or the date when that happens.
 5. In addition to the above four rules, when the Company or a subsidiary provides another subsidiary, whose net worth is less than 1/2 of its paid-in capital, with a guarantee the Finance Department of the Company or subsidiary providing the guarantee shall pay constant attention to the guaranteed subsidiary's finances, sales and creditworthiness. If major risks are found to exist, a written report shall be submitted to its board of directors.
-

Advanced Semiconductor Engineering, Inc.

Table of Comparison of the Revised Articles of Incorporation

Original Provisions

Provisions after Revision

Article 7:

Share certificates of the Company are all registered in form, which shall be signed or affixed with seal by more than three directors as well as duly attested before they can be issued.

Article 7:

Share certificates of the Company are all registered in form, which shall be signed or affixed with seal by more than three directors as well as duly attested before they can be issued. According to Article 162.2 of the Company Act, the Company may choose to not provide share certificates in print form.

Article 19.1:

Board meetings shall be notified to directors and supervisors seven days in advance with the reason indicated. In an emergency, a board meeting may be called at any time.
Notifications of board meetings may be in writing or via email or fax.

Article 27:

The articles of incorporation were passed at a founders' meeting held on March 11, 1984.
The first amendment was made on May 3, 1984.

Article 27:

The articles of incorporation were passed at a founders' meeting held on March 11, 1984.
The first amendment was made on May 3, 1984.

The thirty-fourth amendment was made on June 28, 2007.

The thirty-fifth amendment was made on June 19, 2008.

The thirty-sixth amendment was made on June 25, 2009 .

The thirty-fourth amendment was made on June 28, 2007.

The thirty-fifth amendment was made on June 19, 2008.

The thirty-sixth amendment was made on June 25, 2009.

The thirty-seventh amendment was made on June 14, 2010.

