

ADVANCED SEMICONDUCTOR ENGINEERING INC  
Form 6-K  
July 22, 2011

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 22, 2011

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):

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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

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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 22, 2011

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

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MINUTES  
OF  
2011 ANNUAL SHAREHOLDERS' MEETING  
OF  
ADVANCED SEMICONDUCTOR ENGINEERING, INC.

(Translation)

1. Time: Tuesday, June 28, 2011 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 5,056,212,592 shares is 85.16% of total outstanding shares of ASE 5,937,427,695 shares (excluding the shareholders who had no voting right stipulated in Company Law) .
4. Chairperson's Remarks (omitted)
5. Status Reports
  1. 2010 Business Report. (see Attachment I)
  2. Report by supervisors on review of the 2010 financial statements. (see Attachment II)
  3. Report on total amount for endorsement, guarantee and amount of loans to third parties.
  4. Report on the implementation of buying back shares from open market.
6. Matters for Ratification

Item 1 (Proposed by the Board of Directors)

Proposal: 2010 final accounts for your recognition.

Explanation:

1. The Company's 2010 financial statements have been audited and attested by Deloitte & Touche and reviewed by the Supervisors.
2. Please ratify the financial statements and the 2010 Business Report.

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 2010 proposal for earnings distribution.

Explanation: The Board of Directors has drafted the Company's 2010 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.  
2010 Surplus Distribution Proposal

| Items   | Unit: NT\$<br>Amount |
|---|----------------------|
| Prior year retained earnings                          | 2,429,954,392        |
| Add: Current year gross profit                        | 18,337,500,094       |
| Subtract: Provision for 10% statutory surplus reserve | 1,833,750,009        |
| Subtract: Provision for special surplus reserve       | 1,272,417,273        |
| Current year earnings to be distributed               | 17,661,287,204       |
| Items for distribution:                               |                      |
| Dividends (note)                                      | 10,889,775,552       |
| Current year retained earnings                        | 6,771,511,652        |

Notes:

NT\$304,200,000 to be distributed for Director and Supervisor remuneration

NT\$1,523,133,000 to be distributed for employee bonuses, all in cash

President: Jason C.S. Chang

Manager: Richard H.P. Chang  
Joseph Tung

Accountant Manager:

Note:1 A total of NT\$10,889,775,552 is distributed as dividends, NT\$1.8 per share, with NT\$3,932,418,952 in cash (a cash dividend of NT\$0.65 per share) and the remaining NT\$6,957,356,600 in stock (115 shares for each 1,000 shares retained by converting earnings into capital stock). The above distribution of dividends to shareholders and the cash and stock dividend distribution rates are calculated based on the number (6,049,875,312) of shares recorded in the Register of Shareholders as of March 21, 2011. 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 plenipotentiarily 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 into equity stock.

- Explanation:
1. To fund a factory expansion project, plans are being made to issue 695,735,660 new shares at a face value of NT\$10 each to raise NT\$6,957,356,600 with dividends of the same amount to be distributed in 2010.
  2. Rules governing allotment of new shares: Based on the number of shares recorded in the Company's Register of Shareholders on March 21, 2011, namely 6,049,875,312, each 1,000 shares are eligible for an allotment of 115 shares for earnings converted into capital stock. If the number of shares eligible for dividend distribution changes as a result of conversion of offshore convertible bonds, exercise of stock options by employees, cash capital increases, buyback of company shares, or assignment or cancelation of treasury stock, shareholders are urged to authorize the board of directors to make corresponding adjustments, if any, to per-share dividends. Shareholders allotted fractions of a share will coordinate among themselves to combine and form whole shares within five days after the ex-dividend date. Share fractions failing to combine will be paid fractions of the face value in cash and the president will be authorized by the board to have them purchased by certain persons.
  3. Rights and obligations of newly issued shares are the same as those of existing shares.

4. Ex-dividend date: The board is authorized to set the date after it is passed at the AGM and approved by the regulatory authority.
5. The factory expansion plan financed by the capital increase is expected to be completed by December 2014. Implementation of the plan is expected to boost the Company's competitiveness, improve its efficiency, and have a positive impact on shareholders' rights and interests. The board is authorized to make necessary changes if the capital increase must be changed as ordered by the regulatory authority or required by circumstances.

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

Item 2 (Proposed by the Board of Directors)

Proposal: To finance future capacity expansion, provide for working capital increases, repay bank loans, or cope with other needs for funds in the longer term, the AGM is urged to authorize the board to issue GDRs through cash capital increases, conduct domestic cash capital increases, or issue convertible bonds in Taiwan or overseas according to articles of incorporation, relevant regulations and the following rules.

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) Shares issued via issuance of GDRs through cash capital increases shall not exceed 500 million with the board and president authorized to conduct only one issue and decide how many shares to be issued depending on market circumstances.
  - (2) The price at which shares are issued via issuance of GDRs through cash capital increases shall not fall below 90% of the simple arithmetic mean of the share's closing price on the date the issue price is set and its closing price one, three or five days prior to the price-setting date as per "Self-imposed Rules Governing Underwriters Assisting Companies in Issuing Securities" announced by Taiwan Securities Association. If relevant regulations change, the pricing method may be changed accordingly. As share prices often fluctuate substantially in a short time, the president is authorized to set the issue price by following international practices after consulting the underwriter and considering international capital markets' circumstances, domestic market prices, and the book building status. The GDR's issue price is decided based on the fair market price of the

company's common stock. Original shareholders may purchase common stock in Taiwan's stock market at a price close to the GDR's issue price without having to assume exchange and liquidity risks. In addition, shares issued via issuance of GDRs through cash capital increases will dilute the original shareholders' equity to a maximum of 8.26%, not a major impact on shareholders' rights and interests.

(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.

(4) Funds raised by shares issued via issuance of GDRs through cash capital increases shall be used to purchase materials overseas, provide for working capital increases, repay bank loans, purchase machinery and equipment and/or invest in other firms. Implementation shall be completed within 2 years after the funds are raised. The project is expected to boost the Company's competitiveness, improve its efficiency, and have a positive impact on shareholders' rights and interests.

(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.

(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.

(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.

(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.

(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:

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

(2) Face value of shares issued via cash capital increases is NT\$10 per share. The issue price shall be decided by the president after consulting the underwriter as per "Self-imposed Rules Governing Underwriters Assisting Companies in Issuing Securities" announced by Taiwan Securities Association and market conditions at time of issue and approved by the regulatory authority.

(3) Cash capital increases shall be conducted through book building. 10%-15% shall be set aside for subscription by employees as per Article 267 of the Company Act. The remainder, the right to subscribe for which is forfeited by original shareholders as per Article 28.1 of the Securities Exchange Act, shall be made available to the public through book building. 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.

(4) Funds raised through cash capital increases shall be used to purchase materials from overseas, provide for working capital increases, repay bank loans, purchase machinery and equipment and/or invest in other firms. Implementation shall be completed within 2 years after the funds are raised. The project is expected to boost the Company's competitiveness, improve its efficiency, and have a positive impact on shareholders' rights and interests.

(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. If a cash capital increase must be changed as ordered by the regulatory authority or required by circumstances, the board is authorized to make corresponding changes.

(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.

(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.

(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:

(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-seeing registration card.

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

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

(4) Issuance duration: It depends on the capital needs by the Company

(5) Issuance condition: Subject to negotiation with the lead underwriter and existing laws and regulations.

(6) Funds raised through issuance of convertible bonds in Taiwan or overseas shall be used to purchase materials from overseas, provide for working capital increases, repay bank loans, purchase machinery and equipment and/or invest in other firms.

Implementation shall be completed within 2 years after the funds are raised. The project is expected to boost the Company's competitiveness, improve its efficiency, and have a positive impact on shareholders' rights and interests.

(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.

(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.

(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 Articles of Incorporation.

Explanation: 1. To accomodate the Company's operating requirements, plans are being made to revise certain provisions in the articles of incorporation.  
2. Please refer to Attachment IV for the table of comparison of revised Articles of Company's Incorporation. Your consent is solicited.

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

Other Resolutions and Extempore Motions None.

Meeting Ended Tuesday, June 28, 2011 at 10:27 a.m.

Attachment I

Advanced Semiconductor Engineering, Inc.  
Business Report

In 2010, the global economy continued the trend of recovery that had begun in 2009 and finally returned to prosperity. The economic growth in 2010 is expected to reach 4.8%. According to the report issued by the IEK ITIS project of Industrial Technology Research Institute, the output of Taiwan's semiconductor industry in 2010 experienced a significant growth of 41.5% compared with 2009, which was higher than the 31.6% growth rate of global semiconductor industry. The output of the assembly industry was NT\$297 billion, a growth of 48.8% over 2009, whereas the output of the testing industry amounted to NT\$132.7 billion, a growth of 51.5% compared with 2009. Although the economy has returned to the level before the eruption of the financial crisis, advanced nations and emerging economies have been growing at very different pace, the former moderately and the latter much more aggressively. Following the recovery from the crisis, exchange rate fluctuations, surging gold prices and credit crisis of EU member states were still among major concerns. The Company endeavored to achieve growth and performance while adopting prudent response measures to address a variety of challenges and changes in the industry landscape. The following is our report on the company's operation for the past year:

"2010 Operating Results"

1. Implementation results for the 2010 business plan

The Company's combined revenues for 2010 were NT\$188.7 billion, an increase of NT\$103 billion over 2009, equivalent to a 120% growth. For semiconductor assembly and testing services, the Company's revenue in 2010 was NT\$123 billion, a growth of 47%. Overall, 2010 was a very successful year for the Company. Apart from higher growth in performance compared to competitors and the industry as a whole, the Company's market share in the global assembly and testing foundry market increased by 2%. The proportion of IDM customers was also rising by the quarter and was now in the range of 38-39%. Meanwhile, a China-based chip maker also become one of our top ten customers. Furthermore, major Japanese IDMs continued to engage the Company in back-end services, and they accounted for 10% of our revenues. The Company's capital expenditures in 2010 was a record high, pushing copper wire bond assembly revenue as high as 18% of total revenues. In addition, the Company also achieved substantial gains in the expansion of production sites: During the second half of 2010, the Company acquired the Singapore plant of EEMS to enhance our market share in Southeast Asia and strengthen our competitiveness in the region; The Kaohsiung operations also expanded production capacity by acquisitions and by constructing new plants; Our plans for the second half of the year include capital increase for the subsidiary ASE Weihai in China, significantly expanding the assembly and testing capacity of discrete devices. We look forward to a substantial growth next year. Finally, the inauguration of the ASE Kunshan plant is also expected to contribute considerably to the Company's future profitability.

2. Budget performance

No financial forecast was disclosed in 2010.

3. Analysis of financial accounts and profitability

As of the end of 2010, the Company's paid-in capital was NT\$60,519,872 thousands and shareholders' equity NT\$88,556,369 thousands accounting for 55% of total assets of NT\$161,626,460 thousands. Its long-term capital are 350% of fixed assets and current ratio 69%. This year's ratios are at about the same levels as those in the preceding year. The Company's financial structure and ability to repay debts are relatively sound. This year's after-tax net profit rose to NT\$18,337,500,000, a 172% increase over 2009. The Company's overall operating results and profitability are excellent, with performance greatly exceeding the level in 2009 and has brought the Company back to the profitability level before the global economic downturn, a significant achievement indeed.

4. R&D overview

New technologies successfully developed by the Company in 2010 developed are categorized as follows: (1) For flip-chip assembly, 40 nano copper process / 40 nano copper process with tin and 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, 40 μm nano pitch mixed flip-chip and wire-bond stacking assembly, copper process/concealed laser cutting for thin wafers with a low dielectric coefficient, and fine pitch non-conductive flip-chip thin film substrate. (2) For wire-bond assembly, 32 nano copper / gold wire-bond assembly of wafers with an ultra-low dielectric coefficient, 45 nano copper / copper wire-bond assembly of wafers with an ultra-low dielectric coefficient, high-density aQFN assembly. (3) For system packaging, 200 mm through silicon wafer (TSV), 200 mm silicon substrate assembly, integrated passive component QFN/ LGA assembly, substrate embedded with active, passive components, RF wireless communications modules, and fan out flip-chip Map PoP. (4) For wafer assembly, 200 mm fan out WLP and 40 μm Pitch Cu Pillar Bump. The Company will continue to invest in equipment and advanced assembly and testing R&D, thus maintaining our position as the global leader in semiconductor assembly and testing.

"Outline of 2011 Business Plan"

1. Operating policy

(1) Providing customers 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 2011 is as follows:

| Item     | Project Sales              |
|----------|----------------------------|
| Assembly | Approx. 10.1 billion chips |
| Test     | Approx. 1.4 billion chips  |

3. Important production and sales policies

The popularity of consumer electronics products such as smart phones, tablet PCs, smart TVs and game consoles in recent years is expected to drive the continuing growth of the semiconductor industry. These products represent the impetus for the future growth of the Company's revenues. Tablet computers are especially significant since most of our customers are suppliers of tablet PC-related devices and components. Meanwhile, the Company will also focus on the conversion of copper processes to improve cooperation in the semiconductor industry supply chain and to reduce costs in keeping pace with the enormous demand for communications products in emerging markets as well as the trend toward lower costs in the production of smart phones. We continue to develop packaging and testing services with high added-value and high unit prices as well as sophisticated and innovative high-end integrated circuits, while delegating packaging and testing services for discrete components, which are of lower unit prices, less sophisticated and technologically less advanced, to our mainland operations. The purpose is to increase the Company's competitiveness and achieve a balance of development between cross strait.

"Development Strategy"

According to estimates provided by the IEK ITIS project of Industrial Technology Research Institute, in 2011 the semiconductor industry will continue to grow but at a slower rate, which is projected to be 8.7%. The assembly and testing sectors are estimated to grow at about 10.3% and 11.1%, respectively. With the price of gold rising substantially, our competitors' copper wire bonding process capability is also catching up, and with local IC manufacturers and major overseas component integration vendors becoming more willing to adopt copper processing, the Company will be investing a significant amount of capital expenditure to expand our copper wire bonding machines in order to achieve a 35% proportion of wire bonding for the entire year. The continuing expansion of operations outsourced by integrated device manufacturers (IDMs) in 2011 is the main driving force behind the high growth of Taiwan's IC packaging and testing industry. The Company is committed to raising the proportion of revenues from IDM customers. In addition, China's economic growth in 2010 ranked highest among East Asian emerging markets, and aggressive pursuit of the expansion of our China operations is also the niche of the Company's continued growth.

"Impacts of Competition, Legislation and Operating Environment"

The improving global economy has helped to materialize the benefits from the programs introduced by the Company during the financial crisis of the past two years on human resources, production lines, cost planning and integrated solutions; we have since achieved unprecedented revenues and profits. With the government's liberalization and encouragement of establishing presence in China by Taiwanese enterprises and with the signing of ECFA, the Company has invested in and set up production plants in China, utilizing the vast amount of human resources available locally to improve our product lines and increase our competitiveness. Our improved market share has further accelerated the Company's growth. Faced with the fluctuations in the New Taiwan dollar exchange rate and the rise of the IC packaging and testing industry in China, the Company is committed to improving our position constantly and the adoption of adequate risk management and control measures. The Company and the management team are not complacent with past achievements. In stead we strive to further improve our competitiveness and set the goal of creating higher profits for our shareholders in appreciation of their support.

President: Jason C.S. Chang   Manager: Richard H.P. Chang   Accountant Manager: Joseph Tung

Attachment II

Supervisors' Report

We have examined the Company's 2010 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 12, 2011

Attachment III

Advanced Semiconductor Engineering, Inc.

Financial Statements for the  
Years Ended December 31, 2010 and 2009 and  
Independent Auditors' Report

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## 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, 2010 and 2009, 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, 2010 and 2009, 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 9 to the accompanying financial statements, the Company and its subsidiaries completed the tender offerings for the common shares of Universal Scientific Industrial Co., Ltd. ("USI") in February and August 2010, respectively. Thereafter, the USI shareholdings held by the Company and its subsidiaries are increased to 98.9%.

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".

We have also audited the consolidated financial statements of the Company and its subsidiaries as of and for the years ended December 31, 2010 and 2009, and have issued a modified unqualified opinion with an explanatory paragraph.

March 17, 2011

#### 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, 2010 AND 2009

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

| ASSETS  | 2010              |           | 2009              |           | LIABILITIES AND<br>SHAREHOLDERS'<br>EQUITY                           | 2010              |           | 2009              |           |
|---|-------------------|-----------|-------------------|-----------|--|-------------------|-----------|-------------------|-----------|
|   | Amount            | %         | Amount            | %         |  | Amount            | %         | Amount            | %         |
| <b>CURRENT ASSETS</b>   |                   |           |                   |           | <b>CURRENT LIABILITIES</b>   |                   |           |                   |           |
| Cash  | \$1,632,102       | 1         | \$4,079,270       | 3         | Financial liabilities at fair value through profit or loss - current | \$488,769         | -         | \$61,195          | -         |
| Financial assets at fair value through profit or loss - current | 72,586            | -         | 15,747            | -         | Hedging derivative liabilities - current                             | 457,494           | -         | 122,495           | -         |
| Accounts receivable, net  | 9,587,062         | 6         | 9,279,406         | 7         | Accounts payable   | 6,231,596         | 4         | 5,253,226         | 4         |
| Accounts receivable from related parties                        | 99,534            | -         | 52,032            | -         | Accounts payable to related parties                                  | 1,090,674         | 1         | 1,061,115         | 1         |
| Receivable for income tax refund                                | -                 | -         | 99,330            | -         | Income tax payable   | 744,222           | -         | 808,739           | 1         |
| Other receivables   | 714,388           | -         | 873,015           | 1         | Accrued expenses   | 4,287,655         | 3         | 2,574,102         | 2         |
| Other receivables from related parties                          | 1,080,395         | 1         | 163,854           | -         | Other payables to related parties                                    | 9,348,575         | 6         | 5,875,663         | 4         |
| Inventories   | 2,910,324         | 2         | 2,086,376         | 2         | Payable for properties   | 1,244,836         | 1         | 1,755,397         | 1         |
| Deferred income tax assets - current                            | 461,417           | -         | 700,357           | -         | Other payables   | 383,581           | -         | 291,588           | -         |
| Other current assets  | 194,779           | -         | 242,226           | -         | Current portion of capital lease obligations                         | 1,504             | -         | 9,048             | -         |
|   |                   |           |                   |           | Other current liabilities  | 164,547           | -         | 292,383           | -         |
| <b>Total current assets</b>                                     | <b>16,752,587</b> | <b>10</b> | <b>17,591,613</b> | <b>13</b> | <b>Total current liabilities</b>                                     | <b>24,443,453</b> | <b>15</b> | <b>18,104,951</b> | <b>13</b> |

LONG-TERM  
INVESTMENTS

|  |             |    |            |    |   |            |    |            |    |
|--|-------------|----|------------|----|---|------------|----|------------|----|
| Available-for-sale<br>financial assets -<br>noncurrent | 102,790     | -  | -          | -  | LONG-TERM<br>LIABILITIES                          |            |    |            |    |
| Financial assets<br>carried at cost -<br>noncurrent    | 364,551     | -  | 467,468    | -  | Hedging derivative<br>liabilities -<br>noncurrent | 159,279    | -  | 311,778    | -  |
| Equity method<br>investments                           | 101,116,457 | 63 | 79,873,491 | 60 | Long-term bank<br>loans                           | 47,214,226 | 29 | 42,165,604 | 32 |
|  |             |    |            |    | Capital lease<br>obligations                      | 238        | -  | 1,749      | -  |
| Total long-term<br>investments                         | 101,583,798 | 63 | 80,340,959 | 60 | Total long-term<br>liabilities                    | 47,373,743 | 29 | 42,479,131 | 32 |

PROPERTY,  
PLANT AND  
EQUIPMENT

|  |            |    |            |    |   |            |    |            |    |
|--|------------|----|------------|----|---|------------|----|------------|----|
| Cost                                       |            |    |            |    | OTHER<br>LIABILITIES  |            |    |            |    |
| Land                                       | 1,558,201  | 1  | 1,558,201  | 1  | Accrued pension<br>cost   | 1,251,957  | 1  | 1,072,012  | 1  |
| Buildings and<br>improvements              | 20,100,741 | 12 | 18,278,699 | 14 | Guarantee deposits<br>received  | 938        | -  | 878        | -  |
| Machinery and<br>equipment                 | 63,587,917 | 39 | 54,595,445 | 41 | Total other<br>liabilities  | 1,252,895  | 1  | 1,072,890  | 1  |
| Transportation<br>equipment                | 63,102     | -  | 66,613     | -  | Total liabilities   | 73,070,091 | 45 | 61,656,972 | 46 |
| Furniture and<br>fixtures                  | 846,113    | 1  | 968,773    | 1  |   |            |    |            |    |
| Leased assets                              | 17,221     | -  | 39,825     | -  |   |            |    |            |    |
| Total cost                                 | 86,173,295 | 53 | 75,507,556 | 57 |   |            |    |            |    |
| Accumulated<br>depreciation                | 49,468,469 | 30 | 48,492,479 | 37 | CAPITAL STOCK   |            |    |            |    |
| Accumulated<br>impairment                  | 64,072     | -  | -          | -  | Common Stock -<br>NT\$10 par value  |            |    |            |    |
|  | 36,640,754 | 23 | 27,015,077 | 20 | Authorized -<br>8,000,000 thousand<br>shares                                      |            |    |            |    |
| Construction in<br>progress                | 465,003    | -  | 128,315    | -  | Issued - 6,051,987<br>thousand shares in<br>2010 and 5,479,878<br>thousand shares |            |    |            |    |
| Machinery in<br>transit and<br>prepayments | 1,703,819  | 1  | 3,239,679  | 3  | in 2009   | 60,519,872 | 38 | 54,798,783 | 41 |
|  |            |    |            |    | Capital received in<br>advance  | 299,698    | -  | 135,205    | -  |
| Total property,<br>plant and               | 38,809,576 | 24 | 30,383,071 | 23 |   |            |    |            |    |

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equipment

|   |                      |            |                      |            |  |                      |            |                      |            |
|---|----------------------|------------|----------------------|------------|--|----------------------|------------|----------------------|------------|
|   |                      |            |                      |            | Total capital stock  | 60,819,570           | 38         | 54,933,988           | 41         |
| <b>INTANGIBLE ASSETS</b>                |                      |            |                      |            |  |                      |            |                      |            |
| Patents                                 | 42,831               | -          | 62,194               | -          | <b>CAPITAL SURPLUS</b>   |                      |            |                      |            |
| Goodwill                                | 957,167              | 1          | 957,167              | 1          | Capital in excess of par value   | 1,197,845            | 1          | 1,311,421            | 1          |
| Deferred pension cost                   | 44,024               | -          | 50,393               | -          | Treasury stock transactions  | 2,136,353            | 1          | 827,285              | 1          |
|   |                      |            |                      |            | Long-term investment   | 3,527,240            | 2          | 3,538,222            | 3          |
| Total intangible assets                 | 1,044,022            | 1          | 1,069,754            | 1          | Employee stock options   | 319,147              | -          | -                    | -          |
|   |                      |            |                      |            | Accrued interest on convertible bonds  | -                    | -          | 656,827              | -          |
| <b>OTHER ASSETS</b>                     |                      |            |                      |            |  |                      |            |                      |            |
| Assets leased to others                 | 1,806,424            | 1          | 2,439,452            | 2          | Total capital surplus  | 7,180,585            | 4          | 6,333,755            | 5          |
| Idle assets                             | 4,744                | -          | 86,062               | -          |  |                      |            |                      |            |
| Guarantee deposits - noncurrent         | 12,950               | -          | 12,193               | -          | <b>RETAINED EARNINGS</b>   | 24,972,944           | 16         | 13,229,409           | 10         |
| Deferred charges                        | 621,772              | -          | 570,778              | -          |  |                      |            |                      |            |
| Deferred income tax assets - noncurrent | 841,140              | 1          | 694,669              | 1          | <b>OTHER EQUITY ADJUSTMENTS</b>  |                      |            |                      |            |
|   |                      |            |                      |            | Unrealized gain or loss on financial instruments                                     | 246,303              | -          | 25,498               | -          |
| Restricted assets                       | 149,447              | -          | 84,447               | -          | Cumulative translation adjustments   | (1,120,618 )         | ( 1 )      | 3,276,508            | 2          |
|   |                      |            |                      |            | Unrecognized pension cost  | (398,103 )           | -          | (248,641 )           | -          |
| Total other assets                      | 3,436,477            | 2          | 3,887,601            | 3          | Treasury stock - 151,792 thousand shares in 2010 and 322,532 thousand shares in 2009 | (3,144,312 )         | ( 2 )      | (5,934,491 )         | ( 4 )      |
|   |                      |            |                      |            | Other equity adjustments, net  | (4,416,730 )         | ( 3 )      | (2,881,126 )         | ( 2 )      |
|   |                      |            |                      |            | Total shareholders' equity   | 88,556,369           | 55         | 71,616,026           | 54         |
| <b>TOTAL</b>                            | <b>\$161,626,460</b> | <b>100</b> | <b>\$133,272,998</b> | <b>100</b> | <b>TOTAL</b>   | <b>\$161,626,460</b> | <b>100</b> | <b>\$133,272,998</b> | <b>100</b> |

(With Deloitte & Touche audit report dated March 17, 2011)



## ADVANCED SEMICONDUCTOR ENGINEERING, INC.

## STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2010 AND 2009

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

|   | 2010         |     | 2009         |     |
|---|--------------|-----|--------------|-----|
|   | Amount       | %   | Amount       | %   |
| REVENUES  | \$68,005,684 | 101 | \$46,805,576 | 101 |
| LESS: SALES DISCOUNTS AND ALLOWANCES            | 666,278      | 1   | 671,262      | 1   |
| NET REVENUES                                    | 67,339,406   | 100 | 46,134,314   | 100 |
| COST OF REVENUES                                | 50,633,615   | 75  | 35,554,473   | 77  |
| GROSS PROFIT                                    | 16,705,791   | 25  | 10,579,841   | 23  |
| OPERATING EXPENSES                              |              |     |              |     |
| Research and development                        | 2,775,607    | 4   | 2,036,633    | 4   |
| Selling   | 745,295      | 1   | 783,222      | 2   |
| General and administrative                      | 2,823,686    | 5   | 1,941,215    | 4   |
| Total operating expenses                        | 6,344,588    | 10  | 4,761,070    | 10  |
| INCOME FROM OPERATIONS                          | 10,361,203   | 15  | 5,818,771    | 13  |
| NON-OPERATING INCOME AND GAINS                  |              |     |              |     |
| Interest income                                 | 10,559       | -   | 19,363       | -   |
| Gain on valuation of financial assets, net      | 455,097      | 1   | 808,585      | 2   |
| Equity in earnings of equity method investments | 9,918,123    | 15  | 2,762,236    | 6   |
| Foreign exchange gain, net                      | 457,124      | 1   | -            | -   |
| Other   | 396,382      | -   | 462,648      | 1   |
| Total non-operating income and gains            | 11,237,285   | 17  | 4,052,832    | 9   |
| NON-OPERATING EXPENSES AND LOSSES               |              |     |              |     |
| Interest expense                                | 1,060,346    | 2   | 1,070,718    | 3   |
| Loss on valuation of financial liabilities, net | 872,900      | 1   | 572,952      | 1   |
| Foreign exchange loss, net                      | -            | -   | 3,631        | -   |
| Impairment loss                                 | 161,024      | -   | -            | -   |
| Other   | 471,629      | 1   | 556,611      | 1   |
| Total non-operating expenses and losses         | 2,565,899    | 4   | 2,203,912    | 5   |
| INCOME BEFORE INCOME TAX                        | 19,032,589   | 28  | 7,667,691    | 17  |

|                    |               |    |              |    |
|--------------------|---------------|----|--------------|----|
| INCOME TAX EXPENSE | 695,089       | 1  | 923,145      | 2  |
| NET INCOME         | \$ 18,337,500 | 27 | \$ 6,744,546 | 15 |

(Continued)

## ADVANCED SEMICONDUCTOR ENGINEERING, INC.

## STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2010 AND 2009

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

|                                 | 2010                    |                        | 2009                    |                        |
|---------------------------------|-------------------------|------------------------|-------------------------|------------------------|
|                                 | Before<br>Income<br>Tax | After<br>Income<br>Tax | Before<br>Income<br>Tax | After<br>Income<br>Tax |
| <b>EARNINGS PER SHARE (EPS)</b> |                         |                        |                         |                        |
| Basic EPS                       | \$3.22                  | \$3.10                 | \$1.35                  | \$1.19                 |
| Diluted EPS                     | \$3.16                  | \$3.04                 | \$1.33                  | \$1.17                 |

## 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):

|   | 2010         | 2009        |
|---|--------------|-------------|
| Net income for calculation of basic EPS purpose   | \$19,646,568 | \$6,905,441 |
| Net income for calculation of diluted EPS purpose | \$19,502,171 | \$6,878,969 |

## EARNING PER SHARE

|             |        |        |
|-------------|--------|--------|
| Basic EPS   | \$3.25 | \$1.14 |
| Diluted EPS | \$3.19 | \$1.13 |

(With Deloitte & Touche audit report dated March 17,  
2011)

(Concluded)

## ADVANCED SEMICONDUCTOR ENGINEERING, INC.

## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

YEARS ENDED DECEMBER 31, 2010 AND 2009

(In Thousands of New Taiwan Dollars)

|  | Common<br>Stock | Capital Stock<br>Capital<br>Received<br>in<br>Advance | Capital<br>Surplus | Legal<br>Reserve | Retained Earnings<br>Unappropriated<br>Earnings | Total        | Unrealized<br>Gain or<br>Loss on<br>Financial<br>Instruments | Other Equity<br>Cumulative<br>Translation<br>Adjustments |
|--|-----------------|---|--------------------|------------------|---|--------------|--|--|
| BALANCE,<br>JANUARY 1,<br>2009   | \$56,904,278    | \$3,387   | \$6,373,287        | \$2,915,029      | \$6,306,375                                     | \$9,221,404  | \$(439,438)  | \$4,873,957  |
| Appropriations of<br>2008 earnings   |                 |   |                    |                  |   |              |  |  |
| Legal reserve  | -               | -   | -                  | 616,005          | (616,005 )                                      | -            | -  | -  |
| Cash dividends -<br>5.0%   | -               | -   | -                  | -                | (2,736,568 )                                    | (2,736,568 ) | -  | -  |
| Adjustment of<br>equity method<br>investments                                    | -               | -   | 1,369              | -                | 27  | 27           | 380,464  | -  |
| Cash dividends<br>paid to<br>subsidiaries  | -               | -   | 160,895            | -                | -   | -            | -  | -  |
| Change in<br>unrealized gain<br>on cash flow<br>hedging financial<br>instruments | -               | -   | -                  | -                | -   | -            | 84,472   | -  |
| Stock options<br>exercised by<br>employees                                       | 74,245          | 131,818   | 32,726             | -                | -   | -            | -  | -  |
| Net income in<br>2009  | -               | -   | -                  | -                | 6,744,546                                       | 6,744,546    | -  | -  |
| Cumulative<br>translation<br>adjustments   | -               | -   | -                  | -                | -   | -            | -  | (1,597,449)  |

|  |                   |                |                  |                  |                  |                   |               |                  |
|--|-------------------|----------------|------------------|------------------|------------------|-------------------|---------------|------------------|
| 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 )       | -                | -                | -                 | -             | -                |
| <b>BALANCE, DECEMBER 31, 2009</b>                                | <b>54,798,783</b> | <b>135,205</b> | <b>6,333,755</b> | <b>3,531,034</b> | <b>9,698,375</b> | <b>13,229,409</b> | <b>25,498</b> | <b>3,276,508</b> |
| Appropriations of 2009 earnings                                  |                   |                |                  |                  |                  |                   |               |                  |
| Legal reserve  | -                 | -              | -                | 674,455          | (674,455 )       | -                 | -             | -                |
| Stock dividends - 8.4%   | 4,615,775         | -              | -                | -                | (4,615,775 )     | (4,615,775 )      | -             | -                |
| Cash dividends - 3.6%  | -                 | -              | -                | -                | (1,978,190 )     | (1,978,190 )      | -             | -                |
| Issuance of common stock from capital surplus                    | 879,195           | -              | (879,195 )       | -                | -                | -                 | -             | -                |
| Adjustment of equity method investments                          | -                 | -              | (9,510 )         | -                | -                | -                 | 124,744       | -                |
| Change in unrealized loss on available-for-sale financial assets | -                 | -              | -                | -                | -                | -                 | (9,290 )      | -                |
| Disposal of treasury stock held by subsidiaries                  | -                 | -              | 1,271,532        | -                | -                | -                 | -             | -                |
| Disposal of equity method investments                            | -                 | -              | (1,472 )         | -                | -                | -                 | -             | -                |

|  |              |           |             |             |              |              |           |               |
|--|--------------|-----------|-------------|-------------|--------------|--------------|-----------|---------------|
| Cash dividends paid to subsidiaries                                  | -            | -         | 37,536      | -           | -            | -            | -         | -             |
| Change in unrealized gain on cash flow hedging financial instruments | -            | -         | -           | -           | -            | -            | 105,351   | -             |
| Compensation recognized for employee stock options                   | -            | -         | 319,147     | -           | -            | -            | -         | -             |
| Stock options exercised by employees                                 | 226,119      | 164,493   | 108,792     | -           | -            | -            | -         | -             |
| Net income in 2010   | -            | -         | -           | -           | 18,337,500   | 18,337,500   | -         | -             |
| Cumulative translation adjustments                                   | -            | -         | -           | -           | -            | -            | -         | (4,397,126)   |
| Change in net loss not recognized as pension cost                    | -            | -         | -           | -           | -            | -            | -         | -             |
| Acquisition of treasury stock - 37,000 thousand shares               | -            | -         | -           | -           | -            | -            | -         | -             |
| BALANCE, DECEMBER 31, 2010   | \$60,519,872 | \$299,698 | \$7,180,585 | \$4,205,489 | \$20,767,455 | \$24,972,944 | \$246,303 | \$(1,120,618) |

(With Deloitte & Touche audit report dated March 17, 2011)

## ADVANCED SEMICONDUCTOR ENGINEERING, INC.

STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2010 AND 2009  
(In Thousands of New Taiwan Dollars)

|   | Year Ended December 31 |              |
|---|------------------------|--------------|
|   | 2010                   | 2009         |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                       |                        |              |
| Net income  | \$ 18,337,500          | \$ 6,744,546 |
| Adjustments to reconcile net income to net cash provided by operating activities: |                        |              |
| Depreciation  | 6,149,218              | 5,611,664    |
| Amortization  | 344,999                | 349,617      |
| Compensation cost of share-based payments   | 240,108                | -            |
| Provision for inventory valuation   | 76,763                 | 112,025      |
| Impairment loss on financial assets   | 41,739                 | -            |
| Impairment loss on non-financial assets   | 119,285                | -            |
| Equity in earnings of equity method investments                                   | (9,918,123 )           | (2,762,236 ) |
| Cash dividends received from equity method investments                            | 2,507,350              | 1,784,475    |
| Deferred income taxes   | 131,490                | 281,359      |
| Other   | (290,788 )             | 376,609      |
| Changes in operating assets and liabilities                                       |                        |              |
| Financial assets for trading  | (56,839 )              | (15,747 )    |
| Accounts receivable   | (324,032 )             | (4,464,864 ) |
| Accounts receivable from related parties  | (47,502 )              | (24,692 )    |
| Other receivables   | (140,787 )             | 51,931       |
| Other receivables from related parties  | (50,497 )              | (135,897 )   |
| Inventories   | (900,711 )             | (678,765 )   |
| Other current assets  | 45,415                 | (53,902 )    |
| Financial liabilities for trading   | 427,574                | (21,043 )    |
| Accounts payable  | 978,370                | 2,487,122    |
| Accounts payable to related parties   | 29,559                 | 262,494      |
| Income tax payable  | (64,517 )              | 165,995      |
| Accrued expenses  | 1,713,553              | 275,091      |
| Other payables  | 91,993                 | (64,192 )    |
| Other payables to related parties   | 384,944                | 69,561       |
| Other current liabilities   | (127,836 )             | 121,833      |
| Net cash provided by operating activities   | 19,698,228             | 10,472,984   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                       |                        |              |
| Acquisition of available-for-sale financial assets                                | (1,470,000 )           | (570,000 )   |
| Proceeds from disposal of available-for-sale financial assets                     | 1,470,173              | 570,058      |
| Proceeds from disposal of bond investments with no active market                  | -                      | 450,000      |
| Acquisition of financial assets carried at cost                                   | (23,947 )              | (104,914 )   |
| Cash received from return of capital on financial assets carried at cost          | 14,784                 | -            |
| Acquisition of equity method investments  | (13,730,817)           | (23,614,725) |

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|   |              |              |
|---|--------------|--------------|
| Proceeds from disposal of equity method investments               | 18,000       | 20,814,031   |
| Cash received from return of capital on equity method investments | 3,169        | -            |
| Acquisition of property, plant and equipment                      | (15,210,386) | (5,574,392 ) |
| Proceeds from disposal of property, plant and equipment           | 216,522      | 101,739      |

(Continued)

## ADVANCED SEMICONDUCTOR ENGINEERING, INC.

STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2010 AND 2009  
(In Thousands of New Taiwan Dollars)

|  | Year Ended December 31 |                    |
|--|------------------------|--------------------|
|  | 2010                   | 2009               |
| Decrease in guarantee deposits                               | \$1,275                | \$2,768            |
| Increase in deferred charges                                 | (372,510 )             | (256,365 )         |
| Decrease (increase) in other receivables                     | 450,000                | (450,000 )         |
| Increase in restricted assets                                | (65,000 )              | (300 )             |
| Net cash used in investing activities                        | (28,698,737)           | (8,632,100 )       |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                  |                        |                    |
| Increase in other payables to related parties                | 3,316,080              | 4,893,800          |
| Proceeds from long-term bank loans                           | 29,369,947             | 27,680,050         |
| Repayment of long-term bank loans                            | (23,459,700)           | (28,263,090)       |
| Repayment of bonds payable                                   | -                      | (1,375,000 )       |
| Repayment of capital lease obligations                       | (9,055 )               | (18,413 )          |
| Increase (decrease) in guarantee deposits received           | 60                     | (121 )             |
| Cash dividends   | (1,978,190 )           | (2,736,568 )       |
| Proceeds from exercise of stock options by employees         | 499,404                | 238,789            |
| Acquisition of treasury stock                                | (1,185,205 )           | (1,314,273 )       |
| Net cash provided by (used in) financing activities          | 6,553,341              | (894,826 )         |
| <b>NET INCREASE (DECREASE) IN CASH</b>                       | <b>(2,447,168 )</b>    | <b>946,058</b>     |
| <b>CASH, BEGINNING OF YEAR</b>                               | <b>4,079,270</b>       | <b>3,133,212</b>   |
| <b>CASH, END OF YEAR</b>                                     | <b>\$1,632,102</b>     | <b>\$4,079,270</b> |
| <b>SUPPLEMENTAL INFORMATION</b>                              |                        |                    |
| Interest paid  | \$1,095,413            | \$1,194,519        |
| Less: capitalized interest                                   | 43,533                 | 22,603             |
| Interest paid (excluding capitalized interest)               | \$1,051,880            | \$1,171,916        |
| Income tax paid  | \$519,421              | \$471,854          |
| Cash paid for acquisition of property, plant and equipment   |                        |                    |
| Acquisition of property, plant and equipment                 | \$14,598,373           | \$6,838,333        |
| Decrease (increase) in payables                              | 612,013                | (1,263,941 )       |
|  | \$15,210,386           | \$5,574,392        |
| Cash received from disposal of property, plant and equipment |                        |                    |
| Proceeds from disposal of property, plant and equipment      | \$232,404              | \$140,891          |

|                               |           |           |
|-------------------------------|-----------|-----------|
| Increase in other receivables | (15,882 ) | (39,152 ) |
|                               | \$216,522 | \$101,739 |

(Continued)

## ADVANCED SEMICONDUCTOR ENGINEERING, INC.

STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2010 AND 2009  
(In Thousands of New Taiwan Dollars)

|   | Year Ended December 31 |               |
|---|------------------------|---------------|
|   | 2010                   | 2009          |
| Cash received from disposal of equity method investments          |                        |               |
| Proceeds from disposal of equity method investments               | \$ 18,000              | \$ 29,608,501 |
| Increase in prepaid investments                                   | -                      | (8,794,470 )  |
|   | \$ 18,000              | \$ 20,814,031 |
| Cash paid for acquisition of equity method investments            |                        |               |
| Acquisition of equity method investments                          | \$ 13,730,817          | \$ 32,409,195 |
| Capitalization from other receivables                             | -                      | (8,794,470 )  |
|   | \$ 13,730,817          | \$ 23,614,725 |
| Cash received from return of capital on long-term investments     |                        |               |
| Cash received from return of capital on equity method investments | \$ 904,587             | \$ 3,169      |
| Increase in other receivables from related parties                | (901,418 )             | (3,169 )      |
|   | \$ 3,169               | \$ -          |
| <b>FINANCING ACTIVITIES NOT AFFECTING CASH FLOWS</b>              |                        |               |
| Current portion of capital lease obligations                      | \$ 1,504               | \$ 9,048      |

(With Deloitte & Touche audit report dated March 17, 2011) (Concluded)

Advanced Semiconductor Engineering, Inc. and Subsidiaries

Consolidated Financial Statements as of  
December 31, 2009 and 2010 and for the  
Years Ended December 31, 2008, 2009 and 2010 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, 2009 and 2010, 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, 2010, 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, 2009 and 2010, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2010, 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 2 to the consolidated financial statements, the Company completed the tender offerings for the common shares of Universal Scientific Industrial Co., Ltd. (“USI”) in February and August 2010, respectively. Thereafter, the USI shareholdings held by the Company were increased to 98.9%. As a result, the consolidated results of operations of USI and its subsidiaries from the date of acquisition to December 31, 2010 have been included in the consolidated financial statements referred to above.

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, 2010, 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, 2011 expressed an unqualified opinion on the Company's internal control over financial reporting.

Deloitte & Touche  
Taipei, Taiwan  
The Republic of China  
April 28, 2011

## ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

(Amounts in Thousands, Except Par Value)

| ASSETS  | December 31  |              |           | LIABILITIES AND<br>SHAREHOLDERS'<br>EQUITY                           | December 31  |              |           |
|---|--------------|--------------|-----------|--|--------------|--------------|-----------|
|   | 2009         | 2010         |           |  | 2009         | 2010         |           |
|   | NT\$         | NT\$         | US\$      |  | NT\$         | NT\$         | U         |
| <b>CURRENT ASSETS</b>   |              |              |           | <b>CURRENT LIABILITIES</b>   |              |              |           |
| Cash and cash equivalents                                       | \$22,557,494 | \$23,397,557 | \$802,936 | Short-term borrowings  | \$13,024,993 | \$14,154,518 | \$485,000 |
| Financial assets at fair value through profit or loss - current | 1,024,711    | 1,195,273    | 41,018    | Financial liabilities at fair value through profit or loss - current | 74,530       | 488,818      | 16,700    |
| Available-for-sale financial assets - current                   | 3,995,524    | 338,094      | 11,603    | Hedging derivative liabilities - current                             | 122,495      | 457,494      | 15,700    |
| Hedging derivative assets - current                             | -            | 163,670      | 5,617     | Accounts payable   | 8,954,015    | 24,389,249   | 836,000   |
| Accounts receivable, net  | 17,811,541   | 32,870,448   | 1,128,018 | Income tax payable   | 1,181,485    | 2,739,711    | 94,000    |
| Other receivables   | 1,226,747    | 1,590,006    | 54,564    | Accrued expenses   | 4,346,028    | 7,843,657    | 269,000   |
| Guarantee deposits - current                                    | 256,876      | 14,914       | 512       | Payable for properties   | 3,433,235    | 4,085,408    | 140,000   |
| Inventories   | 4,955,227    | 13,170,779   | 451,983   | Advance real estate receipts   | 1,507,472    | 41,375       | 1,420,000 |
| Inventories related to construction business                    | 7,251,193    | 10,125,370   | 347,473   | Current portion of long-term bank loans                              | 923,284      | 2,990,176    | 102,000   |
| Deferred income tax assets - current                            | 893,622      | 919,261      | 31,546    | Current portion of capital lease obligations                         | 12,055       | 28,838       | 990,000   |
| Other current assets  | 1,425,810    | 1,813,553    | 62,236    | Other current liabilities  | 994,497      | 2,515,258    | 86,300    |
| Total current assets  | 61,398,745   | 85,598,925   | 2,937,506 | Total current liabilities  | 34,574,089   | 59,734,502   | 2,040,000 |
| <b>LONG-TERM INVESTMENTS</b>                                    |              |              |           | <b>LONG-TERM LIABILITIES</b>   |              |              |           |
| Available-for-sale financial assets - noncurrent                | -            | 310,426      | 10,653    | Hedging derivative liabilities - noncurrent                          | 311,778      | 159,279      | 5,400     |

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|   |               |               |             |  |            |             |           |
|---|---------------|---------------|-------------|--|------------|-------------|-----------|
| Financial assets carried at cost - noncurrent       | 692,059       | 843,740       | 28,955      | Long-term bank loans   | 48,990,517 | 52,363,718  | 1,790,000 |
| Bond investments with no active market - noncurrent | 96,090        | 87,420        | 3,000       | Capital lease obligations  | 3,718      | 10,782      | 370,000   |
| Equity method investments                           | 4,371,841     | 1,158,498     | 39,756      |  |            |             |           |
|   |               |               |             | Total long-term liabilities  | 49,306,013 | 52,533,779  | 1,800,000 |
| Total long-term investments                         | 5,159,990     | 2,400,084     | 82,364      |  |            |             |           |
|   |               |               |             | <b>OTHER LIABILITIES</b>   |            |             |           |
| <b>PROPERTY, PLANT AND EQUIPMENT</b>                |               |               |             | Accrued pension cost   | 2,729,844  | 3,250,439   | 111,000   |
| Cost  |               |               |             | Deferred income tax liabilities  | 180,955    | 372,525     | 12,000    |
| Land  | 2,374,530     | 3,065,169     | 105,188     | Other  | 470,200    | 409,195     | 14,000    |
| Buildings and improvements                          | 41,186,763    | 50,322,341    | 1,726,916   |  |            |             |           |
| Machinery and equipment                             | 131,206,473   | 157,001,044   | 5,387,819   | Total other liabilities  | 3,380,999  | 4,032,159   | 138,000   |
| Transportation equipment                            | 201,003       | 247,876       | 8,506       |  |            |             |           |
| Furniture and fixtures                              | 3,800,859     | 5,097,742     | 174,940     | Total liabilities  | 87,261,101 | 116,300,440 | 3,990,000 |
| Leased assets and leasehold improvements            | 343,204       | 436,640       | 14,984      |  |            |             |           |
|   |               |               |             | <b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT</b>                         |            |             |           |
| Total cost  | 179,112,832   | 216,170,812   | 7,418,353   | Capital stock  |            |             |           |
| Less: Accumulated depreciation                      | (109,231,262) | (122,437,240) | (4,201,690) | Common Stock - at par value of NT\$10 each                                       |            |             |           |
| Less: Accumulated impairment                        | (5,401)       | (191,210)     | (6,561)     | Authorized - 8,000,000 thousand shares   |            |             |           |
|   | 69,876,169    | 93,542,362    | 3,210,102   |  |            |             |           |
| Construction in progress                            | 4,167,279     | 1,773,002     | 60,844      | Issued - 5,479,878 thousand shares in 2009 and 6,051,987 thousand shares in 2010 | 54,798,783 | 60,519,872  | 2,000,000 |
| Machinery in transit and prepayments                | 5,320,412     | 4,538,548     | 155,750     |  |            |             |           |

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|   |               |               |             |  |               |               |        |
|---|---------------|---------------|-------------|--|---------------|---------------|--------|
|   |               |               |             | Capital received in advance  | 135,205       | 299,698       | 10,2   |
| Property, plant and equipment, net      | 79,363,860    | 99,853,912    | 3,426,696   | Total capital stock  | 54,933,988    | 60,819,570    | 2,08   |
|   |               |               |             | Capital surplus  |               |               |        |
| INTANGIBLE ASSETS                       |               |               |             | Capital in excess of par value   | 1,311,421     | 1,197,845     | 41,1   |
| Goodwill                                | 9,419,005     | 10,408,023    | 357,173     | Treasury stock transactions  | 827,285       | 2,136,353     | 73,3   |
| Land use rights                         | 1,385,144     | 2,173,907     | 74,602      | Long-term investments  | 3,538,222     | 3,527,240     | 121    |
| Other intangible assets                 | 1,428,549     | 2,666,190     | 91,496      | Employee stock options   | -             | 319,147       | 10,9   |
|   |               |               |             | Other  | 656,827       | -             | -      |
| Total intangible assets                 | 12,232,698    | 15,248,120    | 523,271     | Total capital surplus  | 6,333,755     | 7,180,585     | 246    |
|   |               |               |             | Retained earnings  | 13,229,409    | 24,972,944    | 856    |
| OTHER ASSETS                            |               |               |             | Other equity adjustments   |               |               |        |
| Assets leased to others                 | 586,067       | 20,889        | 716         | Unrealized gain on financial instruments   | 25,498        | 246,303       | 8,4    |
|   |               |               |             | Cumulative translation adjustments   | 3,276,508     | (1,120,618 )  | (38,   |
| Idle assets                             | 419,781       | 1,249,047     | 42,864      | Unrecognized pension cost  | (248,641 )    | (398,103 )    | (13,   |
| Guarantee deposits - noncurrent         | 50,628        | 78,453        | 2,692       |  |               |               |        |
| Deferred charges                        | 958,560       | 1,381,510     | 47,409      | Treasury stock - 322,532 thousand shares in 2009 and 151,792 thousand shares in 2010 | (5,934,491 )  | (3,144,312 )  | (10,   |
| Deferred income tax assets - noncurrent | 1,621,017     | 2,067,877     | 70,964      | Total other equity adjustments   | (2,881,126 )  | (4,416,730 )  | (15,   |
| Restricted assets                       | 177,565       | 236,516       | 8,117       |  |               |               |        |
| Other                                   | 5,884         | 4,432         | 152         | Total equity attributable to shareholders of the parent                              | 71,616,026    | 88,556,369    | 3,03   |
| Total other assets                      | 3,819,502     | 5,038,724     | 172,914     | MINORITY INTEREST  | 3,097,668     | 3,282,956     | 112    |
|   |               |               |             |  |               |               |        |
|   |               |               |             | Total shareholders' equity   | 74,713,694    | 91,839,325    | 3,15   |
| TOTAL                                   | \$161,974,795 | \$208,139,765 | \$7,142,751 | TOTAL  | \$161,974,795 | \$208,139,765 | \$7,14 |

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

(With Deloitte & Touche audit report dated April 28, 2011)

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## ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Thousands, Except Per Share Data)

|   | Year Ended December 31 |                   |                    |                  |
|---|------------------------|-------------------|--------------------|------------------|
|   | 2008<br>NT\$           | 2009<br>NT\$      | 2010<br>NT\$       | US\$             |
| <b>NET REVENUES</b>                               |                        |                   |                    |                  |
| Packaging   | \$73,391,622           | \$67,935,456      | \$101,071,294      | \$3,468,473      |
| Testing   | 19,021,360             | 15,795,108        | 21,956,997         | 753,500          |
| Electronic manufacturing service                  | -                      | -                 | 59,577,374         | 2,044,522        |
| Other   | 2,017,930              | 2,044,750         | 6,137,132          | 210,608          |
| <b>Total net revenues</b>                         | <b>94,430,912</b>      | <b>85,775,314</b> | <b>188,742,797</b> | <b>6,477,103</b> |
| <b>COST OF REVENUES</b>                           |                        |                   |                    |                  |
| Packaging   | 58,917,026             | 55,387,593        | 79,750,674         | 2,736,811        |
| Testing   | 12,766,132             | 11,342,103        | 13,711,338         | 470,533          |
| Electronic manufacturing service                  | -                      | -                 | 53,095,183         | 1,822,072        |
| Other   | 664,571                | 703,948           | 1,641,029          | 56,315           |
| <b>Total cost of revenues</b>                     | <b>72,347,729</b>      | <b>67,433,644</b> | <b>148,198,224</b> | <b>5,085,731</b> |
| <b>GROSS PROFIT</b>                               | <b>22,083,183</b>      | <b>18,341,670</b> | <b>40,544,573</b>  | <b>1,391,372</b> |
| <b>OPERATING EXPENSES</b>                         |                        |                   |                    |                  |
| Research and development                          | 3,671,204              | 3,611,950         | 6,162,191          | 211,469          |
| Selling   | 1,158,637              | 1,209,199         | 2,909,643          | 99,850           |
| General and administrative                        | 5,694,224              | 4,310,692         | 7,373,733          | 253,045          |
| <b>Total operating expenses</b>                   | <b>10,524,065</b>      | <b>9,131,841</b>  | <b>16,445,567</b>  | <b>564,364</b>   |
| <b>INCOME FROM OPERATIONS</b>                     | <b>11,559,118</b>      | <b>9,209,829</b>  | <b>24,099,006</b>  | <b>827,008</b>   |
| <b>NON-OPERATING INCOME AND GAINS</b>             |                        |                   |                    |                  |
| Interest income                                   | 326,772                | 173,870           | 215,228            | 7,386            |
| Gain on valuation of financial assets, net        | 286,914                | 934,938           | 1,169,434          | 40,132           |
| Equity in earnings of equity method investments   | 77,450                 | 330,117           | 72,980             | 2,504            |
| Foreign exchange gain, net                        | 282,031                | 4,203             | 317,553            | 10,898           |
| Other   | 671,627                | 620,194           | 781,752            | 26,827           |
| <b>Total non-operating income and gains</b>       | <b>1,644,794</b>       | <b>2,063,322</b>  | <b>2,556,947</b>   | <b>87,747</b>    |
| <b>NON-OPERATING EXPENSES AND LOSSES</b>          |                        |                   |                    |                  |
| Interest expense                                  | 1,813,296              | 1,508,023         | 1,386,011          | 47,564           |
| Loss on valuation of financial liabilities, net   | 732,204                | 645,774           | 1,092,316          | 37,485           |
| Loss on disposal of property, plant and equipment | 6,910                  | 26,208            | 445,276            | 15,281           |

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|   |             |             |              |           |
|---|-------------|-------------|--------------|-----------|
| Impairment loss                         | 293,319     | 11,117      | 251,402      | 8,627     |
| Other                                   | 882,418     | 693,639     | 657,319      | 22,557    |
| Total non-operating expenses and losses | 3,728,147   | 2,884,761   | 3,832,324    | 131,514   |
| INCOME BEFORE INCOME TAX                | 9,475,765   | 8,388,390   | 22,823,629   | 783,241   |
| INCOME TAX EXPENSE                      | 2,268,282   | 1,484,922   | 3,628,740    | 124,528   |
| NET INCOME                              | \$7,207,483 | \$6,903,468 | \$19,194,889 | \$658,713 |
| ATTRIBUTABLE TO                         |             |             |              |           |
| Shareholders of the parent              | \$6,160,052 | \$6,744,546 | \$18,337,500 | \$629,290 |
| Minority interest                       | 1,047,431   | 158,922     | 857,389      | 29,423    |
|   | \$7,207,483 | \$6,903,468 | \$19,194,889 | \$658,713 |

(Continued)

## ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Thousands, Except Per Share Data)

|                            | Year Ended December 31 |              |              | US\$   |
|----------------------------|------------------------|--------------|--------------|--------|
|                            | 2008<br>NT\$           | 2009<br>NT\$ | 2010<br>NT\$ |        |
| <b>EARNINGS PER SHARE</b>  |                        |              |              |        |
| Basic earnings per share   |                        |              |              |        |
| Before income tax          | \$1.24                 | \$1.35       | \$3.22       | \$0.11 |
| After income tax           | \$1.04                 | \$1.19       | \$3.10       | \$0.11 |
| Diluted earnings per share |                        |              |              |        |
| Before income tax          | \$1.21                 | \$1.33       | \$3.16       | \$0.11 |
| After income tax           | \$1.02                 | \$1.17       | \$3.04       | \$0.10 |
| <b>EARNINGS PER ADS</b>    |                        |              |              |        |
| Basic earnings per ADS     |                        |              |              |        |
| Before income tax          | \$6.19                 | \$6.75       | \$16.11      | \$0.55 |
| After income tax           | \$5.19                 | \$5.94       | \$15.52      | \$0.53 |
| Diluted earnings per ADS   |                        |              |              |        |
| Before income tax          | \$6.06                 | \$6.67       | \$15.79      | \$0.54 |
| After income tax           | \$5.08                 | \$5.86       | \$15.21      | \$0.52 |

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

(With Deloitte & Touche audit report dated April 28,  
2011)

(Concluded)

## ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Amount in Thousands)

|   | Capital<br>Stock | Capital<br>Received<br>in<br>Advance | Capital<br>Surplus | Legal<br>Reserve | Retained Earnings<br>Unappropriated<br>Earnings | Total        | Unrealized<br>Gain<br>(Loss) on<br>Financial<br>Instruments | Other Equ<br>Cumulativ<br>Translatio<br>Adjustmen |
|---|------------------|--------------------------------------|--------------------|------------------|---|--------------|---|---|
| New Taiwan<br>Dollars   |                  |                                      |                    |                  |   |              |   |   |
| <b>BALANCE,<br/>JANUARY 1,<br/>2008</b>   | \$54,475,589     | \$491,883                            | \$6,394,834        | \$1,698,504      | \$12,199,709                                    | \$13,898,213 | \$402,518   | \$2,179,800                                       |
| Appropriations of<br>2007 earnings  |                  |                                      |                    |                  |   |              |   |   |
| Legal reserve   | -                | -                                    | -                  | 1,216,525        | (1,216,525 )                                    | -            | -   | -   |
| Compensation to<br>directors and<br>supervisors                                     | -                | -                                    | -                  | -                | (216,000 )                                      | (216,000 )   | -   | -   |
| Bonus to<br>employees - cash  | -                | -                                    | -                  | -                | (383,205 )                                      | (383,205 )   | -   | -   |
| Bonus to<br>employees - stock   | 383,205          | -                                    | -                  | -                | (383,205 )                                      | (383,205 )   | -   | -   |
| Cash dividends -<br>17.1%   | -                | -                                    | -                  | -                | (9,361,728 )                                    | (9,361,728 ) | -   | -   |
| Stock dividends -<br>0.9%   | 492,723          | -                                    | -                  | -                | (492,723 )                                      | (492,723 )   | -   | -   |
| Issuance of<br>common stock<br>from capital<br>surplus                              | 1,094,939        | -                                    | (1,094,939)        | -                | -   | -            | -   | -   |
| Adjustment of<br>equity method<br>investments                                       | -                | -                                    | 1,014              | -                | -   | -            | (432,247)   | -   |
| Cash dividends<br>received by<br>subsidiaries from<br>parent company                | -                | -                                    | 535,100            | -                | -   | -            | -   | -   |
| Change in<br>unrealized gain<br>(loss) on<br>available-for-sale<br>financial assets | -                | -                                    | -                  | -                | -   | -            | (18,014 )   | -   |

|   |                   |              |                  |                  |                  |                  |                  |                 |
|---|-------------------|--------------|------------------|------------------|------------------|------------------|------------------|-----------------|
| Change in unrealized gain (loss) on cash flow hedging financial instruments | -                 | -            | -                | -                | -                | -                | (391,695)        | -               |
| Stock options exercised by employees  | 198,067           | (58,565 )    | 101,268          | -                | -                | -                | -                | -               |
| 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                     | -                 | -            | -                | -                | -                | -                | -                | -               |
| <b>BALANCE, DECEMBER 31, 2008</b>   | <b>56,904,278</b> | <b>3,387</b> | <b>6,373,287</b> | <b>2,915,029</b> | <b>6,306,375</b> | <b>9,221,404</b> | <b>(439,438)</b> | <b>4,873,95</b> |
| Appropriations of 2008 earnings   |                   |              |                  |                  |                  |                  |                  |                 |
| Legal reserve   | -                 | -            | -                | 616,005          | (616,005 )       | -                | -                | -               |
| Cash dividends - 5.0%   | -                 | -            | -                | -                | (2,736,568 )     | (2,736,568 )     | -                | -               |
| Adjustment of equity method investments                                     | -                 | -            | 1,369            | -                | 27               | 27               | 380,464          | -               |
| Cash dividends received by subsidiaries from parent company                 | -                 | -            | 160,895          | -                | -                | -                | -                | -               |
| Change in unrealized gain (loss) on cash flow hedging                       | -                 | -            | -                | -                | -                | -                | 84,472           | -               |

|   |                   |                |                  |                  |                  |                   |               |                  |             |
|---|-------------------|----------------|------------------|------------------|------------------|-------------------|---------------|------------------|-------------|
| financial instruments   |                   |                |                  |                  |                  |                   |               |                  |             |
| Stock options exercised by employees                                    | 74,245            | 131,818        | 32,726           | -                | -                | -                 | -             | -                | -           |
| 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 )       | -                | -                | -                 | -             | -                | -           |
| <b>BALANCE, DECEMBER 31, 2009</b>                                       | <b>54,798,783</b> | <b>135,205</b> | <b>6,333,755</b> | <b>3,531,034</b> | <b>9,698,375</b> | <b>13,229,409</b> | <b>25,498</b> | <b>3,276,500</b> |             |
| Appropriations of 2009 earnings   |                   |                |                  |                  |                  |                   |               |                  |             |
| Legal reserve   | -                 | -              | -                | 674,455          | (674,455 )       | -                 | -             | -                | -           |
| Stock dividends - 8.4%  | 4,615,775         | -              | -                | -                | (4,615,775 )     | (4,615,775 )      | -             | -                | -           |
| Cash dividends - 3.6%   | -                 | -              | -                | -                | (1,978,190 )     | (1,978,190 )      | -             | -                | -           |
| Issuance of common stock from capital surplus                           | 879,195           | -              | (879,195 )       | -                | -                | -                 | -             | -                | -           |
| Adjustment of equity method investments                                 | -                 | -              | (9,510 )         | -                | -                | -                 | 124,744       | -                | -           |
| Change in unrealized gain (loss) on available-for-sale financial assets | -                 | -              | -                | -                | -                | -                 | (9,290 )      | -                | -           |
| Disposal of treasury stock held by                                      | -                 | -              | 1,271,532        | -                | -                | -                 | -             | -                | -           |

subsidiaries

Disposal of equity  
method

investments - - (1,472 ) - - - - -

Cash dividends

received by

subsidiaries from

parent company - - 37,536 - - - - -

Change in

unrealized gain

(loss) on cash

flow hedging

financial

instruments - - - - - 105,351 -

Compensation

recognized for

employee stock

options granted - - 319,147 - - - - -

Stock options

exercised by

employees 226,119 164,493 108,792 - - - - -

Net income in

2010 - - - - 18,337,500 18,337,500 - -

Changes in

minority interest - - - - - - - - -

Changes in

minority interest

from acquisition

of subsidiaries - - - - - - - - -

Cumulative

translation

adjustments - - - - - - - - (4,397,12)

Change in net

loss not

recognized as

pension cost - - - - - - - - -

Acquisition of

treasury stock -

37,000 thousand

shares - - - - - - - - -

BALANCE,

DECEMBER 31,

2010 \$60,519,872 \$299,698 \$7,180,585 \$4,205,489 \$20,767,455 \$24,972,944 \$246,303 \$(1,120,6

U.S. Dollars

BALANCE,

DECEMBER 31,

2010 \$2,076,866 \$10,285 \$246,417 \$144,320 \$712,679 \$856,999 \$8,452 \$(38,456

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

(With Deloitte & Touche audit report dated April 28, 2011)

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## ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

|   | Year Ended December 31 |              |              | US\$       |
|---|------------------------|--------------|--------------|------------|
|   | 2008<br>NT\$           | 2009<br>NT\$ | 2010<br>NT\$ |            |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                       |                        |              |              |            |
| Net income  | \$7,207,483            | \$6,903,468  | \$19,194,889 | \$658,713  |
| Adjustments to reconcile net income to net cash provided by operating activities: |                        |              |              |            |
| Depreciation  | 16,333,515             | 16,775,929   | 18,473,333   | 633,951    |
| Amortization  | 911,337                | 862,153      | 1,381,140    | 47,397     |
| Impairment loss   | 293,319                | 11,117       | 251,402      | 8,627      |
| Compensation cost for employee stock options granted                              | -                      | -            | 319,147      | 10,952     |
| Equity in earnings of equity method investments                                   | (77,450 )              | (330,117 )   | (72,980 )    | (2,504 )   |
| Cash dividends received from equity method investments                            | 292,094                | 82,299       | 20,589       | 706        |
| Loss on disposal of property, plant and equipment                                 | 6,910                  | 26,280       | 445,276      | 15,281     |
| Provision for inventory valuation and obsolescence                                | 510,038                | 191,904      | 340,268      | 11,677     |
| Deferred income taxes   | 701,722                | 229,744      | 55,764       | 1,914      |
| Other   | 206,604                | 380,136      | (783,535 )   | (26,889 )  |
| Changes in operating assets and liabilities                                       |                        |              |              |            |
| Financial assets for trading  | 1,064,514              | (487,231 )   | (75,120 )    | (2,578 )   |
| Accounts receivable   | 7,474,046              | (6,470,810 ) | (1,248,494 ) | (42,845 )  |
| Other receivable  | 223,690                | (129,022 )   | (617,803 )   | (21,201 )  |
| Inventories   | 767,071                | (1,509,143 ) | (2,171,624 ) | (74,524 )  |
| Construction in progress related to property development                          | (591,148 )             | (6,107,080 ) | (2,874,177 ) | (98,633 )  |
| Other current assets  | 96,399                 | (411,045 )   | (132,716 )   | (4,554 )   |
| Financial liabilities for trading   | 38,545                 | (8,346 )     | 410,778      | 14,097     |
| Accounts payable  | (4,345,030 )           | 3,786,668    | 1,656,567    | 56,848     |
| Income tax payable  | 27,949                 | (83,789 )    | 1,462,879    | 50,202     |
| Accrued expenses  | 111,446                | 259,250      | 2,239,267    | 76,845     |
| Advance real estate receipts  | -                      | 1,507,472    | (1,466,097 ) | (50,312 )  |
| Other current liabilities   | (524,255 )             | 37,391       | 156,341      | 5,365      |
| Net cash provided by operating activities   | 30,728,799             | 15,517,228   | 36,965,094   | 1,268,535  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                       |                        |              |              |            |
| Acquisition of available-for-sale financial assets                                | (7,692,649 )           | (42,695,001) | (16,670,994) | (572,100 ) |
| Proceeds from disposal of available-for-sale financial assets                     | 16,714,277             | 38,971,185   | 20,883,928   | 716,676    |
| Acquisition of bond investments with no active market                             | (450,000 )             | (97,740 )    | -            | -          |
| Proceeds from disposal of bond investments with no active market                  | -                      | 450,000      | -            | -          |
| Acquisition of financial assets carried at cost                                   | (74,477 )              | (154,544 )   | (42,892 )    | (1,472 )   |

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|  |              |              |              |             |
|--|--------------|--------------|--------------|-------------|
| Cash received from return of capital by financial assets carried at cost | 6,295        | 3,203        | 28,556       | 980         |
| Proceeds from disposal of held-to-maturity financial assets              | 50,000       | -            | -            | -           |
| Acquisition of equity method investments                                 | -            | (84,000 )    | -            | -           |
| Cash received from return of capital by equity method investments        | -            | -            | 3,169        | 109         |
| Acquisition of subsidiaries  | (26,490,526) | -            | (6,181,583 ) | (212,134 )  |
| Acquisition of property, plant and equipment                             | (18,583,343) | (11,445,621) | (34,109,113) | (1,170,526) |
| Proceeds from disposal of property, plant and equipment                  | 187,521      | 93,116       | 261,010      | 8,957       |
| Decrease (increase) in guarantee deposits                                | 429,082      | (246,280 )   | 255,260      | 8,760       |
| Decrease (increase) in restricted assets                                 | 87,652       | 13,851       | (17,834 )    | (612 )      |
| Increase in other assets   | (442,555 )   | (337,864 )   | (713,149 )   | (24,473 )   |
| Acquisition of intangible assets   | (100,444 )   | (1,020 )     | (231,813 )   | (7,955 )    |

(Continued)

## ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

|  | Year Ended December 31 |              |              |             |
|--|------------------------|--------------|--------------|-------------|
|  | 2008<br>NT\$           | 2009<br>NT\$ | 2010<br>NT\$ | US\$        |
| Decrease (increase) in other receivables                         | \$-                    | \$(450,000 ) | \$450,000    | \$15,442    |
| Net cash used in investing activities                            | (36,359,167)           | (15,980,715) | (36,085,455) | (1,238,348) |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                      |                        |              |              |             |
| Proceeds from (repayments of):                                   |                        |              |              |             |
| Short-term borrowings  | (1,702,051 )           | 4,245,726    | (2,714,111 ) | (93,140 )   |
| Short-term bills payable   | (149,831 )             | -            | -            | -           |
| Bonds payable  | (5,549,983 )           | (1,375,000 ) | -            | -           |
| Proceeds from long-term bank loans                               | 42,020,525             | 31,145,664   | 32,586,219   | 1,118,264   |
| Repayments of long-term bank loans and capital lease obligations | (11,858,119)           | (33,385,917) | (25,792,377) | (885,119 )  |
| Increase (decrease) in guarantee deposits received               | (48,634 )              | 28,800       | (2,269 )     | (78 )       |
| Proceeds from exercise of stock options by employees             | 240,770                | 238,789      | 499,404      | 17,138      |
| Compensation to directors and supervisors and bonus to employees | (599,205 )             | -            | -            | -           |
| Cash dividends, net of cash dividends received by subsidiaries   | (8,826,628 )           | (2,575,673 ) | (1,940,654 ) | (66,598 )   |
| Repurchase of treasury stock                                     | (1,099,989 )           | (1,314,273 ) | (1,185,205 ) | (40,673 )   |
| Increase in minority interest                                    | 1,435,527              | 213,335      | 250,448      | 8,595       |
| Net cash provided by (used in) financing activities              | 13,862,382             | (2,778,549 ) | 1,701,455    | 58,389      |
| EFFECT OF EXCHANGE RATE CHANGES                                  | 748,981                | (339,400 )   | (1,741,031 ) | (59,747 )   |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS             | 8,980,995              | (3,581,436 ) | 840,063      | 28,829      |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR                     | 17,157,935             | 26,138,930   | 22,557,494   | 774,107     |
| CASH AND CASH EQUIVALENTS, END OF YEAR                           | \$26,138,930           | \$22,557,494 | \$23,397,557 | \$802,936   |
| <b>SUPPLEMENTAL INFORMATION</b>                                  |                        |              |              |             |
| Interest paid  | \$1,896,001            | \$1,832,333  | \$1,683,056  | \$57,758    |
| Less: Capitalized interest                                       | (176,801 )             | (173,169 )   | (296,827 )   | (10,186 )   |
| Interest paid (excluding capitalized interest)                   | \$1,719,200            | \$1,659,164  | \$1,386,229  | \$47,572    |
| Income tax paid  | \$1,538,611            | \$1,338,967  | \$2,110,097  | \$72,412    |

## Cash paid for acquisition of property, plant and equipment

|  |               |               |               |              |
|--|---------------|---------------|---------------|--------------|
| Acquisition of property, plant and equipment | \$ 16,623,705 | \$ 12,631,932 | \$ 34,761,050 | \$ 1,192,898 |
| Decrease (increase) in payable               | 1,963,582     | (1,186,311 )  | (651,937 )    | (22,372 )    |
| Increase in capital lease obligations        | (3,944 )      | -             | -             | -            |
|  | \$ 18,583,343 | \$ 11,445,621 | \$ 34,109,113 | \$ 1,170,526 |

## Cash received from disposal of property, plant and equipment

|   |            |            |            |          |
|---|------------|------------|------------|----------|
| Proceeds from disposal of property, plant and equipment | \$ 100,162 | \$ 115,263 | \$ 290,165 | \$ 9,958 |
| Decrease (increase) in other receivables                | 87,359     | (22,147 )  | (29,155 )  | (1,001 ) |
|   | \$ 187,521 | \$ 93,116  | \$ 261,010 | \$ 8,957 |

(Continued)

## ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

|  | Year Ended December 31 |              |              | US\$      |
|--|------------------------|--------------|--------------|-----------|
|  | 2008<br>NT\$           | 2009<br>NT\$ | 2010<br>NT\$ |           |
| <b>FINANCING ACTIVITIES NOT AFFECTING CASH FLOWS</b> |                        |              |              |           |
| Current portion of long-term bank loans              | \$2,670,845            | \$923,284    | \$2,990,176  | \$102,614 |
| Current portion of capital lease obligations         | 23,133                 | 12,055       | 28,838       | 990       |
| Payable to minority interest                         | -                      | -            | 718,023      | 24,640    |
| Bonds converted to capital stock                     | 265,834                | -            | -            | -         |

The Company acquired ASE WeiHai Inc. ("ASE WeiHai") in January 2008 for NT\$212,856 thousand, minority interest of ASE Test Limited ("ASE Test") in May 2008 for NT\$26,309,311 thousand, and also acquired 60.07% shareholdings of USI in February 2010 for NT\$13,475,056 thousand (US\$462,424 thousand). The net cash payments and fair values of acquired assets and liabilities of ASE WeiHai Inc. and USI at acquisition dates were shown as follows:

|  | As of Acquisition Dates |               |             |
|--|-------------------------|---------------|-------------|
|  | 2008<br>NT\$            | 2010<br>NT\$  | US\$        |
| Current assets   | \$218,070               | \$29,599,348  | \$1,015,764 |
| Long-term investments  | -                       | 497,508       | 17,073      |
| Property, plant and equipment, net                             | 669,159                 | 6,866,077     | 235,624     |
| Other assets   | 2,986                   | 4,743,627     | 162,787     |
| Current liabilities  | (706,649 )              | (19,490,014 ) | (668,840 )  |
| Long-term bank loans (including current portion)               | -                       | (100,000 )    | (3,432 )    |
| Other liabilities  | -                       | (365,877 )    | (12,556 )   |
|  | 183,566                 | 21,750,669    | 746,420     |
| Percentage of acquired shareholdings                           | 100.00 %                | 60.07 %       | 60.07 %     |
|  | 183,566                 | 13,065,626    | 448,374     |
| Goodwill   | 29,290                  | 409,430       | 14,050      |
| Total consideration  | 212,856                 | 13,475,056    | 462,424     |
| Less: Acquired through delivery of treasury stock              | -                       | (5,246,916 )  | (180,059 )  |
|  | 212,856                 | 8,228,140     | 282,365     |
| Less: Cash received of acquired companies at acquisition dates | (31,641 )               | (8,842,323 )  | (303,442 )  |
| Net cash outflow (inflow) from the acquisitions                | \$181,215               | \$(614,183 )  | \$(21,077 ) |

The Company further acquired 20.8% shareholdings of USI in August 2010 for cash consideration of NT\$4,667,117 thousand (US\$160,162 thousand).



In addition, the Company, through ASE Singapore Pte. Ltd. (“ASE Singapore”), acquired 100% shareholdings of EEMS Test Singapore Pte. Ltd. from its parent company, EEMS Asia Pte. Ltd. in August 2010 for US\$72,163 thousand. The net cash payments and carrying values of acquired assets and liabilities of EEMS Test Singapore Pte. Ltd. at the acquisition date were shown as follows:

|   | As of Acquisition Date |          |
|---|------------------------|----------|
|   | NT\$                   | US\$     |
| Current assets  | \$653,487              | \$22,426 |
| Property, plant and equipment, net                          | 1,352,212              | 46,404   |
| Other assets  | 145,239                | 4,984    |
| Current liabilities   | (102,224 )             | (3,508 ) |
| Long-term bank loans (including current portion)            | (105,773 )             | (3,630 ) |
|   | 1,942,941              | 66,676   |
| Goodwill  | 361,384                | 12,402   |
| Total consideration   | 2,304,325              | 79,078   |
| Less: Cash received of acquired company at acquisition date | (175,676 )             | (6,029 ) |
| Net cash outflow from the acquisition                       | \$2,128,649            | \$73,049 |

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

(With Deloitte & Touche audit report dated April 28, 2011) (Concluded)

Advanced Semiconductor Engineering, Inc.

Table of Comparison of the Revised Articles of Incorporation

| Original Provisions  | Provisions after Revision  |
|--|--|
| <p>Article 6:<br/>The Company's registered capital is NT\$80 billion, divided into 8 billion shares with a face value of NT\$10 per share. Stock options worth NT\$8 billion are set aside for employee subscription. The board is authorized to issue the remainder in several batches.</p> <p>Article 27:<br/>The articles of incorporation were passed at a founders' meeting held on March 11, 1984. The first amendment was made on May 3, 1984.</p> <p>The thirty-fifth amendment was made on June 19, 2008.</p> <p>The thirty-sixth amendment was made on June 25, 2009.</p> <p>The thirty-seventh amendment was made on June 14, 2010.</p> | <p>Article 6:<br/>The Company's registered capital is NT\$95 billion, divided into 9.5 billion shares with a face value of NT\$10 per share. Stock options worth NT\$8 billion are set aside for employee subscription. The board is authorized to issue the remainder in several batches.</p> <p>Article 27:<br/>The articles of incorporation were passed at a founders' meeting held on March 11, 1984. The first amendment was made on May 3, 1984.</p> <p>The thirty-fifth amendment was made on June 19, 2008.</p> <p>The thirty-sixth amendment was made on June 25, 2009.</p> <p>The thirty-seventh amendment was made on June 14, 2010.</p> <p>The thirty-eighth amendment was made on June 28, 2011.</p> |