

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):

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

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

Signatures

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

ADVANCED SEMICONDUCTOR
ENGINEERING, INC.

Date: July 22, 2011

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

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\$ 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 SHAREHOLDERS' EQUITY	2010		2009	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
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	-
Total current assets	16,752,587	10	17,591,613	13	Total current liabilities	24,443,453	15	18,104,951	13

LONG-TERM
INVESTMENTS

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

PROPERTY,
PLANT AND
EQUIPMENT

Cost					OTHER LIABILITIES				
Land	1,558,201	1	1,558,201	1	Accrued pension cost	1,251,957	1	1,072,012	1
Buildings and improvements	20,100,741	12	18,278,699	14	Guarantee deposits received	938	-	878	-
Machinery and equipment	63,587,917	39	54,595,445	41	Total other liabilities	1,252,895	1	1,072,890	1
Transportation equipment	63,102	-	66,613	-	Total liabilities	73,070,091	45	61,656,972	46
Furniture and fixtures	846,113	1	968,773	1					
Leased assets	17,221	-	39,825	-					
Total cost	86,173,295	53	75,507,556	57					
Accumulated depreciation	49,468,469	30	48,492,479	37	CAPITAL STOCK				
Accumulated impairment	64,072	-	-	-	Common Stock - NT\$10 par value				
	36,640,754	23	27,015,077	20	Authorized - 8,000,000 thousand shares				
Construction in progress	465,003	-	128,315	-	Issued - 6,051,987 thousand shares in 2010 and 5,479,878 thousand shares				
Machinery in transit and prepayments	1,703,819	1	3,239,679	3	in 2009	60,519,872	38	54,798,783	41
					Capital received in advance	299,698	-	135,205	-
Total property, 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
INTANGIBLE ASSETS									
Patents	42,831	-	62,194	-	CAPITAL SURPLUS				
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	-
OTHER ASSETS									
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	-	RETAINED EARNINGS	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	OTHER EQUITY ADJUSTMENTS				
					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
TOTAL	\$161,626,460	100	\$133,272,998	100	TOTAL	\$161,626,460	100	\$133,272,998	100

(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 Income Tax	After Income Tax	Before Income Tax	After Income Tax
EARNINGS PER SHARE (EPS)				
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 Stock	Capital Stock Capital Received in Advance	Capital Surplus	Legal Reserve	Retained Earnings Unappropriated Earnings	Total	Unrealized Gain or Loss on Financial Instruments	Other Equity Cumulative Translation Adjustments
BALANCE, JANUARY 1, 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 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 paid to subsidiaries	-	-	160,895	-	-	-	-	-
Change in unrealized gain on cash flow hedging financial instruments	-	-	-	-	-	-	84,472	-
Stock options exercised by employees	74,245	131,818	32,726	-	-	-	-	-
Net income in 2009	-	-	-	-	6,744,546	6,744,546	-	-
Cumulative translation 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)	-	-	-	-	-
BALANCE, DECEMBER 31, 2009	54,798,783	135,205	6,333,755	3,531,034	9,698,375	13,229,409	25,498	3,276,508
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
CASH FLOWS FROM OPERATING ACTIVITIES		
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
CASH FLOWS FROM INVESTING ACTIVITIES		
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)

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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)
CASH FLOWS FROM FINANCING ACTIVITIES		
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)
NET INCREASE (DECREASE) IN CASH	(2,447,168)	946,058
CASH, BEGINNING OF YEAR	4,079,270	3,133,212
CASH, END OF YEAR	\$1,632,102	\$4,079,270
SUPPLEMENTAL INFORMATION		
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	\$ -
FINANCING ACTIVITIES NOT AFFECTING CASH FLOWS		
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 SHAREHOLDERS' EQUITY	December 31		
	2009	2010			2009	2010	
	NT\$	NT\$	US\$		NT\$	NT\$	US\$
CURRENT ASSETS				CURRENT LIABILITIES			
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
LONG-TERM INVESTMENTS				LONG-TERM LIABILITIES			
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				
				OTHER LIABILITIES			
PROPERTY, PLANT AND EQUIPMENT				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				
				EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT			
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 NT\$	2009 NT\$	2010 NT\$	US\$
NET REVENUES				
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
Total net revenues	94,430,912	85,775,314	188,742,797	6,477,103
COST OF REVENUES				
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
Total cost of revenues	72,347,729	67,433,644	148,198,224	5,085,731
GROSS PROFIT	22,083,183	18,341,670	40,544,573	1,391,372
OPERATING EXPENSES				
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
Total operating expenses	10,524,065	9,131,841	16,445,567	564,364
INCOME FROM OPERATIONS	11,559,118	9,209,829	24,099,006	827,008
NON-OPERATING INCOME AND GAINS				
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
Total non-operating income and gains	1,644,794	2,063,322	2,556,947	87,747
NON-OPERATING EXPENSES AND LOSSES				
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 NT\$	2009 NT\$	2010 NT\$	
EARNINGS PER SHARE				
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
EARNINGS PER ADS				
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 Stock	Capital Received in Advance	Capital Surplus	Legal Reserve	Retained Earnings Unappropriated Earnings	Total	Unrealized Gain (Loss) on Financial Instruments	Other Equ Cumulativ Translatio Adjustmen
New Taiwan Dollars								
BALANCE, JANUARY 1, 2008	\$54,475,589	\$491,883	\$6,394,834	\$1,698,504	\$12,199,709	\$13,898,213	\$402,518	\$2,179,800
Appropriations of 2007 earnings								
Legal reserve	-	-	-	1,216,525	(1,216,525)	-	-	-
Compensation to directors and supervisors	-	-	-	-	(216,000)	(216,000)	-	-
Bonus to employees - cash	-	-	-	-	(383,205)	(383,205)	-	-
Bonus to employees - stock	383,205	-	-	-	(383,205)	(383,205)	-	-
Cash dividends - 17.1%	-	-	-	-	(9,361,728)	(9,361,728)	-	-
Stock dividends - 0.9%	492,723	-	-	-	(492,723)	(492,723)	-	-
Issuance of common stock from capital surplus	1,094,939	-	(1,094,939)	-	-	-	-	-
Adjustment of equity method investments	-	-	1,014	-	-	-	(432,247)	-
Cash dividends received by subsidiaries from parent company	-	-	535,100	-	-	-	-	-
Change in unrealized gain (loss) on available-for-sale 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	-	-	-	-	-	-	-	-
BALANCE, DECEMBER 31, 2008	56,904,278	3,387	6,373,287	2,915,029	6,306,375	9,221,404	(439,438)	4,873,95
Appropriations of 2008 earnings								
Legal reserve	-	-	-	616,005	(616,005)	-	-	-
Cash dividends - 5.0%	-	-	-	-	(2,736,568)	(2,736,568)	-	-
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)	-	-	-	-	-	-
BALANCE, DECEMBER 31, 2009	54,798,783	135,205	6,333,755	3,531,034	9,698,375	13,229,409	25,498	3,276,500	
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 NT\$	2009 NT\$	2010 NT\$	
CASH FLOWS FROM OPERATING ACTIVITIES				
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
CASH FLOWS FROM INVESTING ACTIVITIES				
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 NT\$	2009 NT\$	2010 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)
CASH FLOWS FROM FINANCING ACTIVITIES				
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
SUPPLEMENTAL INFORMATION				
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 NT\$	2009 NT\$	2010 NT\$	
FINANCING ACTIVITIES NOT AFFECTING CASH FLOWS				
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 NT\$	2010 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 %
Goodwill	183,566	13,065,626	448,374
Total consideration	29,290	409,430	14,050