



## **FOR IMMEDIATE RELEASE**

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## **ADVANCED SEMICONDUCTOR ENGINEERING, INC. REPORTS UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE SECOND QUARTER OF 2009**

Taipei, Taiwan, R.O.C., July 31, 2009 – Advanced Semiconductor Engineering, Inc. (TAIEX: 2311, NYSE: ASX) (“We”, “ASE”, or the “Company”), the world’s largest independent provider of IC packaging and testing services, today reported unaudited net revenues<sup>1</sup> of NT\$20,881 million for the second quarter of 2009 (2Q09), down 18% year-over-year and up 56% sequentially. Net income for the quarter totaled NT\$1,674 million, down from net income of NT\$2,412 million in 2Q08 and up from net loss of NT\$1,567 million in 1Q09. Diluted earnings per share for the quarter was NT\$0.32 (or US\$0.049 per ADS), compared to diluted earnings per share of NT\$0.42 for 2Q08 and losses per share of NT\$0.30 for 1Q09. For the first half of 2009, diluted earnings per share was NT\$0.02 (or US\$0.003 per ADS).

### **RESULTS OF OPERATIONS**

#### **2Q09 Results Highlights**

- Net revenue contribution from IC packaging operations (including module assembly), testing operations, and substrates sold to third parties was NT\$16,591 million, NT\$3,877 million and NT\$413 million, respectively, and each represented approximately 79%, 19% and 2%, respectively, of total net revenues for the quarter.
- Cost of revenues was NT\$16,357 million, down 14% year-over-year and up 28% sequentially.
  - Raw material cost totaled NT\$6,168 million during the quarter, representing 30% of total net revenue, compared with NT\$3,760 million and 28% of net revenue in the previous quarter.
  - Labor cost totaled NT\$3,028 million during the quarter, representing 15% of total net revenue, compared with NT\$2,524 million and 19% of net revenue in the previous quarter.
  - Depreciation, amortization and rental expenses totaled NT\$4,170 million during the quarter, up 5% year-over-year and down 2% sequentially.

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<sup>1</sup> All financial information presented in this press release is unaudited, consolidated and prepared in accordance with accounting principles generally accepted in the Republic of China, or ROC GAAP. Such financial information is generated internally by us, and has not been subjected to the same review and scrutiny, including internal auditing procedures and audit by our independent auditors, to which we subject our audited consolidated financial statements, and may vary materially from the audited consolidated financial information for the same period. Any evaluation of the financial information presented in this press release should also take into account our published audited consolidated financial statements and the notes to those statements. In addition, the financial information presented is not necessarily indicative of our results for any future period.



- Total operating expenses during 2Q09 were NT\$2,028 million, including NT\$825 million in R&D and NT\$1,203 million in SG&A, compared with operating expenses of NT\$2,069 million in 1Q09. Total operating expenses as a percentage of net revenue for the current quarter were 10%, down from 11% in 2Q08 and 15% in 1Q09.
- Operating income for the quarter totaled NT\$2,496 million, up from operating loss of NT\$1,411 million in the previous quarter. Operating margin increased to 12% in 2Q09 from negative 11% in 1Q09.
- In terms of non-operating items:
  - Net interest expense was NT\$340 million, down from NT\$435 million a quarter ago primarily due to lower average interest rates and bank loan balances during the quarter.
  - Net foreign exchange gain of NT\$106 million was primarily attributable to the depreciation of the U.S. dollar against the N.T. dollar.
  - Gain on equity-method investments of NT\$58 million was primarily attributable to our investment in USI.
  - Other non-operating loss of NT\$114 million was primarily related to the valuation adjustment of financial assets and other miscellaneous expenses. Total non-operating expenses for the quarter were NT\$290 million, compared to NT\$22 million for 2Q08 and NT\$235 million for 1Q09.
- Income before tax was NT\$2,206 million for 2Q09, compared to a loss of NT\$1,646 million in the previous quarter. We recorded income tax expense of NT\$559 million during the quarter, compared to income tax benefit of NT\$50 million in 1Q09. The sequential increase of the income tax expense was primarily due to the recognition of undistributed earnings tax and the adjustment of deferred tax asset.
- In 2Q09, net income was NT\$1,674 million, compared to net income of NT\$2,412 million for 2Q08 and net loss of NT\$1,567 million for 1Q09.
- After cancelling 217,974,000 shares in treasury stock that we bought back from the open market, our total number of shares outstanding at the end of the quarter was 5,473,701,414 shares (this still includes treasury stock owned by our subsidiaries). Our 2Q09 diluted earnings per share of NT\$0.32 (or US\$0.049 per ADS) was based on 5,164,077,671 weighted average number of shares outstanding in 2Q09.

## LIQUIDITY AND CAPITAL RESOURCES

- As of June 30, 2009, our cash and other financial assets totaled NT\$28,676 million, compared to NT\$27,750 million as of March 31, 2009.
- Capital expenditures in 2Q09 totaled US\$45 million, of which US\$31 million was used for IC packaging, US\$13 million was used for testing and US\$1 million was used for interconnect materials.
- As of June 30, 2009, we had total bank debt of NT\$62,176 million, compared to NT\$63,675 million as of March 31, 2009. Total bank debt consisted of NT\$7,888 million of revolving working capital loans, NT\$1,932 million of the current portion of long-term debt, and NT\$52,356 million of long-term debt. Total unused credit lines amounted to NT\$46,106 million. We have secured a NT\$12 billion 5-year term loan facility with syndication banks. This facility will be primarily used for refinancing of our existing bank debt.
- Current ratio as of June 30, 2009 was 1.90, compared to 2.10 as of March 31, 2009. Net debt to equity ratio was 0.49 as of June 30, 2009.
- Total number of employees was 26,406 as of June 30, 2009, compared to 30,363 as of June 30, 2008 and 25,032 as of March 31, 2009.



## BUSINESS REVIEW

### IC Packaging Services<sup>2</sup>

- Net revenues generated from our IC packaging operations were NT\$16,591 million during the quarter, down NT\$3,442 million, or 17% year-over-year, and up NT\$6,383 million, or 63% sequentially.
- Net revenues from advanced substrate and leadframe-based packaging accounted for 91% of total IC packaging net revenues during the quarter, up by 3 percentage points from the previous quarter.
- Gross margin for our IC packaging operations was 19%, down by 2 percentage points year-over-year and up by 14 percentage points sequentially.
- Capital expenditures for our IC packaging operations amounted to US\$31 million during the quarter, of which US\$25 million was used for wirebonding packaging capacity and US\$6 million was used for wafer bumping and flip chip packaging equipment.
- As of June 30, 2009, there were 8,501 wirebonders in operation. 181 wirebonders were added and 99 wirebonders were disposed during the quarter.
- Net revenues from flip chip packages and wafer bumping services accounted for 14% of total packaging net revenues, up by 1 percentage point from the previous quarter.

### Testing Services

- Net revenues generated from our testing operations were NT\$3,877 million, down NT\$1,225 million, or 24% year-over-year, and up NT\$1,109 million, or 40% sequentially.
- Final testing contributed 82% to total testing net revenues, down by 4 percentage points from the previous quarter. Wafer sort contributed 15% to total testing net revenues, up by 5 percentage points from the previous quarter. Engineering testing contributed 3% to total testing net revenues, down by one percentage point from the previous quarter.
- Depreciation, amortization and rental expense associated with our testing operations amounted to NT\$1,480 million, up from NT\$1,475 million in 2Q08 and down from NT\$1,512 million in 1Q09.
- In 2Q09, gross margin for our testing operations was 28%, down by 10 percentage points year-over-year and up by 23 percentage points sequentially.
- Capital spending on our testing operations amounted to US\$13 million during the quarter.
- As of June 30, 2009, there were 1,510 testers in operation. 33 testers were added and 95 testers were disposed of during the quarter.

### Substrate Operations

- PBGA substrate manufactured by ASE amounted to NT\$1,839 million for the quarter, down NT\$322 million, or 15% year-over-year, and up NT\$763 million, or 71% from the previous quarter. Of the total output of NT\$1,839 million, NT\$413 million was from sales to external customers.
- Gross margin for substrate operations was 17% during the quarter, up by 2 percentage points year-over-year and up by 24 percentage points sequentially.
- In 2Q09, the Company's internal substrate manufacturing operations supplied 56% (by value) of our total substrate requirements.

### Customers

- Our five largest customers together accounted for approximately 32% of our total net

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<sup>2</sup> IC packaging services include module assembly services.



revenues in 2Q09, compared to 29% in 2Q08 and 33% in 1Q09. Only one single customer accounted for more than 10% of our total net revenues.

- Our top 10 customers contributed 45% of our total net revenues during the quarter, compared to 48% in 2Q08 and 47% in 1Q09.
- Our customers that are integrated device manufacturers, or IDMs, accounted for 30% of our total net revenues during the quarter, compared to 41% in 2Q08 and 34% in 1Q09.

## **About ASE, Inc.**

*ASE, Inc. is the world's largest independent provider of IC packaging services and testing services, including front-end engineering testing, wafer probing and final testing services. ASE, Inc.'s international customer base of more than 200 customers includes such leading names as ATI Technologies Inc., MediaTek Inc., NEC Electronics Corporation, NVIDIA Corporation, NXP Semiconductors, Qualcomm Incorporated, RF Micro Devices Inc. and STMicroelectronics N.V. With advanced technological capabilities and a global presence spanning Taiwan, Korea, Japan, Singapore, Malaysia and the United States, ASE, Inc. has established a reputation for reliable, high quality products and services. For more information, visit our website at <http://www.aseglobal.com>.*

## **Safe Harbor Notice**

This presentation contains "forward-looking statements" within the meaning of Section 27A of the United States Securities Act of 1933, as amended, and Section 21E of the United States Securities Exchange Act of 1934, as amended, including statements regarding our future results of operations and business prospects. Although these forward-looking statements, which may include statements regarding our future results of operations, financial condition or business prospects, are based on our own information and information from other sources we believe to be reliable, you should not place undue reliance on these forward-looking statements, which apply only as of the date of this presentation. The words "anticipate", "believe", "estimate", "expect", "intend", "plan" and similar expressions, as they relate to us, are intended to identify these forward-looking statements in this presentation. Our actual results of operations, financial condition or business prospects may differ materially from those expressed or implied in these forward-looking statements for a variety of reasons, including risks associated with cyclicity and market conditions in the semiconductor industry; demand for the outsourced semiconductor packaging and testing services we offer and for such outsourced services generally; the highly competitive semiconductor industry; our ability to introduce new packaging, interconnect materials and testing technologies in order to remain competitive; our ability to successfully integrate pending and future mergers and acquisitions; international business activities; our business strategy; general economic and political conditions, including the recent global financial crisis; possible disruptions in commercial activities caused by natural or human-induced disasters; our future expansion plans and capital expenditures; the strained relationship between the Republic of China and the People's Republic of China; fluctuations in foreign currency exchange rates; and other factors. For a discussion of these risks and other factors, please see the documents we file from time to time with the Securities and Exchange Commission, including our 2008 Annual Report on Form 20-F filed on June 24, 2009.

## Supplemental Financial Information

### Consolidated Operations

Amounts in NT\$ Millions	2Q/09	1Q/09	2Q/08
<b>Net Revenues</b>	20,881	13,397	25,610
<b>Revenues by End Application</b>			
Communication	49%	48%	45%
Computer	16%	16%	24%
Automotive and Consumer	34%	35%	31%
Others	1%	1%	0%
<b>Revenues by Region</b>			
North America	55%	54%	53%
Europe	11%	12%	13%
Taiwan	22%	20%	22%
Japan	8%	11%	8%
Other Asia	4%	3%	4%

### IC Packaging Services

Amounts in NT\$ Millions	2Q/09	1Q/09	2Q/08
<b>Net Revenues</b>	16,591	10,208	20,033
<b>Revenues by Packaging Type</b>			
Advanced substrate & leadframe based	91%	88%	89%
Traditional leadframe based	5%	6%	5%
Module assembly	2%	2%	4%
Others	2%	4%	2%
<b>Capacity</b>			
CapEx (US\$ Millions) *	31	14	71
Number of Wirebonders	8,501	8,419	8,426

### Testing Services

Amounts in NT\$ Millions	2Q/09	1Q/09	2Q/08
<b>Net Revenues</b>	3,877	2,768	5,102
<b>Revenues by Testing Type</b>			
Final test	82%	86%	78%
Wafer sort	15%	10%	19%
Engineering test	3%	4%	3%
<b>Capacity</b>			
CapEx (US\$ Millions) *	13	10	56
Number of Testers	1,510	1,572	1,622

\* Capital expenditure amounts exclude building construction costs.

**Advanced Semiconductor Engineering, Inc.**  
**Summary of Consolidated Income Statements Data**  
(In NT\$ millions, except per share data)  
**(Unaudited)**

	For the three months ended			For the period ended	
	Jun. 30 2009	Mar. 31 2009	Jun. 30 2008	Jun. 30 2009	Jun. 30 2008
Net revenues:					
IC Packaging	16,591	10,208	20,033	26,799	39,260
Testing	3,877	2,768	5,102	6,645	9,997
Others	413	421	475	834	1,048
Total net revenues	<u>20,881</u>	<u>13,397</u>	<u>25,610</u>	<u>34,278</u>	<u>50,305</u>
Cost of revenues	<u>(16,357)</u>	<u>(12,739)</u>	<u>(19,098)</u>	<u>(29,095)</u>	<u>(37,605)</u>
Gross profit	<u>4,524</u>	<u>658</u>	<u>6,512</u>	<u>5,183</u>	<u>12,700</u>
Operating expenses:					
Research and development	(825)	(750)	(980)	(1,575)	(2,077)
Selling, general and administrative	(1,203)	(1,319)	(1,948)	(2,522)	(3,687)
Total operating expenses	<u>(2,028)</u>	<u>(2,069)</u>	<u>(2,928)</u>	<u>(4,097)</u>	<u>(5,764)</u>
Operating income (loss)	<u>2,496</u>	<u>(1,411)</u>	<u>3,584</u>	<u>1,086</u>	<u>6,936</u>
Net non-operating (expenses) income:					
Interest expense - net	(340)	(435)	(268)	(775)	(544)
Foreign exchange gain (loss)	106	(107)	294	(1)	595
Gain (loss) on equity-method investments	58	24	28	82	133
Others	(114)	283	(76)	168	(275)
Total non-operating (expenses) income	<u>(290)</u>	<u>(235)</u>	<u>(22)</u>	<u>(526)</u>	<u>(91)</u>
Income (loss) before tax	2,206	(1,646)	3,562	560	6,845
Income tax benefit (expense)	<u>(559)</u>	<u>50</u>	<u>(779)</u>	<u>(509)</u>	<u>(1,191)</u>
(Loss) income from continuing operations and before minority interest	1,647	(1,596)	2,783	51	5,654
Minority interest	<u>27</u>	<u>29</u>	<u>(371)</u>	<u>57</u>	<u>(906)</u>
Net income (loss)	<u>1,674</u>	<u>(1,567)</u>	<u>2,412</u>	<u>108</u>	<u>4,748</u>
Per share data:					
Earnings (losses) per share					
– Basic	NT\$0.33	NT\$(0.30)	NT\$0.44	NT\$0.02	NT\$0.87
– Diluted	NT\$0.32	NT\$(0.30)	NT\$0.42	NT\$0.02	NT\$0.83
Earnings (losses) per equivalent ADS					
– Basic	US\$0.049	US\$(0.045)	US\$0.073	US\$0.003	US\$0.140
– Diluted	US\$0.049	US\$(0.045)	US\$0.070	US\$0.003	US\$0.133
Number of weighted average shares used in diluted EPS calculation (in thousands)	5,164,078	5,183,404	5,663,514	5,176,083	5,689,771
Exchange rate (NT\$ per US\$1)	33.16	33.82	30.36	33.49	31.05

**Advanced Semiconductor Engineering, Inc.**  
**Summary of Consolidated Balance Sheet Data**  
(In NT\$ millions)  
(Unaudited)

	As of Jun. 30, 2009	As of Mar. 31, 2009
Current assets:		
Cash and cash equivalents	20,285	26,619
Financial assets – current	8,391	1,131
Notes and accounts receivable	14,583	10,320
Inventories	5,215	4,446
Others	3,511	2,954
Total current assets	51,985	45,470
Financial assets – non current	4,587	4,540
Properties – net	78,546	82,405
Intangible assets	12,091	12,499
Others	3,956	4,150
Total assets	151,165	149,064
Current liabilities:		
Short-term debts – revolving credit	7,888	7,488
Current portion of long-term debts	1,932	2,405
Notes and accounts payable	6,842	4,168
Others	10,771	7,575
Total current liabilities	27,433	21,636
Long-term debts	52,356	53,782
Other liabilities	3,618	3,594
Total liabilities	83,407	79,012
Minority interest	2,182	2,076
Shareholders' equity	65,576	67,976
Total liabilities & shareholders' equity	151,165	149,064
Current Ratio	1.90	2.10
Net Debt to Equity	0.49	0.51