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ADVANCED SEMICONDUCTOR ENGINEERING, INC. REPORTS YEAR 2001 FIRST-QUARTER FINANCIAL RESULTS

Taipei, Taiwan, R.O.C., April 26, 2001 – Advanced Semiconductor Engineering, Inc. (TAIEX: 2311, NYSE: ASX), (“ASE”, or the “Company”), one of the world’s largest independent providers of semiconductor packaging and testing services, today reported quarterly sales of NT\$11,250 million and quarterly earnings of NT\$352 million in the first quarter ended March 31, 2001. Fully diluted earnings per share for the quarter were NT\$0.12, or US\$0.019 per ADS.

“The first quarter was a difficult quarter for the industry, and ASE is not immune from this slowdown.” said Mr. Jason Chang, chairman of ASE Inc. “While the industry came down at a pace much faster than expected, we are having extremely poor visibility. Facing this tough environment, we are taking necessary actions to improve our cost structure and consequently better protect profitability.”

Dr. Leonard Liu, president of ASE also commented, “As we are beginning to see companies taking dramatic actions to write-off inventory, we believe the situation should gradually start to improve. Today, technology continues to evolve at a very rapid pace, and the only way to create demand is by introducing new technology to the market to provide better solutions and stimulate consumption. Given the economy of scale of our operation and our diversified revenue sources, we believe we can weather this down cycle much better than most of our competitors.”

Financial Results

First-Quarter 2001 Results: Year-over-Year Comparison

- Net revenues increased 1% to NT\$11,250 million.
- Gross profit declined 32% to NT\$2,383 million.
- Operating income decreased 57% to NT\$968 million.
- Net income fell 76% to NT\$352 million.
- Fully diluted earnings per share declined 78% to NT\$0.12, or US\$0.019 per ADS.

Net Revenues:

Consolidated net revenues totaled NT\$11,250 million in the first quarter of 2001, up 1% from NT\$11,162 million in the same period in 2000. Assembly revenues decreased 3% to NT\$8,142 million, and testing revenues increased 12% to NT\$3,106 million. With the exception of ASE Inc. Kaoshiung and ASE Test Inc., all other operations posted lower revenues in the first quarter of 2001 compared with a year ago.



Gross Profit:

Gross profit decreased 32% YoY to NT\$2,383 million. Gross margin also declined to 21.2% from 31.3% in the same period of 2000. The lower gross margin was mainly attributable to the higher depreciation expense recorded in the quarter as a result of our capacity expansion in year 2000. Depreciation expense during the quarter totaled NT\$2,468 million, which represented a 46% increase from the same period last year. Depreciation expense as a percentage of net revenues rose from 15.1% in Q1 2000 to 21.9% in Q1 2001 as a result of lower utilization rate in both assembly and test operations. Cost for raw material also increased from NT\$3,263 million in the first quarter of 2000 to NT\$3,401 million for this quarter, which represented 1% increase as a percentage of net revenues.

Operating Expenses / Income:

Operating expenses increased 14% YoY to NT\$1,415 million. Of the total, research and development ("R&D") spending increased 51% to NT\$364 million, or 3.2% of net revenues versus 2.2% for the same period last year. Selling, general and administrative expenses during the quarter increased 6% from the year-ago period to NT\$1,051 million, or 9.3% of net revenues versus 8.9% for the same quarter last year. Total operating expenses as a percentage of revenues rose to 12.6% in Q1 2001 from 11.1% in Q1 2000. Goodwill amortization expense relating to the acquisition of consolidated entities (including ASE Chung Li, ASE Korea and ISE Labs) amounted to NT\$151 million in the latest quarter.

Operating income fell 57% YoY to NT\$968 million. Operating margin, meanwhile, declined to 8.6% in the latest quarter from 20.2% in the same period last year.

Non-operating Expenses:

Total non-operating expenses decreased from NT\$307 million a year ago to NT\$286 million. Net interest expense decreased 10% to NT\$411 million during the latest quarter from NT\$456 million in Q1 2000 as a result of decreased leverage in 2000. We recorded a foreign exchange gain of NT\$264 million as a result of the Yen's depreciation which had a positive impact on our Yen denominated liabilities. Long-term investment gain or loss decreased from a gain of NT\$68 million to a loss of NT\$191 million, mainly due to loss recorded by USI and Hung Ching Construction in the latest quarter. Goodwill amortization expenses for non-consolidated entities amount to NT\$95 million during the quarter. During the first quarter of 2001, we received a cash dividend of NT\$100 million from our investment in a venture capital fund.

Net income:

Income tax expense of NT\$156 million in Q1 2001 represents an effective tax rate of 22.9%. Minority interest expense totaled NT\$174 million in the quarter. Net income for the first quarter 2001 reached NT\$352 million, a decline of 76% compared with the same period last year.

Fully diluted earnings per share were NT\$0.12 in Q1 2001, versus NT\$0.54 in Q1 2000. Fully diluted earnings per ADS were US\$0.019 versus US\$0.087 in the first quarter last year.

Shares Outstanding:

Retroactively adjusted for the company's 2000 stock dividend, a weighted average total of 2,752 million ASE common shares were used to calculate per share data for the 1Q 2001 versus 2,652 million Common shares for the same period 2000. Each ADS represents 5 common shares.

Capital Expenditures:

Capital spending in Q1 2001 totaled US\$79 million. Capital expenditures by operation breaks down as follows: US\$26 million to assembly operations, US\$27 million to testing operations and US\$26 million to material manufacturing operations.



First-Quarter 2001 Results: Sequential Comparison

- Net revenues declined 16% sequentially.
- Gross profit decreased 39%.
- Operating income decreased 60%.
- Net income dropped 73%.

Net Revenues:

Net revenues in Q1 2001 declined 16% from the prior quarter. Assembly revenues decreased 17% to NT\$8,142 million, whereas testing revenues decreased 12% to NT\$3,106 million. The lower revenues is attributable to the industry slowdown across the board. Total combined assembly and test revenues from PC sector grew from 24% in Q4 2000 to 29% in Q1 2001 as some of our PC related chipset design companies out-performed other sectors.

Gross Profit:

Gross profit in Q1 2001 decreased 39% on a sequential basis. Gross margin, meanwhile, declined by 8.1 percentage points to 21.2%. Raw material cost decreased 7% from NT\$3,662 million in previous quarter to NT\$3,401 million in Q1 2001, but increased from 27.3% to 30.2% as a percentage of net revenues due to lower ASP. Depreciation expenses for the quarter increased NT\$179 million. As a percentage of net revenues, depreciation expenses increased from 17.1% to 21.9%, reflecting lower machine utilization rate in our factories due to volume decline.

Operating Expenses / Income:

Operating expenses decreased 7% on a sequential basis, of which R&D expenses reduced 11%, and SG&A expenses decreased 5%. Operating income declined 60% sequentially, and operating margin dropped 9.4 percentage points from 18.0% in the previous quarter to 8.6% for Q1 2001.

Non-operating Expenses:

Non-operating expenses improved by 27% to NT\$286 million, or 2.5% of net revenues versus 2.9% for the previous quarter. The improvement mainly came from higher foreign exchange gain recognized during the quarter (NT\$264 million vs. NT\$152 million), and reduced loss from our long term investment (NT\$191 million vs. NT\$233 million).

Net income:

Income before tax declined 66% sequentially to NT\$682 million. Minority interests decreased to NT\$174 million, reflecting lower profit contribution by our consolidated entities, especially ASE Test Limited. Net income decreased 73% compared with the fourth quarter of last year. Fully diluted earnings per share declined from NT\$0.47 to NT\$0.12 sequentially.



About ASE Inc.

ASE Inc. is one of the world's largest independent providers of semiconductor packaging services and, together with its subsidiary ASE Test Limited (Nasdaq:ASTSF), one of the world's largest independent providers of semiconductor testing services, including front-end engineering testing, wafer probing and final testing services. The Company's international customer base of more than 200 blue-chip customers includes such leading names as Advanced Micro Devices, Inc., Altera Corporation, Cirrus Logic International Ltd., Conexant Systems, Inc., LSI Logic Corporation, and Qualcomm Incorporated. With advanced-process technological capabilities and a global presence spanning Taiwan, Korea, Hong Kong, Singapore, Malaysia and the United States, ASE Inc. has established a reputation for reliable, high quality products and services. For more information, visit the website, <http://www.aseglobal.com>

Safe Harbor Notice

This press release contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding our future revenues, earnings, and other results of operations. Our actual results may differ materially from the results discussed 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 assembly and testing services we offer and for such outsourced services generally, our ability to maintain a high capacity utilization rate relative to our fixed costs, competition in our industry, and other reasons. For a discussion of these and other factors which may cause our results to differ materially from our forward-looking statements, please read the discussion of these risks in the documents we filed from time to time with Securities and Exchange Commission, including our Prospectus on Form F1 and F4 filed Sept. 27, 2000 and our Current Reports on Form 6-K filed Feb. 26, 2001, Dec. 27 and Oct. 30, 2000.

Supplemental Financial Information

Assembly Operations

Amounts in NT\$ Millions	1Q/01	1Q/00	4Q/00
Net Revenue	8,142	8,378	9,844
End Application by Revenue			
Communication	34%	41%	38%
Computer	30%	42%	25%
Automotive and Consumers	35%	15%	36%
Others	1%	2%	1%
Package Type by Revenue			
BGA	52%	42%	43%
QFP	27%	33%	35%
PDIP, PLCC, Sps	12%	16%	15%
Others	9%	9%	7%
Capacity			
CapEx (US\$ Millions)	26	82	64
Number of Wirebonders	3,909	3,061	3,973

Testing Operations

Amounts in NT\$ Millions	1Q/01	1Q/00	4Q/00
Net Revenue	3,106	2,776	3,540
End Application by Revenue			
Communication	37%	30%	28%
Computer	28%	34%	23%
Automotive and Consumers	33%	26%	43%
Others	2%	10%	6%
Testing Type by Revenue			
Logic and Mixed Signal	97%	99%	97%
Memory	3%	1%	3%
Capacity			
CapEx (US\$ Millions)	27	98	107
Number of Testers	1,059	773	1,029

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

	For the three months ended		
	Mar. 31 2001	Mar. 31 2000	Dec. 31 2000
Net revenues:			
Assembly	8,142	8,379	9,844
Testing	3,106	2,776	3,539
Others	2	7	9
Total net revenues	<u>11,250</u>	<u>11,162</u>	<u>13,392</u>
Cost of revenues	<u>8,867</u>	<u>7,672</u>	<u>9,464</u>
Gross Profit	<u>2,383</u>	<u>3,490</u>	<u>3,928</u>
Operating expenses:			
Research and development	364	240	410
Selling, general and administrative	1,051	996	1,110
Total operating expenses	<u>1,415</u>	<u>1,236</u>	<u>1,520</u>
Operating income	<u>968</u>	<u>2,254</u>	<u>2,408</u>
Other (income) expenses:			
Interest expenses, net	411	456	363
Foreign currency loss (gain), net	(264)	(250)	(152)
Loss (gain) on long-term investment*	285	19	327
Loss (gain) on dispose of assets	8	14	(18)
Other non-operating expenses	(154)	68	(126)
Total non-operating expenses	<u>286</u>	<u>307</u>	<u>394</u>
Income before income tax	<u>682</u>	<u>1,947</u>	<u>2,014</u>
Income tax expense (credit)	<u>156</u>	<u>240</u>	<u>247</u>
Net income before minority interest	<u>526</u>	<u>1,707</u>	<u>1,767</u>
Minority interest	174	243	473
Net income	352	1,464	1,294
Per share data:			
EPS – Basic	NT\$0.13	NT\$0.55	NT\$0.48
EPS – Fully Diluted	NT\$0.12	NT\$0.54	NT\$0.47
Earnings per ADS – Basic	US\$0.020	US\$0.090	US\$0.075
Earnings per ADS – Fully Diluted	US\$0.019	US\$0.087	US\$0.072
Number of weighted average shares used in the EPS calculation (in thousands, retroactively adjusted for stock dividend)	2,752,000	2,651,676	2,677,603
Forex (NT\$ per US\$1)	32.61	30.76	32.17

* As a result of the recently announced debt restructuring of the Asia Pulp and paper ("APP") group of companies, ASE Inc. is revising its unaudited consolidated financial statement for the year ended December 31, 2000, to include a provision for loss of NT\$236 million reflecting the impairment in the value of certain bonds issued by the APP Global Finance Limited and held by the Company as a long-term investment. As a result of the revision, the Company's unaudited consolidated net income for the year ended December 31, 2000, was NT\$5,837 million, compared to NT\$6,073 million without the provision for loss.

Advanced Semiconductor Engineering, Inc.

Consolidated Summary Balance Sheet Data

(In NT\$ millions)

(Unaudited)

	<u>As of Mar. 31, 2001</u>	<u>As of Dec. 31, 2000</u>
Current assets:		
Cash and cash equivalents	12,775	14,166
Short-term investments	1,685	1,683
Notes and accounts receivable	9,511	9,261
Inventories	2,879	3,246
Others	<u>2,575</u>	<u>2,432</u>
Total	29,425	30,788
Long-term investments	10,652	10,712
Properties – net	60,600	60,566
Other assets	<u>7,063</u>	<u>6,275</u>
Total assets	<u>107,740</u>	<u>108,341</u>
Current liabilities:		
Short-term debts	13,512	13,765
Notes and accounts payable	3,347	3,860
Others	<u>6,460</u>	<u>8,246</u>
Total	23,319	25,871
Long-term debts	26,588	25,979
Other liabilities	<u>1,538</u>	<u>760</u>
Total liabilities	51,445	52,610
Minority interest	12,253	12,062
Shareholders' equity	<u>44,042</u>	<u>43,669</u>
Total liabilities & shareholders' equity	<u>107,740</u>	<u>108,341</u>