

**UNITED MICROELECTRONICS CORPORATION
AND SUBSIDIARIES
UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
WITH REVIEW REPORT OF INDEPENDENT ACCOUNTANTS
FOR THE SIX-MONTH PERIOD ENDED
JUNE 30, 2005**

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The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

English Translation of a Report Originally Issued in Chinese

To the Board of Directors and Stockholders of
United Microelectronics Corporation

We have reviewed the accompanying consolidated balance sheet of United Microelectronics Corporation and Subsidiaries as of June 30, 2005, and the related consolidated statements of income, change in stockholders' equity and cash flows for the six-month period ended June 30, 2005. The consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue the consolidated review report based on our review. As described in Note 4(7) to the consolidated financial statements, certain long-term investments were accounted for under the equity method based on the June 30, 2005 financial statements of the investees, which were audited by other auditors. Our review insofar as it relates to the investment income amounting to NT\$164 million for the six-month period ended June 30, 2005, and the related long-term investment balances of NT\$7,557 million as of June 30, 2005, is based solely on the reports of the other auditors.

We conducted our review in accordance with the Statements of Auditing Standards No. 36, "Review of Financial Statements" of the Republic of China. A review is limited primarily to applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statement taken as a whole. Accordingly, we do not express such an opinion.

Based on our review and the reports of other auditors, we are not aware of any material modifications or adjustments that should have been made to the consolidated financial statements referred to above in order for them to be in conformity with "Guidelines Governing the Preparation of Financial Reports by Securities Issuers" and generally accepted accounting principles in the Republic of China.

As described in Note 3 to the financial statements, effective from January 1, 2005, United Microelectronics Corporation and subsidiaries have adopted the R.O.C. Statement of Financial Accounting Standards No.35 "Accounting for Asset Impairment" to account for the impairment of its assets.

As described in Note 3 to the financial statements, effective from January 1, 2005, United Microelectronics Corporation and subsidiaries have adopted the amendments to the R.O.C Statement of Financial Accounting Standards No.5 "Accounting for Long-term Equity Investment".

July 19, 2005
Taipei, Taiwan
Republic of China

Notice to Readers

The accompanying consolidated 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.

English Translation of Financial Statements Originally Issued in Chinese
UNITED MICROELECTRONICS CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED BALANCE SHEET

June 30, 2005

(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	As of June 30, 2005	Liabilities and Stockholders' Equity	Notes	As of June 30, 2005
Current assets			Current liabilities		
Cash and cash equivalents	2, 4(1)	\$82,445,691	Short-term loans	4(10), 6	\$1,845,315
Marketable securities, net	2, 4(2)	3,255,693	Notes payable		21,385
Notes receivable	4(3)	10,270	Accounts payable		5,118,329
Notes receivable - related parties	5	57,853	Income tax payable	2	298,904
Accounts receivable, net	2, 4(4)	10,012,139	Accrued expenses		5,605,509
Accounts receivable - related parties, net	2, 5	2,127,392	Cash dividend payable		1,758,736
Other receivables	2	838,103	Payables on equipment		3,659,537
Other financial assets, current	2, 4(5), 10	63,080	Other payables	10	188,986
Inventories, net	2, 4(6)	8,479,210	Current portion of long-term interest-bearing liabilities	4(11), 4(12), 6	6,332,625
Prepaid expenses		900,582	Deferred income tax liabilities, current	2, 4(19)	163
Deferred income tax assets, current	2, 4(19)	3,482,806	Other current liabilities	7	979,313
Restricted deposits	6	569,400	Total current liabilities		25,808,802
Total current assets		112,242,219			
Funds and long-term investments	2, 4(7)		Long-term interest-bearing liabilities		
Long-term investments accounted for under the equity method		18,638,444	Bonds payable	2, 4(7), 4(11)	34,939,572
Long-term investments accounted for under the cost method		14,035,179	Long-term loans	4(12)	3,247,875
Total funds and long-term investments		32,673,623	Total long-term interest-bearing liabilities		38,187,447
Other financial assets, noncurrent	2, 4(5), 10	1,409,258	Other liabilities		
Property, plant and equipment	2, 4(8), 7		Accrued pension liabilities	2, 4(13)	2,977,371
Land		1,306,418	Deposits-in		18,679
Buildings		20,971,776	Deferred income tax liabilities, noncurrent	2, 4(19)	44,539
Machinery and equipment		375,094,399	Other liabilities-others		579,526
Transportation equipment		89,510	Total other liabilities		3,620,115
Furniture and fixtures		2,639,260			
Leasehold improvements		38,918	Total liabilities		67,616,364
Total cost		400,140,281	Capital	2, 4(14), 4(15)	
Less : Accumulated depreciation		(247,132,203)	Common stock		177,794,314
Add : Construction in progress and prepayments		20,544,860	Stock dividends for distribution		19,560,220
Property, plant and equipment, net		173,552,938	Capital reserve	2, 4(7), 4(15)	
Intangible assets			Premiums		64,227,411
Goodwill	2	4,168,997	Change in equities of long-term investments		20,786,958
Technological know-how	2	399,178	Retained earnings	4(17)	
Other intangible assets	2	379,269	Legal reserve		15,996,839
Total intangible assets		4,947,444	Special reserve		1,744,171
Other assets			Unappropriated earnings		3,622,790
Deferred charges	2	1,844,083	Adjusting items in stockholders' equity	2	
Deferred income tax assets, noncurrent	2, 4(19)	3,929,966	Unrealized loss on long-term investments		(150,917)
Other assets-others	2, 4(9), 6	2,317,002	Cumulative translation adjustment		(1,998,163)
Total other assets		8,091,051	Treasury stock	2, 4(16)	(43,524,011)
Total assets		\$332,916,533	Total stockholders' equity of holding company		258,059,612
			Minority interests		7,240,557
			Total stockholders' equity		265,300,169
			Total liabilities and stockholders' equity		\$332,916,533

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

English Translation of Financial Statements Originally Issued in Chinese
 UNITED MICROELECTRONICS CORPORATION AND SUBSIDIARIES
 UNAUDITED CONSOLIDATED STATEMENT OF INCOME
 For the six-month period ended June 30, 2005
 (Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	Notes	For the six-month period ended June 30, 2005	
Operating revenues	2, 5		
Sales revenues		\$42,548,923	
Less : Sales returns and discounts		(788,168)	
Net Sales		41,760,755	
Other operating revenues		4,504,342	
Net operating revenues		46,265,097	
Operating costs	4(18)		
Cost of goods sold		(41,390,077)	
Other operating costs		(2,240,722)	
Operating costs		(43,630,799)	
Gross profit		2,634,298	
Unrealized intercompany profit	2	(67,609)	
Realized intercompany profit	2	151,192	
Gross profit-net		2,717,881	
Operating expenses	4(18), 5		
Sales and marketing expenses		(2,066,367)	
General and administrative expenses		(2,172,715)	
Research and development expenses		(5,063,463)	
Subtotal		(9,302,545)	
Operating losses		(6,584,664)	
Non-operating income			
Interest revenue		481,533	
Investment income accounted for under the equity method, net	2, 4(7)	391,294	
Dividend income		43,075	
Gain on disposal of property, plant and equipment	2	125,496	
Gain on disposal of investments	2, 4(11)	6,660,102	
Exchange gain, net	2, 10	73,295	
Recovery of unrealized loss on decline in market value of marketable securities	2	42,639	
Gain on recovery of market value of inventory	2	254,027	
Other income	4(11)	698,980	
Subtotal		8,770,441	
Non-operating expenses			
Interest expense	4(8)	(593,650)	
Loss on disposal of property, plant and equipment	2	(91,237)	
Financial expenses		(155,369)	
Other losses	2, 4(11)	(76,077)	
Subtotal		(916,333)	
Income from continuing operations before income tax		1,269,444	
Income tax expense	2, 4(19)	(106,942)	
Income from continuing operations		1,162,502	
Cumulative effect of changes in accounting principles (the net amount after deducted tax expense \$0)		(112,898)	
Net income		\$1,049,604	
Of which			
Consolidated net income		\$1,817,700	
Minority interests		(768,096)	
Net income		\$1,049,604	
		Pre-tax	Post-tax
Earnings per share-basic (NTD)	2, 4(20)		
Income from continuing operations		\$0.08	\$0.07
Cumulative effect of changes in accounting principles		(0.01)	(0.01)
Net income		0.07	0.06
Minority interests		0.05	0.05
Consolidated net income		\$0.12	\$0.11
Earnings per share-diluted (NTD)	2, 4(20)		
Income from continuing operations		\$0.08	\$0.07
Cumulative effect of changes in accounting principles		(0.01)	(0.01)
Net income		0.07	0.06
Minority interests		0.05	0.05
Consolidated net income		\$0.12	\$0.11

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

English Translation of Financial Statements Originally Issued in Chinese

UNITED MICROELECTRONICS CORPORATION AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

For the six-month period ended June 30, 2005

(Expressed in Thousands of New Taiwan Dollars)

	Notes	Capital			Retained Earnings			Unrealized Loss on Long- term Investments	Cumulative Translation Adjustment	Treasury Stock	Minority Interests	Total	
		Common Stock	Dividends for Distribution	Collected in Advance	Capital Reserve	Legal Reserve	Special Reserve						Unappropriated Earnings
Balance as of January 1, 2005	4(14)	\$177,919,819	\$-	\$4,040	\$84,933,195	\$12,812,501	\$90,871	\$29,498,329	\$(424,713)	\$(1,319,452)	\$(37,140,714)	\$8,728,877	\$275,102,753
Appropriation of 2004 retained earnings	4(17)												
Legal reserve		-	-	-	-	3,184,338	-	(3,184,338)	-	-	-	-	-
Special reserve		-	-	-	-	-	1,653,300	(1,653,300)	-	-	-	-	-
Cash dividends		-	-	-	-	-	-	(1,758,736)	-	-	-	-	(1,758,736)
Stock dividends		-	17,587,365	-	-	-	-	(17,587,365)	-	-	-	-	-
Directors' and supervisors' remuneration		-	-	-	-	-	-	(27,005)	-	-	-	-	(27,005)
Employees' bonus		-	1,972,855	-	-	-	-	(1,972,855)	-	-	-	-	-
Purchase of treasury stock	2, 4(16)	-	-	-	-	-	-	-	-	(8,570,374)	-	-	(8,570,374)
Cancellation of treasury stock	2, 4(16)	(491,140)	-	-	(177,419)	-	-	(1,509,640)	-	-	2,178,199	-	-
Net income in the first half of 2005		-	-	-	-	-	-	1,817,700	-	-	-	(768,096)	1,049,604
Adjustment of capital reserve accounted for under the equity method	2	-	-	-	(20,055)	-	-	-	-	-	-	-	(20,055)
Changes in unrealized loss on long-term investments of investees	2	-	-	-	-	-	-	-	273,796	-	-	-	273,796
Exercise of employees' stock options	2, 4(15)	361,595	-	-	278,648	-	-	-	-	-	-	-	640,243
Common stock transferred from capital collected in advance		4,040	-	(4,040)	-	-	-	-	-	-	-	-	-
Changes in cumulative translation adjustment	2	-	-	-	-	-	-	-	(678,711)	-	-	-	(678,711)
Changes in minority interests		-	-	-	-	-	-	-	-	-	8,878	(720,224)	(711,346)
Balance as of June 30, 2005		<u>\$177,794,314</u>	<u>\$19,560,220</u>	<u>\$-</u>	<u>\$85,014,369</u>	<u>\$15,996,839</u>	<u>\$1,744,171</u>	<u>\$3,622,790</u>	<u>\$(150,917)</u>	<u>\$(1,998,163)</u>	<u>\$(43,524,011)</u>	<u>\$7,240,557</u>	<u>\$265,300,169</u>

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

English Translation of Financial Statements Originally Issued in Chinese
 UNITED MICROELECTRONICS CORPORATION AND SUBSIDIARIES
 UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six-month period ended June 30, 2005
 (Expressed in Thousands of New Taiwan Dollars)

	For the six-month period ended June 30, 2005
Cash flows from operating activities:	
Consolidated net income	\$1,817,700
Adjustments to reconcile net income to net cash provided by (used in) operating activities:	
Minority interests	(768,096)
Depreciation	25,531,615
Amortization	1,959,694
Recovery on decline in market value of marketable securities	(42,639)
Reversal bad debt expenses	(114,646)
Gain on recovery of market value of inventory	(254,027)
Investment income accounted for under the equity method	(278,396)
Cash dividends received under the equity method	162,685
Gain on disposal of investments	(6,660,102)
Gain on disposal of property, plant and equipment	(34,259)
Gain on reacquisition of bonds	(111,330)
Amortization of bond premiums	(4,858)
Gain on settlement of bonds	(7,469)
Amortization of deferred income	(26,732)
Effect from subsidiaries over which significant control is no longer held	(264,473)
Changes in assets and liabilities:	
Notes and accounts receivable	990,839
Other receivables	(187,528)
Inventories	1,641,335
Prepaid expenses	(547,738)
Other financial assets	101,773
Deferred income tax assets	31,030
Other current assets	13,288
Notes payable	(150,539)
Accounts payable	(78,476)
Income tax payable	57,931
Accrued expenses	(3,547,067)
Other current liabilities	(766,304)
Accrued pension liabilities	266,585
Capacity deposits	(345,382)
Other liabilities	91,390
Net cash provided by operating activities	18,475,804
Cash flows from investing activities:	
Increase in marketable securities, net	(69,357)
Decrease in other financial assets, net	2,059,429
Acquisition of long-term investments	(2,171,792)
Proceeds from disposal of long-term investments	8,177,515
Acquisition of property, plant and equipment	(10,889,753)
Proceeds from disposal of property, plant and equipment	113,412
Increase in deferred charges	(692,343)
Increase in other assets, net	(557,055)
Net cash used in investing activities	(4,029,944)

English Translation of Financial Statements Originally Issued in Chinese
 UNITED MICROELECTRONICS CORPORATION AND SUBSIDIARIES
 UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six-month period ended June 30, 2005
 (Expressed in Thousands of New Taiwan Dollars)

For the six-month period
 ended June 30, 2005

(continued)

Cash flows from financing activities:

Repayment of short-term loans	\$(3,903,872)
Repayment of long-term loans	(16,153,714)
Repayment of bonds payable	(2,820,004)
Reacquisition of bonds	(2,004,238)
Decrease in deposits-in, net	(804)
Purchase of treasury stock	(8,570,374)
Exercise of employees' stock options	640,243
Proceeds from minority shareholders on stock issuance of subsidiaries	14,350
Net cash used in financing activities	(32,798,413)
Effect of exchange rate changes on cash and cash equivalents	(1,398,137)
Effect of subsidiaries merged in	814,408
Net decrease in cash and cash equivalents	(18,936,282)
Cash and cash equivalents at beginning of period	101,381,973
Cash and cash equivalents at end of period	\$82,445,691

Supplemental disclosures of cash flow information:

Cash paid for interest	\$1,156,744
Cash received from income tax refund	\$(8,990)

Investing activities partially paid by cash:

Acquisition of property, plant and equipment	\$6,488,997
Add: Payable at beginning of period	8,061,288
Payable transferred in from the Branch at beginning of period	1,573,637
Less: Payable at end of period	(5,234,169)
Cash paid for acquiring property, plant and equipment	\$10,889,753

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

UNITED MICROELECTRONICS CORPORATION AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2005

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. HISTORY AND ORGANIZATION

United Microelectronics Corporation (“the Company”) was incorporated in May 1980 and commenced operations in April 1982. The Company is a full service semiconductor wafer foundry, and provides a variety of services to fit individual customer’s needs. These services include intellectual property, embedded IC design, design verification, mask tooling, wafer fabrication, and testing. The Company’s common shares were publicly listed on the Taiwan Stock Exchange (TSE) in July 1985 and its American Depository Shares (ADSs) were listed on the New York Stock Exchange (NYSE) in September 2000.

Based on the resolution of the board of directors’ meeting on February 26, 2004, the effective date of the merger with SiS Microelectronics Corp. (SiSMC) was July 1, 2004. The Company was the surviving company, and SiSMC was the dissolved company. The merger was approved by the relevant government authorities. All the assets, liabilities, rights, and obligations of SiSMC have been fully incorporated into the Company since July 1, 2004.

Based on the resolution of the board of directors’ meeting on August 26, 2004, UMCi had transferred its businesses, operations, and assets to newly incorporated Singapore branch (“the Branch”) since April 1, 2005.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in conformity with the “Guidelines Governing the Preparation of Financial Reports by Securities Issuers” and accounting principles generally accepted in the Republic of China (R.O.C.).

Summary of significant accounting policies is as follows:

General Descriptions of Reporting Entities

Investees in which the Company, directly or indirectly, holds more than 50% of voting rights or de facto control, are consolidated into the Company’s financial statements in accordance with the amendments to the R.O.C. Statements of Financial Accounting Standards (SFAS) No.7 “Consolidation of Financial Statements” (the Company and the consolidated entities are hereinafter referred to as “the Group”.) Summary of listed subsidiaries in the consolidation report is as follows:

Investor	Subsidiary	Business nature	Percentage of
			ownership (%)
			As of June 30,
			2005
The Company	UMC Group (USA)	IC Sales	100.00
The Company	United Microelectronics (Europe) B.V.	IC Sales	100.00
The Company	UMC Capital Corporation (UMC Capital)	Investment holding	100.00
The Company	United Microelectronics Corp. (Samoa)	Investment holding	100.00
The Company	United Foundry Service, Inc.	Supervising and monitoring group projects	(Note 1)
The Company	UMCi Ltd.	Sales and manufacturing of integrated circuits	(Note 2)
The Company	Fortune Venture Capital Corporation (Fortune)	Consulting and planning for investment in new business	99.99
The Company	Hsun Chieh Investment Co., Ltd. (Hsun Chieh)	Investment holding	99.97
The Company	United Microdisplay Optronics Corporation (UMO)	Sales and manufacturing of LCOS	83.48
The Company	Silicon Integrated Systems Corp. (SiS)	Sales and manufacturing of integrated circuits	16.16 (Note 3)
The Company and UMO	Thintek Optronics Corporation	LCOS design, production and sales	54.26
The Company, Hsun Chieh and SiS	UMC Japan	Sales and manufacturing of integrated circuits	51.81
Hsun Chieh	Unitruth Investment Corporation	Investment holding	100.00
UMC Capital	UMC Capital (USA)	Investment holding	100.00
SiS, Hsun Chieh and Fortune	XGI Technology Inc. (XGI)	Cartography chip design, production and sales	18.39 (Note 3)
SiS	Silicon Integrated Systems Corp. (SiS-HK)	IC sales	100.00 (Note 3)
SiS	Silicon Integrated Systems Corp. (SiS-USA)	IC sales	100.00 (Note 3)
SiS	Investar CPU Venture Capital Fund, Inc. LDC (IVCF)	Investment holding	(Note 4)
XGI	XGi Technology Inc. (Cayman)	Investment holding	100.00 (Note 3)
XGI	XGI Technology Inc. (USA)	Cartography chip design and production	100.00 (Note 3)

Note 1: United Foundry Service, Inc. has completed the liquidation process in April 2005.

Note 2: Based on the resolution of the board of directors' meeting on August 26, 2004, UMCi had transferred its businesses, operations, and assets to the Branch since April 1, 2005.

Note 3: In conformity to the R.O.C. SFAS No.7, the Company had ceased to consolidate the gains and losses of the subsidiary and its investees in preparing the consolidated financial statements as of June 27, 2005, the day the Company no longer possessed control over the subsidiary.

Note 4: Based on the resolution of the board of directors' meeting in November 2002, IVCF was to be liquidated. The liquidation process was completed during the first quarter of 2005.

Principles of Consolidation

The consolidated financial statements were prepared in conformity to the R.O.C. SFAS No.7, where all transactions between the consolidated entities were appropriately eliminated.

Investees in which the Company and subsidiaries hold more than 50% of voting rights, including those that are exercisable or convertible, are accounted for under the equity method and shall be consolidated, since the Company and subsidiaries are considered to possess control. Consolidation of an entity shall also be implemented if any of the following circumstances exists:

- i. the total amount of voting rights held in the investee exceeds 50% due to agreement with other investors
- ii. as permitted by law, or by contract agreements, the Company controls an entity's finances, operations and personnel affairs
- iii. the Company has authority to appoint or discharge more than half members of board of directors (or equivalents), by whom the investee is controlled
- iv. the Company leads and controls more than half of the members of the board of directors (or equivalents), by whom the investee is controlled
- v. other indications of control possession

The difference between the acquisition cost and the net equity of the subsidiary is amortized over 5 years.

Foreign Currency Transactions

Transactions denominated in foreign currencies are translated into New Taiwan Dollars at the exchange rates prevailing at the transaction dates. Receivables, other monetary assets, and liabilities denominated in foreign currencies are translated into New Taiwan Dollars at the exchange rates prevailing at the balance sheet date. Exchange gains or losses are included in the current period's results. However, exchange gains or losses resulting from investment in foreign entities are recognized as cumulative translation adjustments in stockholders' equity.

Translation of Foreign Currency Financial Statements

The financial statements of foreign subsidiaries are translated into New Taiwan Dollars using the spot rates as of each financial statement date for asset and liability accounts, average exchange rates for profit and loss accounts, historical exchange rates for equity accounts, and exchange rates prevailing at the dividend declaration date for dividends. The cumulative translation effects from the subsidiaries using functional currencies other than the New Taiwan Dollars are included in the cumulative translation adjustment in stockholders' equity.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that will affect the amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. The actual results may differ from those estimates.

Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and with maturity dates that do not present significant risks on changes in value resulting from changes in interest rates, including commercial paper with original maturities of three months or less.

Marketable Securities

Marketable securities are recorded at cost at acquisition and are stated at the lower of aggregate cost or market value on the balance sheet date. Cash dividends are recognized as dividend income at the point of receipt. Costs of bond funds, equity funds and short-term notes are identified specifically while other marketable securities are determined on the weighted-average method. The market values of listed securities, convertible bonds and closed-end funds are determined by the average closing price during the last month of the fiscal year. The market value of open-end funds is determined by the net asset value at the balance sheet date. The amount for which the aggregate cost exceeds the market value is reported as a loss in the current period. If recovery of the market value occurs in subsequent periods, a gain shall be recognized to the extent that the market value does not exceed the original aggregate cost of the investment.

Allowance for Doubtful Accounts

The allowance for doubtful accounts is provided based on management's judgment and on the evaluation of collectibility and aging analysis of accounts and other receivables.

Inventories

Inventories are accounted for on a perpetual basis. Raw materials are recorded at actual purchase costs, while the work in process and finished goods are recorded at standard costs and adjusted to actual costs using the weighted-average method at the end of each month. Inventories are stated at the lower of aggregate cost or market value at the balance sheet date. The market values of raw materials and supplies are determined on the basis of replacement cost while the work in process and finished goods are determined by net realizable values. An allowance for loss is to be determined for the instances of decline in market value and obsolescence.

Long-term Investments

Long-term investments are recorded at cost when acquired. Investments acquired by contribution of technological know-how are credited to deferred credits among affiliates, which will be amortized to income over a period of 5 years.

Investments of less than 20% of the outstanding voting rights in listed investees, where significant influence on operating decisions of the investees does not reside with the Group, shall be accounted for by the lower of aggregate cost or market value method. The unrealized loss resulting from the decline in market value of investments that are held for long-term investment purpose is deducted from the stockholders' equity. The market value is determined by the average closing price during the last month of the fiscal year. Investments of less than 20% of the outstanding voting rights in unlisted investees are accounted for under the cost method. Impairment losses for the investees will be recognized if there is significant decrease in the market value of the shares, and where such decrease is deemed irrecoverable. The losses shall be treated in the new cost basis of such investment.

Investment income or loss from investments in both listed and unlisted investees is accounted for under the equity method provided that the Group owns at least 20% of the outstanding voting rights of the investees and has significant influence on operational decisions of the investees. The difference of the acquisition cost and the underlying equity in the investee's net assets is amortized over 5 years.

The change in the Group's proportionate share in the net assets of its investee resulting from its subscription to additional shares of stock, issued by such investee, at the rate not proportionate to its existing equity ownership in such investee, is charged to the capital reserve and long-term investments account.

Unrealized intercompany gains and losses arising from downstream transactions with investees accounted for under the equity method are eliminated in proportion to the Group's ownership percentage while those from transactions with majority-owned (above 50%) subsidiaries are eliminated entirely. Unrealized intercompany gains and losses arising from upstream transactions with investees accounted for under the equity method are eliminated in proportion to the Group's ownership percentage.

Unrealized intercompany gains and losses arising from transactions between investees accounted for under the equity method are eliminated in proportion to the multiplication of the Group's ownership percentage; while those arising from transactions between majority-owned subsidiaries are eliminated in proportion to the Group's ownership percentage in the subsidiary.

In compliance with the R.O.C. SFAS No.23 "Interim Financial Reporting and Disclosures", gains or losses arising from investments accounted for under the equity method have been recognized as of June 30, 2005, in proportion to the Company's share ownership in the investees.

Investees in which the Company, directly or indirectly, holds more than 50% of voting rights or controls more than half of the members of board of directors, by whom the investee is controlled, are consolidated into the Company's financial statement in accordance with the R.O.C. SFAS No.7.

Property, Plant and Equipment

Property, plant and equipment are stated at cost. Interest incurred on loans used to finance the construction of property, plant and equipment is capitalized and depreciated accordingly.

Maintenance and repairs are recognized as expense as incurred. Significant renewals and improvements are treated as capital expenditure and are depreciated accordingly. When property, plant and equipment are disposed, their original cost and accumulated depreciation shall be written off and the related gain or loss is classified as non-operating income or expenses. Idle assets are transferred to other assets according to the lower of net book or net realizable value, with the difference recognized as non-operating expenses. The corresponding depreciation expenses provided are also classified as non-operating expenses.

Depreciation is provided on the straight-line basis using the estimated economic life of the assets less salvage value, if any. In the cases where the estimated economic life for property, plant and equipment that are still in use expires, these assets shall be depreciated over the amended estimated useful life using the salvage value. The estimated economic life of the property, plant and equipment is as follows: buildings - 3 to 55 years; machinery and equipment - 3 to 6 years; transportation equipment - 2 to 5 years; furniture and fixtures - 2 to 20 years; leasehold improvements - the lease period, or estimated economic life, whichever is shorter.

Intangible Assets

Patents are stated at cost and amortized over their estimated economic life using the straight-line method. Goodwill arising from the merger is amortized using the straight-line method over 15 years. As a result of the reorganization of UMCi Ltd., the difference between the acquisition cost and net equity is recognized as goodwill and amortized over 5 years. Technology know-how are recorded at cost of acquisition and amortized over their estimated economic life.

Where signs of permanent devaluation of intangible assets exist, with remote likelihood of value recovery, impairment loss shall be recognized in the current period. The carrying value after recognizing the impairment loss shall be recorded as the new cost.

Deferred Charges

Deferred charges are stated at cost and amortized on a straight-line basis as follows: bonds issuance costs - over the life of the bonds, patent license fees - the term of contract or estimated economic life of the related technology, and software - 3 years.

Where signs of permanent devaluation of deferred charges exist, with remote likelihood of value recovery, impairment loss shall be recognized in the current period. The carrying value after recognizing the impairment loss shall be recorded as the new cost.

Convertible and Exchangeable Bonds

The issuance costs of convertible and exchangeable bonds are classified as deferred charges and amortized over the life of the bonds.

The excess of the stated redemption price over the par value is accrued as compensation interest payable over the redemption period, using the effective interest method.

When convertible bondholders exercise their conversion rights, the book value of bonds shall be credited to common stock at an amount equal to the par value of the common stock and the excess is credited to capital reserve; no gain or loss is recognized on bond conversion.

When exchangeable bondholders exercise their rights to exchange for the reference shares, the book value of the bond shall be offset against the book value of the investment in reference shares and the related stockholders' equity accounts, with the difference recognized as gain or loss on disposal of investments.

Pension Plan

The Company and domestic subsidiaries have each set up independently administered pension fund committees that manage pension plans covering all regular employees. Pension benefits for employees of the Branch and oversea subsidiaries are provided in accordance with the local regulations.

The net pension cost is computed based on an actuarial valuation in accordance with the R.O.C. SFAS No.18, which requires consideration of pension cost components such as service cost, interest cost, expected return on plan assets, and the amortization of net obligation at transition, pension gain or loss, and prior service cost.

The Labor Pension Act of R.O.C. (“the Act”), which adopts a defined contribution scheme, takes effect from July 1, 2005. In accordance with the Act, employees of the Company and domestic subsidiaries may elect to follow either the Act, and retain their seniority before the enforcement of the Act, or the pension mechanism of the Labor Standards Law. For employees following the Act, the Company and domestic subsidiaries shall make monthly contributions to the employees’ individual pension accounts on a basis no less than 6% of the employees’ monthly wages.

Employee Stock Option Plan

The Group applies intrinsic value method to recognize the difference between the market price of the stock and the exercise price of its employee stock option as compensation cost. Starting January 1, 2004, the Group also discloses pro forma net income and earnings per share under the fair value method for only these options granted since January 1, 2004.

Treasury Stock

The Group adopted the R.O.C. SFAS No.30, which requires that treasury stock held by the Group itself shall be accounted for under the cost method. Cost of treasury stock is shown as a deduction to stockholders’ equity, while gain or loss from selling treasury stock is treated as an adjustment to the capital reserve. The Group’s stock held by its subsidiaries is also treated as treasury stock in the Group’s account.

Revenue Recognition

The main sales term of the Group is Free on Board (FOB) or Free Carrier (FCA). Revenue is recognized at the point where ownership and liability for risk of loss or damage to the products have been transferred to customers, usually upon shipment. Sales returns and discounts taking into consideration customers’ complaints and past experiences are accrued in the same year of sales.

Capital Expenditure versus Operating Expenditure

An expenditure shall be capitalized if it is probable that future economic benefits associated with the expenditure will flow to the Group and the expenditure amount exceeds a predetermined level. Otherwise it is recognized as expense when incurred.

Income Tax

The Group adopted the R.O.C. SFAS No.22 “Accounting for Income Taxes” for inter-period and intra-period income tax allocation. Provision for income tax includes deferred income tax resulting from temporary differences, loss carry-forward and investment tax credits. Deferred income tax assets and liabilities are recognized for the expected tax consequences of temporary differences between the tax bases of assets and liabilities and their reported amounts in the financial statements using enacted tax rates and laws that will be in effect if the difference is expected to reverse. Valuation allowance on deferred income tax assets is provided to the extent that it is more likely than not that the tax benefits will not be realized.

According to the R.O.C. SFAS No.12, the Group recognized the tax benefit from the purchase of equipment and technology, research and development expenditure, employee training, and certain equity investments by the flow-through method.

Income tax (10%) on unappropriated earnings is recorded as expense in the year when the shareholders have resolved that the earnings shall be retained.

Earnings Per Share

Earnings per share is computed according to the R.O.C. SFAS No.24. Basic earnings per share is computed by dividing net income (loss) by weighted average number of shares outstanding during the year. Diluted earnings per share is computed by taking basic earnings per share into consideration plus additional common shares that would have been outstanding if the dilutive share equivalents had been issued. The net income (loss) would also be adjusted for the interest and other income or expenses derived from any underlying dilutive share equivalents. The weighted-average outstanding shares are adjusted retroactively for stock dividends and bonus share issues.

Derivative Financial Instruments

The interest rate swap agreements entered into for hedging purposes are accounted for on a net accrual basis in accordance with the contractual interest rate as an adjustment to the interest income or expense of the hedged items.

Foreign exchange forward contracts are held to hedge the exchange rate risk arising from net assets or liabilities denominated in foreign currency. These forward contracts are translated and recorded using the spot rate at the inception of the contracts, and the discount or premium of the forward contracts is amortized over their lifespan. The difference between the spot rate at the inception of a forward contract and the spot rate at the balance sheet date is reflected in the statement of income. The receivables and payables of the foreign exchange forward contracts are offset and the resulting balances are recognized as either assets or liabilities. Exchange gains or losses from the settlement of forward contracts are included in the current period's earnings.

Asset Impairment

Pursuant to the R.O.C. SFAS No. 35, the Group assesses indicators of impairment for all its assets within the scope of the standard at each balance sheet date. If impairment is indicated, the Group shall then compare the carrying amount with the recoverable amount of the assets or the cash-generating unit (CGU) and write down the carrying amount to the recoverable amount where applicable. The recoverable amount is defined as the higher of fair values less costs to sell and the values in use.

For previously recognized losses, the Group shall assess, at the balance sheet date, whether there is any indication that the impairment loss may no longer exist or may have decreased. If there is any such indication, the Group has to recalculate the recoverable amount of the asset. If the recoverable amount increases as a result of the increase in the estimated service potential of the assets, the Group shall reverse the impairment loss to the extent that the carrying amount after the reversal would not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the assets in prior years.

In addition, a goodwill-allocated CGU or group of CGUs is tested for impairment each year, regardless of whether impairment is indicated. If impairment test reveals that the carrying amount (including goodwill) of CGU or group of CGUs is greater than its recoverable amount, impairment loss shall be recognized. While recognizing impairment losses, the portion of goodwill allocated shall be written down at the outset. After goodwill has been written off, the remaining impairment loss shall be shared among the other assets pro rata to their carrying amount.

The write-down in goodwill cannot be reversed under any circumstances in subsequent periods.

Impairment loss (reversal) is classified as non-operating losses/(income).

3. ACCOUNTING CHANGE

The Group had adopted the R.O.C. SFAS No. 35, "Accounting for Asset Impairment" to account for the impairment of its assets for its financial statements started on and after January 1, 2005. No retroactive adjustment is required under the standard. Such a change in accounting principles does not have any impact on the Group's net income, earnings per share and total assets as of June 30, 2005.

Pursuant to the amendments of the R.O.C. SFAS No.5, certain investees were recognized based on the gains or losses incurred in the current period, instead of the prior period. As a result of the amendment, the consolidated net income, and the basic and diluted earnings per share for the first half-year of 2005 is reduced by NT\$113 million and NT\$0.01, respectively.

4. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) CASH AND CASH EQUIVALENTS

	<u>As of June 30, 2005</u>
Cash:	
Cash on hand	\$2,254
Checking and savings accounts	4,158,923
Time deposits	67,887,782
Subtotal	<u>72,048,959</u>
Cash equivalents:	
Government bonds acquired under repurchase agreements	10,396,732
Total	<u><u>\$82,445,691</u></u>

(2) MARKETABLE SECURITIES, NET

	<u>As of June 30, 2005</u>
Listed equity securities	\$1,614,584
Convertible bonds	1,657,323
Total	<u>3,271,907</u>
Less: Allowance for loss on decline in market value	<u>(16,214)</u>
Net	<u><u>\$3,255,693</u></u>

(3) NOTES RECEIVABLE

	<u>As of June 30, 2005</u>
Notes receivable	<u>\$10,270</u>

(4) ACCOUNTS RECEIVABLE, NET

	<u>As of June 30, 2005</u>
Accounts receivable	\$10,563,636
Less: Allowance for sales returns and discounts	(378,220)
Less: Allowance for doubtful accounts	<u>(173,277)</u>
Net	<u><u>\$10,012,139</u></u>

(5) OTHER FINANCIAL ASSETS, CURRENT

	<u>As of June 30, 2005</u>
Credit-linked deposits and repackage bonds	\$1,472,338
Less: Noncurrent portion	<u>(1,409,258)</u>
Net	<u><u>\$63,080</u></u>

Please refer to Note 10 for disclosures on risks of other financial assets.

(6) INVENTORIES, NET

	<u>As of June 30, 2005</u>
Raw materials	\$187,804
Supplies and spare parts	1,938,175
Work in process	7,149,407
Finished goods	<u>525,580</u>
Total	9,800,966
Less: Allowance for loss on decline in market value and obsolescence	<u>(1,321,756)</u>
Net	<u><u>\$8,479,210</u></u>

a. The insurance coverage for inventories was sufficient as of June 30, 2005.

b. Inventories were not pledged.

(7) LONG-TERM INVESTMENTS

a. Details of long-term investments are as follows:

(Equity securities refer to common shares unless otherwise stated)

Investee Company	As of June 30,	
	Amount	Percentage of Ownership or Voting Rights
<u>Investments accounted for under the equity method:</u>		
Pacific Venture Capital Co., Ltd	\$300,407	49.99
Uwave Technology Corporation (formerly United Radiotek Incorporation)	45,537	49.04
UCA Technology, Inc.	49,799	45.53
Toppan Photomasks Taiwan Ltd. (formerly DuPont Photomasks Taiwan Ltd.)	1,012,456	45.35
AEVOE, Inc.	8,455	44.12
Unitech Capital Inc.	710,102	42.00
VistaPoint, Inc.	10,773	41.38
Smedia Technology Corp.	31,952	37.48
Crystal Media, Inc.	17,957	36.06
UC Fund II	121,532	35.45
Star Semiconductor Corp.	46,381	33.95
Unimicron Technology Corp.	5,488,321	31.77
Afa Technology, Inc.	54,610	30.46
USBest Technology, Inc.	38,985	29.72
AMIC Technology Corporation	198,012	28.93
Mobile Devices Inc.	64,138	27.33
Aptos (Taiwan) Corp.	258,257	26.38
U-Media Communications Inc.	45,360	26.25
Holtek Semiconductor Inc.	797,730	25.23
ULi Electronics Inc.	415,684	24.85
Chip Advanced Technology Corp.	35,303	24.76
Faraday Technology Corp.	2,017,091	23.31
ITE Tech. Inc.	292,828	22.21
Davicom Semiconductor, Inc.	143,363	21.56
AMOD Technology Co., Ltd.	9,662	20.00
XGI Technology Inc. (Note A)	296,159	18.39
Harvatek Corporation (Note B)	351,312	18.20
Patentop, Ltd. (Note A)	1,195	18.00
Silicon Integrated Systems Corp. (Note B)	4,048,689	16.16
Novatek Microelectronics Corp. (Note B)	1,539,591	14.06
SerComm Corporation (Note B)	186,803	10.06
Subtotal	18,638,444	

Investee Company	As of June 30,	
	Amount	Percentage of Ownership or Voting Rights
<u>Investments accounted for under the cost method or the lower of cost or market value method:</u>		
VastView Technology Inc.	\$29,759	19.94
LighTuning Tech. Inc.	34,401	19.84
Pixart Imaging Inc.	223,111	18.98
Cion Technology Corporation	21,600	18.00
Epitech Technology Corporation	266,827	17.66
HiTop Communications Corp.	65,100	16.08
Kits OnLine Technology Corp.	56,231	15.91
Advance Materials Corporation	152,321	15.78
Everglory Resource Technology Co., Ltd.	74,000	15.14
Jmicron Technology Corp.	72,000	14.29
Programmable Microelectronics Corporation	60,916	13.20
Golden Technology Venture Capital Investment Corp.	56,000	10.67
NCTU Spring I Technology Venture Capital Investment Corp., Ltd.	43,482	10.06
ACTi Corporation	25,500	9.94
EE Solutions, Inc.	66,700	9.71
Printech International, Inc.	30,000	9.68
Trendchip Technologies Corp.	60,406	9.25
Subtron Technology Co., Ltd.	296,950	8.90
Animation Technologies Corp.	52,200	8.33
United Industrial Gases Co., Ltd.	146,250	8.11
Fortune Semiconductor Corporation	81,961	7.70
MediaTek Inc.	726,309	7.54
SIMPal Electronics Co., Ltd.	70,179	7.34
Chipsence Corp.	41,800	7.24
Bcom Electronics Inc.	75,000	7.09
Shin-Etsu Handotai Taiwan Co., Ltd.	105,000	7.00
Giga Solution Technology Co., Ltd.	105,000	6.91
NCTU Spring Venture Capital	20,000	6.28
Riselink Venture Capital Corp.	80,000	6.20
Amitro Technology Inc.	72,322	6.12
Incomm Technologies Co., Ltd.	25,020	6.00
Ralink Technology Corporation	53,625	5.96
ProSys Technology Integration, Inc.	4,650	5.15
Cosmos Technology Venture Capital Investment Corp.	26,000	5.03
Parawin Venture Capital Corp.	50,000	5.00
Industrial Bank of Taiwan Corp.	1,139,196	4.95
Beyond Innovation Technology Co., Ltd.	18,096	4.86
Coretronic Corporation	276,192	4.21
South Epitaxy Corporation	143,661	4.15
Taiwan Asia Pacific Venture Fund	21,625	4.15
WavePlus Technology Inc.	30,000	4.00
AverLogic Technologies Corp.	18,518	3.92
IBT Venture Co.	76,142	3.81
Skardin Industrial Corporation	75,070	3.58
Advanced Chip Engineering Technology Inc.	49,920	3.56
iGlobe Partners Fund, L.P. (Note E)	41,175	3.45
ZyDAS Technology Corp.	23,000	3.33

Investee Company	As of June 30,	
	2005	
	Amount	Percentage of Ownership or Voting Rights
Chipbond Technology Corp.	\$174,735	3.20
Billionton Systems Inc.	30,948	2.71
RDC Semiconductor Co., Ltd.	24,436	2.52
Sheng-Hua Venture Capital Corp.	50,000	2.50
Princeton Technology Corporation	96,706	2.33
Brodweb Corp.	8,000	2.22
Taimide Tech., Inc.	37,500	1.83
AU Optronics Corp. (Note C)	959,082	1.44
Mega Financial Holding Company	4,991,630	1.36
Crystal Internet Venture Fund II	38,855	0.99
SiRF Technology Holding, Inc.	42,396	0.90
Arcadia Design Systems, Inc.	1,579	0.83
Largan Precision Co., Ltd.	36,281	0.63
Premier Image Technology Corporation	27,964	0.61
ULTRA CHIP, Inc.	1,710	0.14
Pacific Technology Partners, L.P. (Note E)	359,722	-
Taiwan High Speed Rail Corporation (Note D)	300,000	-
Smart Vanguard Limited (Note D)	157,699	-
ForteMedia, Inc. (Note D)	155,765	-
Pacific United Technology, L.P. (Note E)	126,559	-
Silicon 7, Inc. (Note D)	126,159	-
Intellon Corporation (Note D)	110,389	-
WISchip International Ltd. (Note D)	105,784	-
Alpha and Omega Semiconductor, Inc. (Note D)	93,196	-
Maxlinear, Inc. (Note D)	81,372	-
Trident Technologies, Inc.	71,774	-
Aurora Systems, Inc. (Note D)	63,883	-
Berkana Wireless Inc. (Note D)	63,080	-
Amalfi Semiconductor, Inc. (Note D)	47,310	-
Praesagus, Inc. (Note D)	47,310	-
Spreadtrum Communications, Inc. (Note D)	39,425	-
Integrant Technology Inc. (Note D)	32,712	-
MaXXan Systems, Inc. (Note D)	39,015	-
IC Media Corporation (Note D)	34,505	-
VenGlobal Capital Fund III, L.P. (Note E)	33,195	-
Aicent, Inc. (Note D)	31,540	-
GCT Semiconductor, Inc. (Note D)	31,540	-
Wisair Inc. (Note D)	31,540	-
Formerica International Holding, Inc. (Note D)	30,898	-
Zylogic Semiconductor Corp. (Note D)	15,770	-
Subtotal	<u>14,035,179</u>	
Total	<u><u>\$32,673,623</u></u>	

Note A: Investments in which the Group held, either directly or indirectly, more than 20% ownership or exercised significant influences, were accounted for under the equity method.

Note B : The equity method was applied for investees in which the Group held the highest percentage of the outstanding voting rights and had significant influences on operating decisions.

Note C: Among the shares held by the Company in AU Optronics Corp., approximately 71,215 thousand shares with the book value of NT\$959 million as of June 30, 2005, were utilized as reference shares for the Company's zero coupon exchangeable bonds.

Note D: The amount represented the investments in preferred shares. As the Group did not possess voting rights and significant influences, thus cost method was applied.

Note E: The amounts represented investments in limited partnership without voting rights. As the Group was not able to exercise significant influences, the investments were accounted for under the cost method.

b. Investment income accounted for under the equity method, which were based on the audited financial statements of the investees, was NT\$391 million for the six-month period ended June 30, 2005. Among which, investment income amounting to NT\$164 million for the six-month period ended June 30, 2005, and the related long-term investment balances of NT\$7,557 million as of June 30, 2005, were determined based on the investees' financial statements audited by other auditors.

c. Pursuant to the amendments of the R.O.C. SFAS No.5, investment income (loss) of Uwave Technology Corp., SerComm Corporation, Harvatek Corporation, Patentop, Ltd., UC Fund II, RiRa Electronics, Inc., VistaPoint, Inc., Afa Technology, Inc., Star Semiconductor Corp., USBest Technology, Inc., UCA Technology, Inc., Unitruth Investment Corporation, Crystal Media, Inc., U-Media Communications, Inc., AMOD Technology Co., Smedia Technology Corp., and AEVOE Inc. were recognized based on the gain or loss incurred in the current period, instead of the prior period. As a result of the adoption of the amendment, the consolidated net income, and the basic and diluted earnings per share for the first half-year of 2005 was reduced by NT\$113 million and NT\$0.01, respectively.

d. The long-term investments above were not pledged.

(8) PROPERTY, PLANT AND EQUIPMENT

	As of June 30, 2005		
	Cost	Accumulated Depreciation	Book Value
Land	\$1,306,418	\$-	\$1,306,418
Buildings	20,971,776	(5,564,858)	15,406,918
Machinery and equipment	375,094,399	(239,714,139)	135,380,260
Transportation equipment	89,510	(58,983)	30,527
Furniture and fixtures	2,639,260	(1,756,059)	883,201
Leasehold improvements	38,918	(38,164)	754
Construction in progress and prepayments	20,544,860	-	20,544,860
Total	<u>\$420,685,141</u>	<u>\$(247,132,203)</u>	<u>\$173,552,938</u>

- a. Total interest expense before capitalization amounted to NT\$838 million for the six-month period ended June 30, 2005.

Details of capitalized interest are as follows :

	For the six-month period ended June 30, 2005
Machinery and equipment	\$241,302
Other property, plant and equipment	2,922
Total interest capitalized	<u>\$244,224</u>
Interest rates applied	<u>2.88%~4.20%</u>

- b. The insurance coverage for property, plant and equipment was sufficient as of June 30, 2005.

(9) OTHER ASSETS - OTHERS

	As of June 30, 2005
Leased assets	\$1,363,681
Deposits-out	658,057
Others	295,264
Total	<u>\$2,317,002</u>

- a. The insurance coverage for leased assets was sufficient as of June 30, 2005.

- b. Please refer to Note 6 for deposits-out pledged as collateral.

(10) SHORT-TERM LOANS

	As of June 30, 2005
Secured bank loans	\$31,936
Unsecured bank loans	1,813,379
Total	<u>\$1,845,315</u>
Interest rates	<u>0.86%~3.82%</u>

- a. The Group's unused short-term lines of credits amounted to NT\$15,527 million as of June 30, 2005.

- b. Assets pledged as collateral to secure these loans are detailed in Note 6.

(11) BONDS PAYABLE

	<u>As of June 30, 2005</u>
Unsecured domestic bonds payable	\$30,500,000
Convertible bonds payable	6,576,586
Exchangeable bonds payable	3,097,240
Premiums on convertible bonds	15,746
Subtotal	<u>40,189,572</u>
Less : Current portion	<u>(5,250,000)</u>
Net	<u><u>\$34,939,572</u></u>

- a. On April 27, 2000, the Company issued five-year secured bonds amounting to NT\$3,990 million. The interest is paid semi-annually with stated interest rate of 5.6%. The bonds are repayable in installments every six months from April 27, 2002 to April 27, 2005. On April 27, 2005, the bonds were fully repaid.
- b. During the period from April 16 to April 27, 2001, the Company issued five-year and seven-year unsecured bonds totaling NT\$15,000 million, each with face value of NT\$7,500 million. The interest is paid annually with stated interest rates of 5.1195% through 5.1850% and 5.2170% through 5.2850%, respectively. The five-year bonds and seven-year bonds are repayable starting from April 2004 to April 2006 and April 2006 to April 2008, respectively, both in three annual installments at the rates of 30%, 30% and 40%.
- c. During the period from October 2 to October 15, 2001, the Company issued three-year and five-year unsecured bonds totaling NT\$10,000 million, each with a face value of NT\$5,000 million. The interest is paid annually with stated interest rates of 3.3912% through 3.420% and 3.4896% through 3.520%, respectively. The three-year bonds were repaid at 100% of its principal amount during the period from October 2 to October 15, 2004. The five-year bonds will be repayable in October 2006, upon the maturity of the bonds.
- d. On May 10, 2002, the Company issued LSE listed zero coupon exchangeable bonds exchangeable for common shares or ADSs of AU Optronics, Corp. (AUO) with an aggregate principal amount of US\$235 million. The terms and conditions of the bonds are as follows:

(a) Final Redemption

Unless previously redeemed, exchanged or purchased and cancelled, the bonds must be redeemed at their principal amount in US Dollars on May 10, 2007.

(b) Redemption at the Option of the Company

The Company may redeem the bonds, in whole or in part, in principal amount thereof, on or after August 10, 2002 and prior to May 10, 2007 at their principal amount, if the closing price of the AUO common shares on the TSE, translated into US Dollars at the prevailing exchange rate, for a period of 20 consecutive trading days, the last of which occurs not more than 10 days prior to the date upon which notice of such redemption is published, is at least 120% of the exchange price then in effect translated into US Dollars at the rate of NT\$34.645 to US\$1.00.

The Company may also redeem the bonds, in whole, but not in part, if at least 90% in principal amount of the bonds has already been exchanged, redeemed or purchased and cancelled.

(c) Redemption at the Option of Bondholders

The Company will, at the option of the holders, redeem such bonds on February 10, 2005 at their principal amount.

(d) Tax Redemption

The Company may redeem all, but not part, of the bonds, at any time, in the event of certain changes in the R.O.C.'s tax rules which would require the Company to gross up for payments of principal, or to gross up for payments of interest or premium.

(e) Terms of Exchange

Subject to prior permitted redemption and as otherwise provided in the offering, the bonds are exchangeable at any time on or after June 19, 2002 and prior to April 10, 2007, into AUO shares or AUO ADSs at an exchange price of NT\$51.30 per share, determined on the basis of a fixed exchange rate of NT\$34.645 to US\$1.00; provided however, that if the exercise date falls within 5 business days from the beginning of, and during, any closed period, the right of the exchanging holder of the bonds to vote with respect to the shares it receives will be subject to certain restrictions.

The exchange price will be subject to adjustments upon the occurrence of certain events set out in the indenture.

(f) Exchange of the Bonds

As of June 30, 2005, certain bondholders have exercised their rights to exchange their bonds with the total principal amount of US\$137 million into AUO shares. No corresponding gain on the exchange for the six-month period ended June 30, 2005 was recognized.

e. During the period from May 21 to June 24, 2003, the Company issued five-year and seven-year unsecured bonds totaling NT\$15,000 million, each with a face value of NT\$7,500 million. The interest is paid annually with stated interest rates of 4.0% minus USD 12-Month LIBOR and 4.3% minus USD 12-Month LIBOR, respectively. Stated interest rates are reset annually based on the prevailing USD 12-Month LIBOR. The five-year bonds and seven-year bonds are repayable in 2008 and 2010, respectively, upon the maturity of the bonds.

f. On March 25, 2002, the Company's subsidiary, UMC Japan (UMCJ), issued a LSE listed zero coupon convertible bonds with an aggregate principal amount of JPY 17,000 million and the issue price was set at 101.75% of the principal amount. The terms and conditions of the bonds are as follows:

(a) Final Redemption

Unless previously converted, purchased and cancelled or redeemed, the bonds must be redeemed on March 26, 2007 at their principal amount.

(b) Redemption at the Option of UMCJ

i. On or at any time after March 25, 2005, UMCJ may redeem all, but not part, of the bonds if the closing price of the shares on the Japan OTC Market is at least 120% of the conversion price then in effect for at least 20 out of 30 consecutive trading days ending on the trading day immediately prior to the date of the notice of redemption; or if the principal amount that has not been redeemed, repurchased and cancelled or converted is equal to or less than 10% of original aggregate principal amount.

ii. In case of a corporate split or share exchange/ share transfer, UMCJ may redeem all, but not part, of the bonds on or prior to the effective date of the transaction, provided that UMCJ is not able to ensure that the bondholders have the right to receive shares which they would have received had the conversion rights been exercised prior to the transaction.

iii. If a change in who controls UMCJ occurs, bondholders will be able to require UMCJ to redeem their bonds on the date that is 85 days after the change of control occurs.

(c) Conversion Period

At any time on or after May 3, 2002 to and including March 19, 2007.

(d) Conversion Price

The conversion price was set at JPY 400,000 per share, subject to adjustments upon the occurrence of certain events set out in the indenture.

(e) Reacquisition of the Bonds

As of June 30, 2005, UMCJ has reacquired and cancelled a total amount of JPY7,690 million and JPY7,650 million of the bonds from the open market. The corresponding gain on the reacquisition amounting to JPY1 million for the six-month period ended June 30, 2005 was recognized as other income.

g. On November 25, 2003, the Company's subsidiary, UMCJ, issued its second LSE listed zero coupon convertible bonds with an aggregate principal amount of JPY21,500 million and the issue price was set at 101.25% of the principal amount. The terms and conditions of the bonds are as follows:

(a) Final Redemption

Unless previously converted, purchased and cancelled or redeemed, the bonds must be redeemed on November 25, 2013 at their principal amount.

(b) Redemption at the Option of UMCJ

i. On or at any time after November 27, 2006, UMCJ may redeem all, but not part, of the bonds if the closing price of the shares on the Japan OTC Market is at least 120% of the conversion price then in effect for at least 20 out of 30 consecutive trading days ending on the trading day immediately prior to the date of the notice of redemption; or if the principal amount that has been redeemed, repurchased and cancelled or converted is equal to or less than 10% of original aggregate principal amount.

ii. In case of a corporate split or share exchange/ share transfer, UMCJ may redeem all, but not part, of the bonds on or prior to the effective date of the transaction, provided that UMCJ is not able to ensure that the bondholders have the right to receive shares which they would have received had the conversion rights been exercised prior to the transaction.

iii. If a change in who controls UMCJ occurs, bondholders will be able to require UMCJ to redeem their bonds on the date that is 70 days after the change of control occurs.

(c) Conversion Period

At any time on or after January 5, 2005 and on or prior to November 11, 2013.

(d) Conversion Price

The conversion price was set at JPY187,500 per share, subject to adjustment upon the occurrence of certain events set out in the indenture.

(e) **Reacquisition of the Bonds**

As of June 30, 2005, UMCJ has reacquired a total amount of JPY 8,030 million of the bonds from the open market. The corresponding gain on the reacquisition amounting to JPY374 million for the six-month period ended June 30, 2005, was recognized as other income.

h. **Repayments of the above bonds in the future years are as follows:**

(Assuming the convertible bonds and exchangeable bonds are both paid off upon maturity.)

<u>Bonds repayable in</u>	<u>Amount</u>
2006	\$10,250,000
2007	8,035,037
2008	10,500,000
2009 and thereafter	11,388,789
Total	<u><u>\$40,173,826</u></u>

(12) **LONG-TERM LOANS**

	<u>As of June 30, 2005</u>
Unsecured long-term loans	\$4,330,500
Less: Current portion	(1,082,625)
Net	<u><u>\$3,247,875</u></u>
Interest rates	<u><u>0.8%~0.855%</u></u>

a. The above long-term loans will be repaid by installments with the last payment on September 10, 2007. Repayments in the coming years respectively are as follows:

<u>Long-term loans repayable in</u>	<u>Amount</u>
2006	\$2,165,250
2007	2,165,250
Total	<u><u>\$4,330,500</u></u>

b. The long-term loans denominated in Japanese Yen amounted to JPY15,000 million as of June 30, 2005.

(13) **PENSION FUND**

Pension costs amounting to NT\$414 million was recognized for the six-month period ended June 30, 2005. The corresponding total of the pension fund was NT\$1,061 million as of June 30, 2005.

(14) CAPITAL STOCK

- a. As of January 1, 2005, 22,000,000 thousand common shares were authorized to be issued and 17,791,892 thousand common shares were issued, each at par value of NT\$10.
- b. The employee stock options issued by the Company on October 7, 2002, and January 3, 2003, were exercised into 36,563 thousand shares during the six-month period ended June 30, 2005.
- c. On April 26, 2005, the Company wrote off 49,114 thousand shares of treasury stocks, which were bought back during the period from February 20 to April 19, 2002, for the conversion of convertible bonds.
- d. As recommended by the board of directors and amended by the shareholders' meeting on June 13, 2005, the Company issued 1,956,022 thousand new shares from capitalization of retained earnings that amounted to NT\$19,560 million, of which NT\$17,587 million were stock dividends and NT\$1,973 million were employees' bonus.
- e. As of June 30, 2005, 22,000,000 thousand common shares were authorized to be issued and 17,779,431 thousand common shares were issued, each at a par value of NT\$10. The limit of share capital was increased to NT\$260,000 million based on the resolution of the shareholders' meeting on June 13, 2005.
- f. The Company has issued a total of 250,987 thousand ADSs which were traded on the NYSE as of June 30, 2005. The total number of common shares represented by all issued ADSs is 1,254,936 thousand shares (one ADS represents five common shares).

(15) EMPLOYEE STOCK OPTIONS

On September 11, 2002, October 8, 2003, and September 30, 2004, the Company was authorized by the relevant government authorities to issue Employee Stock Options with a total number of 1 billion, 150 million, and 150 million units, respectively. Each unit entitles an optionee to subscribe to 1 share of the Company's common stock. Settlement upon exercising the options will be made through the issuance of new shares by the Company. The exercise price of options was set at the closing price of the Company's common stock on the date of grant. The grant period of the options is 6 years and an optionee may exercise the options in accordance with certain schedules as prescribed by the plan starting 2 years from the date of grant. Detailed information relevant to the Employee Stock Options is disclosed as follows:

Date of grant	Total number of options granted (in thousands)	Total number of options outstanding (in thousands)	Exercise price (NTD)
October 7, 2002	939,000	729,311	\$17.7
January 3, 2003	61,000	50,030	\$19.9
November 26, 2003	57,330	50,140	\$27.8
March 23, 2004	33,330	27,640	\$25.7
July 1, 2004	56,590	48,920	\$23.2
October 13, 2004	20,200	17,340	\$20.0
April 29, 2005	23,460	22,310	\$18.4

a. A summary of the Company's stock option plans, and related information for the six-month period ended June 30, 2005 is as follows:

	For the six-month period ended June 30, 2005	
	Option (in thousands)	Weighted-average Exercise Price (NTD)
Outstanding at beginning of period	973,858	\$18.9
Granted	23,460	\$18.4
Exercised	(36,563)	\$17.7
Forfeited	(15,064)	\$19.9
Outstanding at end of period	<u>945,691</u>	<u>\$18.9</u>
Exercisable at end of period	<u>357,276</u>	
Weighted-average fair value of options granted during the year (NTD)	\$6.0	

b. The information of the Company's outstanding stock options as of June 30, 2005 is as follows:

Authorization Date	Range of Exercise Price	Outstanding Stock Options			Exercisable Stock Options	
		Option (in thousands)	Weighted-average Expected Remaining Years	Weighted-average Exercise Price (NTD)	Option (in thousands)	Weighted-average Exercise Price (NTD)
2002.09.11	\$17.7~\$19.9	779,341	1.7	\$17.8	357,276	\$17.9
2003.10.08	\$23.2~\$27.8	126,700	3.1	\$25.6	-	-
2004.09.30	\$18.4~\$20.0	39,650	4.0	\$19.1	-	-
		<u>945,691</u>	1.9	\$18.9	<u>357,276</u>	\$17.9

c. The Company has used the intrinsic value method to recognize compensation costs for its employee stock options issued since January 1, 2004. The compensation cost for the six-month period ended June 30, 2005 is NT\$0. Pro forma information using the fair value method on net income and earnings per share is as follows:

	<u>For the six-month period ended June 30, 2005</u>	
	<u>Basic earnings per share</u>	<u>Diluted earnings per share</u>
Net Income	\$1,817,700	\$1,817,700
Earnings per share (NTD)	\$0.11	\$0.11
Pro forma net income	\$1,741,162	\$1,741,162
Pro forma earnings per share (NTD)	\$0.11	\$0.10

The fair value of the options granted after January 1, 2004 was estimated at the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions for the six-month period ended June 30, 2005: expected dividend yields of 1.63%; volatility factors of the expected market price of the Company's common stock of 42.39%, risk-free interest rate of 2.24%, and a weighted-average expected life of the option of 4.4 years.

(16) TREASURY STOCK

- a. The Company bought back its own shares from the open market during the six-month period ended June 30, 2005. Details of the treasury stock transactions are as follows:

For the six-month period ended June 30, 2005

(In thousands of shares)

<u>Purpose</u>	<u>As of January 1, 2005</u>	<u>Increase</u>	<u>Decrease</u>	<u>As of June 30, 2005</u>
For transfer to employees	<u>241,181</u>	<u>374,960</u>	<u>(49,114)</u>	<u>567,027</u>

- b. According to the Securities and Exchange Law of the R.O.C., total shares of treasury stock shall not exceed 10% of the Company's stock issued. Total purchase amount shall not exceed the sum of the retained earnings, capital reserve-premiums, and realized capital reserve. As such, the maximum number of shares of treasury stock that the Company could hold as of June 30, 2005 was 1,777,943 thousand shares while the ceiling of the amount was NT\$83,442 million. As of June 30, 2005, the Company held 567,027 thousand shares of treasury stock, which amounted to NT\$13,768 million.
- c. In compliance with Securities and Exchange Law of the R.O.C., treasury stock shall not be pledged, nor should it entitle voting rights or receive dividends.
- d. As of June 30, 2005, the Company's subsidiaries, Hsun Chieh Investment Co., Ltd. and Fortune Venture Capital Corporation, held 543,732 thousand shares and 19,808 thousand shares of the Company's stock, with a book value of NT23.19 and NT\$8.68 per share. The average closing price during June 2005 was NT\$23.19.

(17) RETAINED EARNINGS AND DIVIDEND POLICIES

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order :

- a. Payment of all taxes and dues;
- b. Offset prior years' operation losses;
- c. Set aside 10% of the remaining amount after deducting items (a) and (b) as a legal reserve;
- d. Set aside 0.1% of the remaining amount after deducting items (a), (b), and (c) as directors' and supervisors' remuneration; and
- e. After deducting items (a), (b) and (c) above from the current year's earnings, no less than 5% of the remaining amount together with the prior years' unappropriated earnings shall be allocated as employees' bonus which will be settled through issuance of new Company shares or cash. Employees of the Company's subsidiaries, meeting certain requirements determined by the board of directors, are also eligible for the employees' bonus.
- f. The distribution of the remaining portion, if any, will be recommended by the board of directors and approved through the shareholders' meeting.

The Company is currently in its growth stage; the policy for dividend distribution should reflect factors such as the current and future investment environment, fund requirements, domestic and international competition and capital budgets; as well as the benefit of shareholders, share bonus equilibrium, and long-term financial planning. The board of directors makes and presents the distribution proposal annually at the shareholders' meeting. The Company's Articles of Incorporation further provide that no more than 80% of the dividends to shareholders, if any, must be paid in the form of stock dividends. Accordingly, at least 20% of the dividends must be paid in the form of cash.

Details of the 2004 dividend distribution and directors' and supervisors' remuneration are as follows:

	<u>2004</u>
Cash dividend (per share)	\$0.10
Stock dividend (per share)	\$1.03
Employees stock dividend	\$1,973 million
Directors' and supervisors' remuneration	\$27 million

Pursuant to Article 41 of the Securities and Exchange Law of the R.O.C., a special reserve is set aside from the current net income and prior unappropriated earnings for items that are accounted for as deductions to stockholders' equity such as unrealized loss on long-term investments and cumulative translation adjustments. However, there are the following exceptions for the Company's investees' unrealized loss on long-term investments arising from the merger which was recognized by the Company in proportion to the Company's ownership percentage:

- a. According to the explanatory letter No. 101801 of the Securities and Futures Commission (SFC), if the Company recognizes the investees' capital reserve - excess from the merger in proportion to the ownership percentage - then the special reserve is exempted for the amount originated from the acquisition of the long-term investments.
- b. However, if the Company and its investees transfer a portion of the capital reserve to increase capital, a special reserve equal to the amount of the transfer shall be provided according to the explanatory letter No.101801-1 of the SFC.
- c. In accordance with the explanatory letter No.170010 of the SFC applicable to listed companies, in the case where the market value of the Company's stock held by its subsidiaries at year-end is lower than the book value, a special reserve shall be provided in the Company's accounts in proportion to its ownership percentage.

For the 2004 appropriations approved by the shareholders' meeting on June 13, 2005, unrealized loss on long-term investments exempted from the provision of special reserve pursuant to the above regulations amounted to NT\$18,667 million.

(18) OPERATING COSTS AND EXPENSES

The Group's personnel, depreciation, and amortization expenses are summarized as follows:

	For the six-month period ended June 30, 2005		
	Operating costs	Operating expenses	Total
Personnel expenses			
Salaries	\$2,359,925	\$1,507,749	\$3,867,674
Labor and health insurance	273,356	114,108	387,464
Pension	303,806	110,497	414,303
Other personnel expenses	137,667	106,224	243,891
Depreciation	24,427,614	1,095,327	25,522,941
Amortization	805,371	1,084,808	1,890,179

The numbers of employees as of June 30, 2005 was 13,702.

(19) INCOME TAX

- a. Reconciliation between the income tax expense and the income tax calculated on pre-tax financial statement income based on the statutory tax rate is as follows :

	For the six-month period ended June 30, 2005
Income tax on pre-tax income at statutory tax rate	\$86,581
Permanent and temporary differences	(697,429)
Change in investment tax credit	6,476,843
Change in valuation allowance	(5,797,827)
Estimated 10% income tax on unappropriated earnings	70,960
Adjustment of prior year's tax expense	(1,518)
Income tax on interest revenue separately taxed	964
Others	(31,632)
Income tax expense	\$106,942

b. Significant components of deferred income tax assets and liabilities are as follows :

	<u>As of June 30, 2005</u>	
	<u>Amount</u>	<u>Tax effect</u>
Deferred income tax assets		
Investment tax credit		\$15,269,588
Loss carry-forward	\$18,444,803	5,013,438
Pension	2,977,320	744,892
Allowance on sales returns and discounts	382,310	95,578
Allowance for loss on obsolescence of inventories	889,259	222,315
Others	3,143,621	<u>864,904</u>
Total deferred income tax assets		22,210,715
Valuation allowance		<u>(11,125,802)</u>
Net deferred income tax assets		<u>11,084,913</u>
Deferred income tax liabilities		
Unrealized exchange gain	(584,763)	(137,408)
Depreciation	(14,139,585)	(3,534,896)
Others	(110,135)	<u>(44,539)</u>
Total deferred income tax liabilities		<u>(3,716,843)</u>
Total net deferred income tax assets		<u><u>\$7,368,070</u></u>
Deferred income tax assets – current		\$5,463,547
Deferred income tax liabilities – current		(137,408)
Valuation allowance		<u>(1,843,496)</u>
Net		<u>3,482,643</u>
Deferred income tax assets – noncurrent		16,747,168
Deferred income tax liabilities – noncurrent		(3,579,435)
Valuation allowance		<u>(9,282,306)</u>
Net		<u>3,885,427</u>
Total net deferred income tax assets		<u><u>\$7,368,070</u></u>

c. The Company's income tax returns for all the fiscal years through 1999 and 2002 have been assessed and approved by the Tax Authority.

- d. Pursuant to the "Statutes for the Establishment and Administration of Science Park of R.O.C.", the Company was granted several four-year income tax exemption periods for income derived from the expansion of operations. The starting date of the exemption granted for the expansions of operations in 2000 and 2001 had not yet been decided. The income tax exemption for other periods will expire on December 31, 2009.
- e. The Group earns investment tax credits for the amount invested in production equipment, research and development, employee training, and investment in high technology industry and venture capital.

As of June 30, 2005, the Group's unused investment tax credit was as follows:

Expiration Year	Investment tax credits earned	Balance of unused investment tax credits
2005	\$4,522,437	\$1,868,557
2006	3,687,757	3,687,757
2007	2,064,621	2,064,621
2008	3,188,359	3,188,359
2009	4,460,294	4,460,294
Total	\$17,923,468	\$15,269,588

- f. As of June 30, 2005, the unutilized accumulated loss for the group was as follows:

Expiration Year	Accumulated loss	Unutilized accumulated loss
2006	\$12,179,465	\$11,427,504
2007	3,922,877	3,922,877
2008	250,198	250,198
2009	591,017	591,017
2010	194,406	194,406
2012	2,058,801	2,058,801
	\$19,196,764	\$18,444,803

- g. The balance of the Company's imputation credit accounts as of June 30, 2005, was NT\$67 million. The actual creditable ratio for 2004 was 0.23%.
- h. The Company's earnings generated prior to December 31, 1997, have been appropriated.

(20) EARNINGS PER SHARE

a. The Group held employee stock options during the six-month period ended June 30, 2005, and thus has a complex capital structure. The calculation of basic and diluted earnings per share, for the six-month period ended June 30, 2005, is disclosed as follows:

	For the six-month period ended June 30, 2005				
	Amount		Shares expressed in thousands	Earnings per share-basic (NTD)	
	Income before income tax	Net income		Income before income tax	Net income
Earning per share-basic (NTD)					
Income from operations of continued segments	\$1,269,444	\$1,162,502	16,579,598	\$0.08	\$0.07
Cumulative effect of changes in accounting principles	(112,898)	(112,898)		(0.01)	(0.01)
Consolidated net income	1,156,546	1,049,604		0.07	0.06
Minority interests	768,096	768,096		0.05	0.05
Net Income	<u>\$1,924,642</u>	<u>\$1,817,700</u>		<u>\$0.12</u>	<u>\$0.11</u>
Effect of dilution					
Employee stock options	\$-	\$-	92,221		
Earning per share-diluted:					
Income from operations of continued segments	\$1,269,444	\$1,162,502	16,671,819	\$0.08	\$0.07
Cumulative effect of changes in accounting principles	(112,898)	(112,898)		(0.01)	(0.01)
Consolidated net income	1,156,546	1,049,604		0.07	0.06
Minority interests	768,096	768,096		0.05	0.05
Net Income	<u>\$1,924,642</u>	<u>\$1,817,700</u>		<u>\$0.12</u>	<u>\$0.11</u>

b. Pro forma information on retroactively adjusted earnings per share as if 2004 earnings are distributed:

	For the six-month period ended June 30, 2005	
	Basic	Diluted
Net income	<u>\$1,817,700</u>	<u>\$1,817,700</u>
Weighted-average of shares outstanding:		
Shares (capitalization of 2005 earnings ordinary at 11.4%)	<u>18,477,495</u>	<u>18,580,272</u>
Earnings per share (NTD)	<u>\$0.10</u>	<u>\$0.10</u>

5. RELATED PARTY TRANSACTIONS

(1) Name and Relationship of Related Parties

Name of related parties	Relationship with the Company
Toppan Photomasks Taiwan Ltd. (formerly DuPont Photomasks Taiwan Ltd.) (Toppan)	Equity investee
Unitech Capital Inc.	Equity investee
Holtek Semiconductor Inc. (Holtek)	Equity investee
ITE Tech. Inc.	Equity investee
Unimicron Technology Corp.	Equity investee
Novatek Microelectronics Corp. (Novatek)	Equity investee
Faraday Technology Corp. (Faraday)	Equity investee
Silicon Integrated Systems Corp.	Equity investee
AMIC Technology Corporation	Equity investee
Pacific Venture Capital Co., Ltd.	Equity investee
Aptos (Taiwan) Corp.	Equity investee
Chiao Tung Bank Co., Ltd. (ceded the supervisory role on May 30, 2005)	The Company's supervisor
Davicom Semiconductor, Inc.	Subsidiary's equity investee
Uwave Technology Corp. (formerly United Radiotek Incorporation)	Subsidiary's equity investee
UCA Technology, Inc.	Subsidiary's equity investee
Afa Technologies, Inc.	Subsidiary's equity investee
Star Semiconductor Corp.	Subsidiary's equity investee
AEVOE Inc.	Subsidiary's equity investee
USBest Technology Inc.	Subsidiary's equity investee
U-Media Communications, Inc.	Subsidiary's equity investee
Chip Advanced Technology Corp.	Subsidiary's equity investee
Crystal Media Inc.	Subsidiary's equity investee
Smedia Technology Corp.	Subsidiary's equity investee
ULi Electronics Inc.	Subsidiary's equity investee
XGI Technology Inc.	Subsidiary's equity investee

(2) Significant Related Party Transactions

a. Operating revenues

	For the six-month period ended June 30, 2005	
	Amount	Percentage
Novatek	\$2,714,397	6
Others	1,733,634	4
Total	\$4,448,031	10

The sales price to the above related parties was determined through mutual agreement based on the market conditions. The collection period was month-end 30~60 days.

b. Notes receivable

	As of June 30, 2005	
	Amount	Percentage
Holtek	\$57,853	85

c. Accounts receivable, net

	As of June 30, 2005	
	Amount	Percentage
Novatek	\$875,235	7
Others	1,278,499	11
Total	2,153,734	18
Less : Allowance for sales returns and discounts	(5,248)	
Less : Allowance for doubtful accounts	(21,094)	
Net	\$2,127,392	

d. Other transactions

The Group has made several other transactions, including service charges, development expenses of intellectual property, subcontract expenses, and commissions etc., with related parties totaling approximately NT\$214 million for the six-month period ended June 30, 2005.

As of June 30, 2005, the joint development contracts of intellectual property entered into with Faraday have amounted to approximately NT\$2,318 million, and a total amount of NT\$1,266 million has been paid.

The Company has purchased approximately NT\$167 million of masks from Toppan during the six-month period ended June 30, 2005.

6. ASSETS PLEDGED AS COLLATERAL

As of June 30, 2005

	Amount	Financial institution that assets were pledged to	Purpose of pledge
Deposits-out (Time deposit)	\$528,730	Customs	Customs duty guarantee
Restricted deposits (Time deposit)	569,400	The International Commercial Bank of China, etc.	Short-term loans
Deposits-out (Time deposit)	2,500	The Farmer Bank of China	Payment guarantee
Total	\$1,100,630		

7. COMMITMENTS AND CONTINGENT LIABILITIES

- (1) The Company has entered into several patent license agreements and development contracts of intellectual property for a total contract amount of approximately NT18.9 billion. Royalties and development fees for the future years are set out as follows:

<u>For the year ended December 31,</u>	<u>Amount</u>
2005(3 rd quarter thereafter)	\$3,324,184
2006	1,579,022
2007	1,690,192
2008	308,490
2009	142,380
Total	<u>\$7,044,268</u>

- (2) The Company signed several construction contracts for the expansion of its factory space. As of June 30, 2005, these construction contracts have amounted to approximately NT\$0.55 billion and the unpaid portion of the contracts was approximately NT\$0.14 billion.
- (3) Oak Technology, Inc. (Oak) and the Company entered into a settlement agreement on July 31, 1997 concerning a complaint filed with the United States International Trade Commission (ITC) by Oak against the Company and others, alleging unfair trade practices based on alleged patent infringement regarding certain CD-ROM controllers. On October 27, 1997, Oak filed a civil action in a California federal district court, alleging claims for breach of the settlement agreement and fraudulent misrepresentation. The Company has formally denied the material allegations of the Complaint, and asserted counterclaims against Oak for breach of contract, intentional interference with economic advantage and rescission and restitution based on fraudulent concealment and/or mistake. The Company also asserted declaratory judgment claims for invalidity and unenforceability of the relevant Oak patent. On May 2, 2001, the United States Court of Appeals for the Federal Circuit upheld the ITC's findings of no patent infringement and no unfair trade practice arising out of a second ITC case filed by Oak against the Company and others. Based on the Federal Circuit's opinion and on a covenant not to sue filed by Oak, the declaratory judgment patent counterclaims were disclaimed from the district court case. However, in connection with its breach of contract and other claims, Oak seeks damages in excess of US\$750 million. The district court has set dates for dispositive motions or for trial after December 5, 2005. The Company believes that Oak's claims are meritless, and intends to vigorously defend the suit, and to pursue its counterclaims. As with all litigation, however, the Company cannot predict the outcome with certainty.

- (4) The Group entered into several operating lease contracts for lands and offices. These operating leases expire in various years through 2032 and are renewable. Future minimum lease payments under those leases are as follows:

For the year ended December 31,	Amount
2005(3 rd quarter thereafter)	\$114,120
2006	220,756
2007	208,582
2008	200,609
2009	186,392
2010 and thereafter	2,017,859
Total	<u><u>\$2,948,318</u></u>

- (5) The Company entered into several wafer-processing contracts with its customers. According to the contracts, the Company shall guarantee processing capacity, while these customers make deposits to the Company.
- (6) The Company has entered into contracts for the purchase of materials and masks with certain vendors. These contracts obliged the Company to purchase specified amounts or quantities of materials and masks. Should the Company fail to fulfill the conditions set out in the contracts, the differences between the actual purchase and the required minimum will be reconciled between the Company and its vendors.
- (7) On February 15, 2005, the Hsinchu District Prosecutor's Office conducted a search of the Company's facilities. The Company was informed that such search was regarding certain allegations made on the ground of the Securities Exchange Act. On February 18, 2005, the Chairman of the Company released a public statement, explaining that although it had delivered assistance to Hejian Technology Corporation ("Hejian"), given the restrictions of laws and regulations, such assistance did not involve any investment or technology transfer.

From the very beginning Hejian had a verbal indication that, at the proper time, the Company would be compensated appropriately for its assistance. Furthermore, circumstances permitting, at some time in the future, it will push through the merger between two companies. Notwithstanding the foregoing, no written agreement was made and executed at that time. Upon the Company's request to materialize the verbal indication of Hejian by compensating in the form of either cash or equity, the Chairman of the holding company of Hejian offered a 15% of the outstanding shares of the holding company of Hejian in return for the Company's past assistance and for continued assistance in the future.

The holding company has already issued a total of 700 million shares and the subscription price per share in the last offering is US\$1.1. Therefore, the total market value of the holding company is estimated at over US\$700 million, with 15% of this figure being worth more than US\$110 million. Immediately after the Company had received the offer, it filed an application with the Investment Commission of the Ministry of Economic Affairs on March 18, 2005 (Ref. No. 94-Lian-Tung-Tzu-0222), for their executive guidance for the successful transfer of said shares to the Company. The representative of Hejian has indicated that it is also an alternative to put the shares in escrow or adopt other measures so as to protect the Company's interests. In the event Hejian distributes any stock dividend or cash dividend, the Company's stake in Hejian will accumulate accordingly.

As of June 30, 2005, no charge had been filed by the prosecutor against the Company or the Chairman and the result of investigation had not been finalized.

In April 2005, the Chairman of the Company was fined with in the aggregate amount of NT\$3 million by the Financial Supervisory Commission, Executive Yuan, R.O.C. ("R.O.C. SFC") for failure to disclose material information relating to Hejian in accordance with applicable rules. As a result of the imposition of the fines by the R.O.C. FSC, the Company was also fined in the amount of NT\$30,000 by Taiwan Stock Exchange ("TSE") for the alleged non-compliance with the disclosure rules in relation to the material information. The Company and its Chairman have filed for administrative appeal and reconsideration with R.O.C. SFC and TSE, respectively.

8. SIGNIFICANT DISASTER LOSS

None.

9. SIGNIFICANT SUBSEQUENT EVENTS

None.

10. OTHERS

(1) Financial instruments

Non-derivative Financial Instruments	As of June 30, 2005	
	Book Value	Fair Value
Financial assets		
Cash and cash equivalents	\$82,445,691	\$82,445,691
Marketable securities	3,255,693	3,361,848
Notes and accounts receivables	13,045,757	13,045,757
Restricted deposits	569,400	569,400
Long-term investments	32,673,623	61,630,868
Deposits - out	658,057	658,057

Non-derivative Financial Instruments	As of June 30, 2005	
	Book Value	Fair Value
Financial liabilities		
Short-term loans	\$1,845,315	\$1,845,315
Payables	16,651,386	16,651,386
Capacity deposits (current portion)	649,633	649,633
Bonds payable (current portion included)	40,189,572	40,689,650
Long-term loans (current portion included)	4,330,500	4,330,500
Derivative Financial Instruments		
Credit-linked deposits and repackaged bonds - Trading purpose	\$1,472,338	\$1,472,338
Interest rate swaps - Non-trading purpose	(11,059)	(578,783)
Forward contracts - Non-trading purpose	(17,076)	(17,076)

The methods and assumptions used to measure the fair value of financial instruments are as follows :

- a. The book values of short-term financial instruments and other financial assets (credit-linked deposits and repackaged bonds) approximate to fair values due to their short maturities. The majority of investment portfolios of the credit-linked deposits and repackaged bonds are either corporate bonds of maturity within one year, or highly liquidable secondary market bonds. Short-term financial instruments include cash and cash equivalents, notes receivable, accounts receivable, restricted deposits, short-term loans, payables, and current portion of capacity deposits.
- b. The fair values of marketable securities and long-term investments are based on the quoted market value. If the market values of marketable securities and long-term investments are unavailable, the net assets values of the investees are used as fair values.
- c. The fair values of deposits-out are based on the book values since the remittance dates cannot be ascertained.
- d. The fair values of bonds payable are determined by the market value. The book values of long-term loans approximate to the fair values since the loans bear floating rates.
- e. The fair values of derivative financial instruments are based on the amount the Company expects to receive (positive) or to pay (negative) assuming that the contracts are settled early at the balance sheet date.

(2) The Company and its subsidiary, UMC Japan, held credit-linked deposits and repackage bonds for the earning of interest income. Details are disclosed as follows:

a. Principal amount in original currency

As of June 30, 2005

The Company

<u>Credit-linked deposits and repackage bonds referenced to</u>		<u>Amount</u>	<u>Due Date</u>
Siliconware Precision Industries Co., Ltd. European Convertible Bonds and Loans	NTD	400 million	2007.02.05
Siliconware Precision Industries Co., Ltd. European Convertible Bonds and Loans	NTD	200 million	2007.02.05
UMC Japan European Convertible Bonds	JPY	640 million	2007.03.28
UMC Japan European Convertible Bonds	JPY	600 million	2007.11.29
Chi Feng Blinds Industry Co., Ltd. European Convertible Bonds	USD	2 million	2005.12.19
Advanced Semiconductor Engineering Inc. European Convertible Bonds and Loans	NTD	200 million	2007.09.25

UMC Japan

<u>Credit-linked deposits and repackage bonds referenced to</u>		<u>Amount</u>	<u>Due Date</u>
UMC Japan European Convertible Bonds	JPY	500 million	2007.03.29
UMC Japan European Convertible Bonds	JPY	400 million	2007.11.29

b. Credit risk

The counterparties of the above investments are major international financial institutions. The repayment in full of these investments is subject to the non-occurrence of one or more credit events, which are referenced to the entities' fulfillment of their own obligations as well as repayment of their corporate bonds. Upon the occurrence of one or more of such credit events, the Company and its subsidiary, UMC Japan, may receive nil or less than full amount of these investments. Reference entities with high credit ratings were selected to minimize the credit risk.

c. Liquidity risk

Early withdrawal is not allowed for the above investments unless called by the issuer. However, the anticipated liquidity risk is low since most of the investments will be matured within 1 year or are relatively liquid in the secondary market.

d. Market risk

There is no market risk for the above investments except for the fluctuations in the exchange rates of US Dollars and Japanese Yen to NT Dollars at the balance sheet date and the settlement date.

(3) The Company entered into interest rate swap and forward contracts and its subsidiary, UMC Japan, entered into forward contracts for hedging the interest rate risks arising from the counter-floating rate of domestic bonds and for hedging the exchange rate risks arising from the net assets or liabilities denominated in foreign currency. The hedging strategy was developed with the objective to reduce the market risk, and not for trading purpose. The relevant information on the derivative financial instruments entered into by the Company and its subsidiary, UMC Japan, is as follows:

- a. The Company utilized interest rate swap agreements to hedge its interest rate risks on its counter-floating rate domestic bonds issued from May 21 to June 24, 2003. The periods of the interest rate swap agreements are the same as those of the domestic bonds, which are five and seven years. The floating rate is reset annually. The details of interest rate swap agreements are summarized as follows:

As of June 30, 2005, the Company had the following interest rate swap agreements in effect:

<u>Notional Amount</u>	<u>Contract Period</u>	<u>Interest Rate Received</u>	<u>Interest Rate Paid</u>
NT\$7,500 million	May 20, 2003 to May 20, 2008	4.0% minus USD 12-month LIBOR	1.52%
NT\$7,500 million	May 20, 2003 to May 20, 2010	4.3% minus USD 12-month LIBOR	1.48%

- b. The details of forward contracts entered into by the Company and its subsidiary, UMC Japan, are summarized as follows:

As of June 30, 2005

The Company

<u>Type</u>	<u>Notional Amount</u>	<u>Contract Period</u>
Forward contracts	Sell USD 108 million	June 10, 2005 to July 29, 2005
Forward contracts	Buy JPY 9 million	June 13, 2005 to July 1, 2005

UMC Japan

<u>Type</u>	<u>Notional Amount</u>	<u>Contract Period</u>
Forward contracts	Sell USD 2.1 million	June 14, 2005 to July 29, 2005

c. Transaction risk

(a) Credit risk

There is no significant credit risk exposure with respect to the above transactions because the counterparties are reputable financial institutions with good global standing.

(b) Liquidity and cash flow risk

The cash flow requirements on the interest rate swap agreements are limited to the net interest payables or receivables arising from the differences in the swap rates. The cash flow requirements on forward contracts are limited to the net difference between the forward and spot rates at the settlement date. Therefore, no significant cash flow risk is anticipated since the working capital is sufficient to meet the cash flow requirements.

(c) Market risk

Interest rate swap agreements and forward contracts are intended for hedging purposes. Gains or losses arising from the fluctuations in interest rates and exchange rates are likely to be offset against the gains or losses from the hedged items. As a result, no significant exposure to market risk is anticipated.

d. The presentation of derivative financial instruments on financial statements

The net receivables or payables resulting from interest rate swap and forward contracts were recorded under current assets or current liabilities.

The Company

As of June 30, 2005, the balance of current liabilities arising from interest rate swap was NT\$17 million.

The balance of NT\$16 million arising from forward contracts was recognized under current liabilities in the balance sheet as of June 30, 2005. The related exchange loss of NT\$170 million for the six-month period ended June 30, 2005, was recognized under non-operating expenses.

UMC Japan

The balance arising from forward contracts is disclosed under current liability of the amount of JPY 2 million in the balance sheet as of June 30, 2005. The related exchange gain for the six-month period ended June 30, 2005, was JPY 51 million.

(4) Others

Significant intercompany transactions among consolidate entities for the six-month period ended June 30, 2005, are disclosed in Attachment 1.

(5) Details of subsidiaries that hold the Company's stocks are as follows:

<u>Subsidiary</u>	<u>No. of Shares (in thousands)</u>	<u>Amount</u>	<u>Purpose</u>
Hsun Chieh	543,732	\$29,592,654	Long-term investment
Fortune	19,808	171,857	Long-term investment

11. ADDITIONAL DISCLOSURES

(1) The following are additional disclosures for the Company and its affiliates pursuant to SFC requirements:

- a. Financing provided to others for the six-month period ended June 30, 2005 : Please refer to Attachment 2.
- b. Endorsement/Guarantee provided to others for the six-month period ended June 30, 2005 : Please refer to Attachment 3.
- c. Securities held as of June 30, 2005 : Please refer to Attachment 4.
- d. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$100 million or 20 percent of the capital stock for the six-month period ended June 30, 2005 : Please refer to Attachment 5.
- e. Acquisition of individual real estate with amount exceeding the lower of NT\$100 million or 20 percent of the capital stock for the six-month period ended June 30, 2005 : Please refer to Attachment 6.
- f. Disposal of individual real estate with amount exceeding the lower of NT\$100 million or 20 percent of the capital stock for the six-month period ended June 30, 2005 : Please refer to Attachment 7.
- g. Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock for the six-month period ended June 30, 2005 : Please refer to Attachment 8.
- h. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock as of June 30, 2005 : Please refer to Attachment 9.
- i. Names, locations and related information of investees as of June 30, 2005 : Please refer to Attachment 10.
- j. Derivative financial instruments : Please refer to Note 10.

(2) Investment in Mainland China

None.

ATTACHMENT-1 (Significant intercompany transactions between consolidated entities)
(Amount in thousand; Currency denomination in NTD unless otherwise specified)

No. (Note 1)	Related Party	Counterparty	Relationship with the Company (Note 2)	Transactions			Percentage of consolidated operating revenues or consolidated total assets (Note 3)
				Account	Amount	Terms	
0	United Microelectronics	UMC Group (USA)	1	Sales	\$18,179,163	Note 4	39.29%
0	United Microelectronics	UMC Group (USA)	1	Accounts receivable	3,550,827	-	1.07%
0	United Microelectronics	UMC Group (USA)	1	Other current liabilities	632,800	-	0.19%
0	United Microelectronics	United Microelectronics (Europe) B.V.	1	Sales	3,818,862	Note 4	8.25%
0	United Microelectronics	United Microelectronics (Europe) B.V.	1	Accounts receivable	704,927	-	0.21%
0	United Microelectronics	UMCi Ltd.	1	Purchase	1,244,347	Note 5	2.69%
0	United Microelectronics	Fortune Venture Capital Corporation	1	Long-term investments	326,071	-	0.10%
0	United Microelectronics	Silicon Integrated Systems Corp.	1	Sales	1,433,057	Note 4	3.10%

Note 1: The Company and its subsidiaries are coded as follows:

1. The Company is coded "0".
2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Transactions are categorized as follows :

1. The holding company to subsidiary.
2. Subsidiary to holding company.
3. Subsidiary to subsidiary.

Note 3: The percentage with respect to the consolidated asset/liability for transactions of balance sheet items are based on each item's balance at period-end.

For profit or loss items, cumulative balances are used as basis.

Note 4: The sales price to the above related parties was determined through mutual agreement based on the market conditions. The collection period for overseas sales was net 30~60 days, while the terms for domestic sales were month-end 30~60 days.

Note 5: The sales price to the above related parties was determined through mutual agreement based on the market conditions. The terms for related parties were net 60 days.

ATTACHMENT-2 (Financing provided to others for the six-month period ended June 30, 2005)

(Amount in thousand; Currency denomination in NTD unless otherwise specified)

No.	Lender	Counterparty	Financial statement account	Maximum balance for the period	Ending balance	Interest rate	Nature of financing	Amount of sales to (purchases from) counterparty	Reason for financing	Allowance for doubtful accounts	Collateral		Limit of financing amount for individual counterparty	Limit of total financing amount
											Item	Value		
0	UMC	UMCi Ltd.	Other receivables	\$5,137,760	\$-	2.74%~3.05%	Note	N/A	Operating capital	N/A	N/A	N/A	N/A	N/A
1	UMC Group (USA)	Former Employees	Receivable from employees' loans	USD 691	USD 691	7%	Note	N/A	Employee loan	-	Securities	Lower	N/A	N/A

Note : Need for short-term financing.

ATTACHMENT-3 (Endorsement/Guarantee provided to others for the six-month period ended June 30, 2005)

(Amount in thousand; Currency denomination in NTD unless otherwise specified)

No.	Endorsor/Guarantor	Receiving Party	Relationship	Limit of guarantee/endorsement amount for individual counterparty	Maximum balance for the period	Ending balance	Amount of collateral guarantee/endorsement	Ratio of accumulated guarantee amount to net assets value from the latest financial statement	Limit of total guarantee/endorsement amount
N/A									

ATTACHMENT-4 (Securities held as of June 30, 2005)

(Amount in thousand; Currency denomination in NTD unless otherwise specified)

United Microelectronics Corporation

				June 30, 2005				Shares as collateral (thousand)
Type of securities	Name of securities	Relationship	Financial statement account	Units(thousand)/bonds/ shares(thousand)	Book value	Percentage of ownership(%)	Market value/Net assets value	
Convertible bonds	King Yuan Electronics Co., Ltd.	-	Short-term investment	800	\$271,600	-	\$257,972	None
Convertible bonds	EPISTAR Corporation	-	Short-term investment	100	34,140	-	31,540	None
Convertible bonds	Ching Feng Home Fashions Co., Ltd.	-	Short-term investment	2,000	68,300	-	61,902	None
Convertible bonds	International Semiconductor Technology Ltd.	-	Short-term investment	4,000	135,800	-	110,390	None
Convertible bonds	Everlight Electronics Co., Ltd.	-	Short-term investment	100	33,745	-	31,786	None
Convertible bonds	Siliconware Precision Industries	-	Short-term investment	8,000	270,120	-	235,008	None
Convertible bonds	Mega Financial Holding Company	-	Short-term investment	5,000	166,650	-	155,633	None
Convertible bonds	Quanta Storage Inc.	-	Short-term investment	4,500	152,778	-	134,833	None
Convertible bonds	EDOM Technology Co., Ltd.	-	Short-term investment	60	201,990	-	181,922	None
Convertible bonds	Action Electronics Co., Ltd.	-	Short-term investment	10,000	322,200	-	338,834	None
Stock	SpringSoft, Inc.	-	Short-term investment	8,183	415,728	-	534,530	None
Stock	King Yuan Electronics Co., Ltd.	-	Short-term investment	20,076	356,781	-	576,511	None
Stock	SerComm Corporation	Subsidiary's equity investee	Short-term investment	129	3,093	-	3,693	None
Stock	Yang Ming Marine Transport Corp.	-	Short-term investment	3,254	128,057	-	93,491	None
Stock	Micronas Semiconductor Holding AG	-	Short-term investment	280	398,672	-	308,906	None
Stock	L&K Engineering Co., Ltd.	-	Short-term investment	1,341	98,925	-	107,783	None
Stock	UMC Group (USA)	Investee company	Long-term investment	16,438	708,829	100.00	708,829	None
Stock	United Microelectronics (Europe) B.V.	Investee company	Long-term investment	9	283,099	100.00	272,629	None
Stock	UMC Capital Corporation	Investee company	Long-term investment	55,000	1,306,287	100.00	1,306,287	None
Stock	United Microelectronics Corp. (Samoa)	Investee company	Long-term investment	1,000	14,897	100.00	14,897	None
Stock	UMCi Ltd.	Investee company	Long-term investment	880,006	14,604	100.00	14,604	None
Stock	Fortune Venture Capital Corporation	Investee company	Long-term investment	449,994	3,758,856	99.99	4,079,243	None
Stock	Hsun Chieh Investment Co., Ltd.	Investee company	Long-term investment	1,417,294	10,409,009	99.97	23,054,302	None
Stock	United Microdisplay Optronics Corp.	Investee company	Long-term investment	104,345	201,914	83.48	224,222	None
Stock	Pacific Venture Capital Co., Ltd.	Investee company	Long-term investment	30,000	300,407	49.99	300,470	None
Stock	UMC Japan	Investee company	Long-term investment	484	7,269,416	47.42	5,776,415	None
Stock	Toppa Photomasks Taiwan Ltd.(formerly DuPont Photomasks Taiwan Ltd.)	Investee company	Long-term investment	106,621	1,012,456	45.35	1,012,379	None
Stock	Unitech Capital Inc.	Investee company	Long-term investment	21,000	710,102	42.00	710,102	None
Stock	Holtek Semiconductor Inc.	Investee company	Long-term investment	48,980	797,730	25.23	1,789,695	None
Stock	ITE Tech. Inc.	Investee company	Long-term investment	24,229	292,828	22.21	431,283	None
Stock	Unimicron Technology Corp.	Investee company	Long-term investment	185,626	3,640,017	20.85	5,027,857	None
Stock	Faraday Technology Corp.	Investee company	Long-term investment	47,682	907,782	18.38	2,943,692	None
Stock	Silicon Integrated Systems Corp.	Investee company	Long-term investment	219,092	4,048,689	16.16	3,715,581	None

ATTACHMENT-4 (Securities held as of June 30, 2005)

(Amount in thousand; Currency denomination in NTD unless otherwise specified)

United Microelectronics Corporation

				June 30, 2005				Shares as collateral (thousand)
Type of securities	Name of securities	Relationship	Financial statement account	Units(thousand)/bonds/ shares(thousand)	Book value	Percentage of ownership(%)	Market value/ Net assets value	
Stock	Thintek Semiconductor Corp.	Investee company	Long-term investment	3,565	\$30,383	14.26	\$14,699	None
Stock	Novatek Microelectronics Corp.	Investee company	Long-term investment	52,823	1,428,604	13.24	7,368,752	None
Stock	AMIC Technology Corporation	Investee company	Long-term investment	16,200	60,134	11.83	89,664	None
Stock	Aptos (Taiwan) Corp.	Investee company	Long-term investment	16,100	108,755	9.72	103,188	None
Stock	Epitech Corp.	-	Long-term investment	10,554	299,993	10.08	Note	None
Stock	United Industrial Gases Co., Ltd.	-	Long-term investment	13,185	146,250	8.11	Note	None
Stock	MediaTek Incorporation	-	Long-term investment	58,033	726,309	7.54	16,152,772	None
Stock	Industrial Bank of Taiwan Corp.	-	Long-term investment	118,303	1,139,196	4.95	Note	None
Stock	Subtron Technology Co., Ltd.	-	Long-term investment	11,520	172,800	4.92	Note	None
Stock	South Epitaxy Corporation	-	Long-term investment	7,060	143,661	4.15	184,793	None
Stock	Chipbond Technology Corporation	-	Long-term investment	6,440	174,735	3.20	258,303	None
Stock	Billinton Systems Inc.	-	Long-term investment	1,826	30,948	2.71	38,042	None
Stock	AU Optronics Corp.	-	Long-term investment	71,215	959,082	1.44	3,777,963	None
Stock	Mega Financial Holding Company	-	Long-term investment	95,577	3,108,656	0.84	1,991,056	None
Stock	Premier Image Technology Corporation	-	Long-term investment	3,395	27,964	0.61	121,784	None
Fund	Pacific Technology Partners, L.P.	-	Long-term investment	-	359,722	-	Note	None
Fund	Pacific United Technology, L.P.	-	Long-term investment	-	126,560	-	Note	None
Stock-Preferred stock	Taiwan High Speed Rail Corporation	-	Long-term investment	30,000	300,000	-	N/A	None

Hsun Chieh Investment Co., Ltd.

				June 30, 2005				Shares as collateral (thousand)
Type of securities	Name of securities	Relationship	Financial statement account	Units(thousand)/bonds/ shares(thousand)	Book value	Percentage of ownership(%)	Market value/ Net assets value	
Stock	ENE Technology Inc.	-	Short-term investment	250	\$5,096	0.73	\$7,359	None
Stock	Premier Image Technology Corp.	-	Short-term investment	2,094	112,925	0.40	75,101	None
Stock	Shanghai Fudan Microelectronics. Co., Ltd.	-	Short-term investment	516	2,511	0.10	641	None
Stock	SinoPac Holdings	-	Short-term investment	1,464	28,535	0.04	23,450	None
Stock	Trident Technologies, Inc.	-	Short-term investment	130	64,261	-	90,569	None
Stock	Unitruth Investment Corp.	Investee company	Long-term investment	10,000	94,684	100.00	94,684	None
Stock	Uwave Technology Corp.(formerly United Radiotek Inc.)	Investee company	Long-term investment	12,750	45,537	49.04	45,537	None
Stock	VistaPoint, Inc.	Investee company	Long-term investment	6,828	10,773	41.38	10,773	None
Fund	UC Fund II	Investee company	Long-term investment	5,000	121,532	35.45	121,532	None
Stock	UCA Technology, Inc.	Investee company	Long-term investment	4,950	26,684	30.94	26,684	None
Stock	Star Semiconductor Corp.	Investee company	Long-term investment	6,555	33,339	28.20	33,339	None
Stock	Afa Technology, Inc.	Investee company	Long-term investment	5,838	32,859	25.82	32,859	None
Stock	Crystal Media Inc.	Investee company	Long-term investment	2,115	12,391	24.88	12,391	None
Stock	USBest Technology Inc.	Investee company	Long-term investment	2,563	23,694	18.99	23,694	None
Stock	Harvatek Corporation	Investee company	Long-term investment	22,392	351,312	18.20	608,477	None

ATTACHMENT-4 (Securities held as of June 30, 2005)

(Amount in thousand; Currency denomination in NTD unless otherwise specified)

Hsun Chieh Investment Co., Ltd.

				June 30, 2005				
Type of securities	Name of securities	Relationship	Financial statement account	Units(thousand)/bonds/ shares(thousand)	Book value	Percentage of ownership(%)	Market value/ Net assets value	Shares as collateral (thousand)
Stock	Patentop, Ltd.	Investee company	Long-term investment	720	1,195	18.00	1,195	None
Stock	Unimicron Technology Corp.	Investee of UMC and Hsun Chieh	Long-term investment	97,180	\$1,848,305	10.92	\$2,632,229	None
Stock	Smedia Technology Corp.	Investee company	Long-term investment	1,800	9,028	10.59	9,028	None
Stock	U-Media Communications, Inc.	Investee company	Long-term investment	2,500	18,142	10.50	18,142	None
Stock	SerComm Corporation	Investee company	Long-term investment	10,176	186,803	10.06	290,203	None
Stock	XGI Technology Inc.	Investee company	Long-term investment	24,963	250,558	10.05	250,558	None
Stock	Chip Advanced Technology Inc.	Investee company	Long-term investment	1,386	13,800	9.86	13,800	None
Stock	Aptos (Taiwan) Corp.	Investee of UMC and Hsun Chieh	Long-term investment	16,165	108,396	9.76	108,396	None
Stock	ULi Electronics Inc.	Investee company	Long-term investment	7,842	158,358	9.51	158,358	None
Stock	AMOD Technology Co., Ltd.	Investee company	Long-term investment	470	4,541	9.40	4,541	None
Stock	Mobile Devices Inc.	Investee company	Long-term investment	1,500	15,367	6.31	15,367	None
Stock	AMIC Technology Corporation	Investee of UMC and Hsun Chieh	Long-term investment	6,830	37,788	4.99	37,788	None
Stock	Faraday Technology Corp.	Investee of UMC and Hsun Chieh	Long-term investment	14,265	1,109,310	4.93	880,668	None
Stock	UMC Japan	Investee of UMC and Hsun Chieh	Long-term investment	45	696,808	4.39	535,239	None
Stock	Davicom Semiconductor, Inc.	Investee company	Long-term investment	1,598	21,577	2.50	21,577	None
Stock	Novatek Microelectronics Corp.	Investee of UMC and Hsun Chieh	Long-term investment	3,249	110,988	0.82	453,236	None
Stock	VastView Technology Inc.	-	Long-term investment	4,487	29,759	19.94	Note	None
Stock	Kits OnLine Technology Corp.	-	Long-term investment	4,455	56,231	15.91	Note	None
Stock	Advance Materials Corporation	-	Long-term investment	14,994	152,321	15.78	Note	None
Stock	Everglory Resource Technology Co., Ltd.	-	Long-term investment	3,700	74,000	15.14	Note	None
Stock	LighTuning Tech., Inc.	-	Long-term investment	1,900	24,772	15.08	Note	None
Stock	Golden Technology Venture Capital Investment Corp.	-	Long-term investment	5,600	56,000	10.67	Note	None
Stock	NCTU Spring I Technology Venture Capital Investment Corp.	-	Long-term investment	4,284	43,482	10.06	Note	None
Stock	Printech International Inc.	-	Long-term investment	3,000	30,000	9.68	Note	None
Stock	Trendchip Technologies Corp.	-	Long-term investment	3,775	60,406	9.25	Note	None
Stock	EE Solution, Inc.	-	Long-term investment	1,950	51,900	7.28	Note	None
Stock	Chipsence Corp.	-	Long-term investment	3,800	41,800	7.24	Note	None
Stock	Giga Solution Technology Co., Ltd.	-	Long-term investment	8,750	105,000	6.91	Note	None
Stock	Fortune Semiconductor Corporation	-	Long-term investment	2,183	71,500	6.64	Note	None
Stock	NCTU Spring Venture Capital Co., Ltd.	-	Long-term investment	2,000	20,000	6.28	Note	None
Stock	Risalink Venture Capital Corp.	-	Long-term investment	8,000	80,000	6.20	Note	None
Stock	Incomm Technologies Co., Ltd.	-	Long-term investment	1,800	25,020	6.00	Note	None
Stock	Ralink Technology Corporation	-	Long-term investment	3,575	53,625	5.96	Note	None
Stock	Cosmos Technology Venture Capital Investment Corp.	-	Long-term investment	2,600	26,000	5.03	Note	None
Stock	Parawin Venture Capital Corp.	-	Long-term investment	5,000	50,000	5.00	Note	None

ATTACHMENT-4 (Securities held as of June 30, 2005)

(Amount in thousand; Currency denomination in NTD unless otherwise specified)

Hsun Chieh Investment Co., Ltd.

				June 30, 2005				
Type of securities	Name of securities	Relationship	Financial statement account	Units(thousand)/bonds/ shares(thousand)	Book value	Percentage of ownership(%)	Market value/ Net assets value	Shares as collateral (thousand)
Stock	ACTi Corporation	-	Long-term investment	850	12,750	4.97	Note	None
Stock	Programmable Microelectronics(Taiwan) Corp.	-	Long-term investment	1,980	\$23,760	4.95	Note	None
Stock	Beyond Innovation Technology Co., Ltd.	-	Long-term investment	1,045	18,096	4.86	Note	None
Stock	JMicron Technology Corp.	-	Long-term investment	1,340	24,120	4.79	Note	None
Stock	Animation Technologies Corp.	-	Long-term investment	1,980	29,700	4.74	Note	None
Stock	HiTop Communications Corp.	-	Long-term investment	1,198	17,964	4.44	Note	None
Stock	Coretronic Corporation	-	Long-term investment	18,787	276,192	4.21	\$838,327	None
Stock	Taiwan Asia Pacific Venture Fund	-	Long-term investment	85	21,625	4.15	Note	None
Stock	Epitech Corporation	-	Long-term investment	2,917	58,474	3.89	Note	None
Stock	IBT Venture Co.	-	Long-term investment	7,614	76,142	3.81	Note	None
Stock	Skardin Industrial Corp.	-	Long-term investment	1,000	75,070	3.58	Note	None
Stock	ZyDAS Technology Corp.	-	Long-term investment	1,000	23,000	3.33	Note	None
Stock	United Microelectronics Corporation	Investor company	Long-term investment	543,732	29,592,654	3.06	12,610,779	None
Stock	Sheng-Hua Venture Capital Corp.	-	Long-term investment	5,000	50,000	2.50	Note	None
Stock	Subtron Technology Co., Ltd.	-	Long-term investment	5,616	71,280	2.40	Note	None
Stock	Princeton Technology Corporation	-	Long-term investment	3,237	96,706	2.33	106,586	None
Stock	BroadWeb Corporation	-	Long-term investment	500	8,000	2.22	Note	None
Stock	ProSys Technology Integration, Inc.	-	Long-term investment	186	2,790	2.07	Note	None
Stock	Taimide Tech., Inc.	-	Long-term investment	1,500	37,500	1.83	Note	None
Stock	Pixart Imaging Inc.	-	Long-term investment	1,143	16,107	1.83	Note	None
Stock	C-Com Corporation	-	Long-term investment	1,110	9,806	0.96	4,761	None
Stock	Aimtron Technology Inc.	-	Long-term investment	200	9,000	0.73	Note	None
Stock	Largan Precision, Co., Ltd.	-	Long-term investment	678	36,281	0.63	141,652	None
Stock	Mega Financial Holding Company	-	Long-term investment	59,539	1,882,974	0.52	1,240,324	None
Stock	ULTRA CHIP, Inc.	-	Long-term investment	90	1,710	0.14	Note	None
Stock	Averlogic Technologies, Inc.	-	Long-term investment	33	890	0.12	454	None
Stock-Preferred Stock	Alpha and Omega Semiconductor, Inc.	-	Long-term investment	1,500	46,883	-	N/A	None
Stock-Preferred Stock	Aurora System, Inc.	-	Long-term investment	550	6,355	-	N/A	None
Stock-Preferred Stock	Formerica International Holding, Inc.	-	Long-term investment	2,000	30,898	-	N/A	None
Stock-Preferred Stock	FortMedia, Inc.	-	Long-term investment	5,694	108,456	-	N/A	None
Fund	VenGlobal Capital fund III, L.P.	-	Long-term investment	-	33,195	-	Note	None

(Amount in thousand; Currency denomination in NTD unless otherwise specified)

Fortune Venture Capital Corporation

				June 30, 2005				
Type of securities	Name of securities	Relationship	Financial statement account	Units(thousand)/bonds/ shares(thousand)	Book value	Percentage of ownership(%)	Market value/ Net assets value	Shares as collateral (thousand)
Stock	AEVOE Inc.	Investee company	Long-term investment	1,500	\$8,455	44.12	\$8,455	None
Stock	Smedia Technology Corp	Investee company	Long-term investment	4,572	22,924	26.89	22,924	None
Stock	Mobile Devices Inc.	Investee company	Long-term investment	5,000	48,771	21.02	48,771	None
Stock	Davicom Semiconductor, Inc.	Investee company	Long-term investment	12,200	121,786	19.06	121,786	None
Stock	Chip Advanced Technology Inc.	Investee company	Long-term investment	2,094	21,503	14.90	21,503	None
Stock	UCA Technology Inc.	Investee company	Long-term investment	2,335	23,115	14.59	23,115	None
Stock	ULi Electronics Inc.	Investee company	Long-term investment	10,530	213,598	12.76	213,598	None
Stock	AMIC Technology Corp.	Investee of UMC and Fortune	Long-term investment	16,575	100,090	12.11	100,090	None
Stock	Crystal Media, Inc.	Investee company	Long-term investment	950	5,566	11.18	5,566	None
Stock	USBest Technology Inc.	Investee company	Long-term investment	1,448	15,291	10.73	15,291	None
Stock	AMOD Technology Co., Ltd.	Investee company	Long-term investment	530	5,121	10.60	5,121	None
Stock	U-Media Communications, Inc.	Investee company	Long-term investment	2,500	18,143	10.50	18,143	None
Stock	XGI Technology Inc.	Investee company	Long-term investment	20,726	45,601	8.34	45,601	None
Stock	Aptos (Taiwan) Corporation	Investee of UMC and Fortune	Long-term investment	11,440	75,495	6.90	75,495	None
Stock	Star Semiconductor Corp.	Investee company	Long-term investment	1,337	13,042	5.75	13,042	None
Stock	Afa Technology, Inc.	Investee company	Long-term investment	1,050	21,751	4.64	21,751	None
Stock	Cion Technology Corporation	-	Long-term investment	2,160	21,600	18.00	Note	None
Stock	Pixart Imaging Inc.	-	Long-term investment	10,690	207,004	17.15	Note	None
Stock	HiTop Communications Corp.	-	Long-term investment	3,142	47,136	11.64	Note	None
Stock	JMicro Technology Corp.	-	Long-term investment	2,660	47,880	9.50	Note	None
Stock	Programmable Microelectronics (Taiwan) Corp.	-	Long-term investment	3,302	37,156	8.25	Note	None
Stock	SIMPAL Electronics Co., Ltd.	-	Long-term investment	6,009	70,179	7.34	Note	None
Stock	Bcom Electronics Inc.	-	Long-term investment	7,500	75,000	7.09	Note	None
Stock	Shin-Etsu Hondotai Taiwan Co., Ltd.	-	Long-term investment	10,500	105,000	7.00	Note	None
Stock	Aimtron Technology, Inc.	-	Long-term investment	1,384	58,777	5.02	Note	None
Stock	ACTi Corporation.	-	Long-term investment	850	12,750	4.97	Note	None
Stock	LighTuning Tech., Inc.	-	Long-term investment	600	9,629	4.76	Note	None
Stock	WavePlus Technology Inc.	-	Long-term investment	1,200	30,000	4.00	Note	None
Stock	Averlogic Technologies, Inc.	-	Long-term investment	1,051	17,628	3.80	14,463	None
Stock	Epitech Corporation	-	Long-term investment	3,207	43,614	3.69	Note	None
Stock	Animation Technologies Corp	-	Long-term investment	1,500	22,500	3.59	Note	None
Stock	Advanced Chip Engineering Tech. Inc.	-	Long-term investment	4,160	49,920	3.56	Note	None
Stock	ProSys Technology Integration, Inc.	-	Long-term investment	186	1,860	3.08	Note	None

ATTACHMENT-4 (Securities held as of June 30, 2005)

(Amount in thousand; Currency denomination in NTD unless otherwise specified)

Fortune Venture Capital Corporation

				June 30, 2005				
Type of securities	Name of securities	Relationship	Financial statement account	Units(thousand)/bonds/ shares(thousand)	Book value	Percentage of ownership(%)	Market value/ Net assets value	Shares as collateral (thousand)
Stock	RDC Semiconductor Co., Ltd.	-	Long-term investment	960	\$24,436	2.52	\$19,397	None
Stock	ProSys Technology Integration, Inc.	-	Long-term investment	650	14,800	2.43	Note	None
Stock	Subtron Technology Co., Ltd.	-	Long-term investment	3,701	52,870	1.58	Note	None
Stock	Forture Semiconductor Corporation	-	Long-term investment	349	10,461	1.06	Note	None
Stock	SiRF Technology Holding, Inc.	-	Long-term investment	311	42,396	0.90	159,818	None
Stock	Arcadia Design Systems(Taiwan), Inc.	-	Long-term investment	162	1,579	0.83	Note	None
Stock	United Microelectronic Corp.	Investor company	Long-term investment	19,808	171,857	0.11	459,399	None
Stock	Trident Technologies, Inc.	-	Long-term investment	128	71,775	-	88,890	None
Stock-Preferred stock	Alpha and Omega Semiconductor, Inc.	-	Long-term investment	1,500	46,313	-	N/A	None
Stock-Preferred stock	Integrant Technologies, Inc.	-	Long-term investment	120	32,712	-	N/A	None
Stock-Preferred stock	Aurora Systems, Inc.	-	Long-term investment	5,133	57,529	-	N/A	None
Fund	iGlobe Partners Fund, L.P.	-	Long-term investment	-	41,175	3.45	Note	None
Fund	Crystal Internet Venture Fund II	-	Long-term investment	-	38,855	0.99	Note	None

Unitruth Investment Corp.

				June 30, 2005				
Type of securities	Name of securities	Relationship	Financial statement account	Units(thousand)/bonds/ shares(thousand)	Book value	Percentage of ownership(%)	Market value/ Net assets value	Shares as collateral (thousand)
Stock	U-Media Communication, Inc.	Investee company	Long-term investment	1,250	\$9,075	5.25	\$9,075	None
Stock	ULi Electronics Inc.	Investee company	Long-term investment	2,128	43,728	2.58	43,728	None
Stock	Amitron Technology, Inc.	-	Long-term investment	101	4,545	0.37	Note	None

ATTACHMENT-4 (Securities held as of June 30, 2005)

(Amount in thousand; Currency denomination in NTD unless otherwise specified)

UMC Capital Corporation

				June 30, 2005				
Type of securities	Name of securities	Relationship	Financial statement account	Units(thousand)/bonds/ shares(thousand)	Book value (thousand)	Percentage of ownership(%)	Market value/ Net assets value (thousand)	Shares as collateral (thousand)
Stock	UMC Capital (USA)	Investee company	Long-term investment	200	USD 283	100.00	USD 283	None
Stock-Preferred stock	MaXXan Systems, Inc.	-	Long-term investment	2,317	USD 1,237	-	N/A	None
Stock-Preferred stock	Aicent, Inc.	-	Long-term investment	2,000	USD 1,000	-	N/A	None
Stock-Preferred stock	Spreadtrum Communications, Inc.	-	Long-term investment	1,581	USD 1,250	-	N/A	None
Stock-Preferred stock	WISchip International Ltd.	-	Long-term investment	1,733	USD 3,354	-	N/A	None
Stock-Preferred stock	Silicon 7, Inc.	-	Long-term investment	1,203	USD 4,000	-	N/A	None
Stock-Preferred stock	IC Media Corporation	-	Long-term investment	2,823	USD 1,094	-	N/A	None
Stock-Preferred stock	GCT Semiconductor, Inc.	-	Long-term investment	1,571	USD 1,000	-	N/A	None
Stock-Preferred stock	Intellon Corporation	-	Long-term investment	7,932	USD 3,500	-	N/A	None
Stock-Preferred stock	ForteMedia Inc.	-	Long-term investment	2,000	USD 1,500	-	N/A	None
Stock-Preferred stock	Zylogic Semiconductor Corp.	-	Long-term investment	750	USD 500	-	N/A	None
Stock-Preferred stock	Berkana Wireless Inc.	-	Long-term investment	1,244	USD 2,000	-	N/A	None
Stock-Preferred stock	Maxlinear, Inc.	-	Long-term investment	1,474	USD 2,580	-	N/A	None
Stock-Preferred stock	Smart Vanguard Limited	-	Long-term investment	5,000	USD 5,000	-	N/A	None
Stock-Preferred stock	Wisair, Inc.	-	Long-term investment	108	USD 1,000	-	N/A	None
Stock-Preferred stock	Amalfi Semiconductor, Inc.	-	Long-term investment	1,471	USD 1,500	-	N/A	None
Stock-Preferred stock	Praesagus, Inc.	-	Long-term investment	500	USD 1,500	-	N/A	None

United Microdiplay Optronics Corp.

				June 30, 2005				
Type of securities	Name of securities	Relationship	Financial statement account	Units(thousand)/bonds/ shares(thousand)	Book value	Percentage of ownership(%)	Market value/ Net assets value	Shares as collateral (thousand)
Stock	Thintek Optronics Corp.	Investee of UMC and UMO	Long-term investment	9,999	\$41,226	40.00	\$41,226	None

Note : The net assets values for unlisted investees accounted for under the cost method were not available as of June 30, 2005.

ATTACHMENT-5 (Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$100 million or 20 percent of the capital stock for the six-month period ended June 30, 2005)

(Amount in thousand; Currency denomination in NTD unless otherwise specified)

United Microelectronics Corporation

Type of securities	Name of the securities	Financial statement account	Counterparty	Relationship	Beginning balance		Addition		Disposal			Ending balance		
					Units(thousand)/bonds/	Amount	Units(thousand)/bonds/	Amount	Units(thousand)/bonds/	Amount	Cost	Gain (Loss) from disposal	Units(thousand)/bonds/	Amount
					shares(thousand)		shares(thousand)		shares(thousand)				shares(thousand)	
Stock	Fortune Venture Capital Corporation	Long-term investment	Capitalization from cash	-	299,994	\$2,354,878	150,000	\$1,500,000	-	\$-	\$-	\$-	449,994	\$3,758,856
Stock	Novatek Microelectronic Corp.	Long-term investment	Open market	-	72,775	1,615,328	-	-	19,952	2,627,313	503,258	2,095,654	52,823	1,428,604
Stock	Aptos (Taiwan) Corp.	Long-term investment	Fortune Venture	Subsidiary	-	-	16,100	140,231	-	-	-	-	16,100	108,755
Stock	MediaTek Incorporation.	Long-term investment	Open market	-	77,428	969,048	-	-	19,395	4,601,939	242,739	4,343,517	58,033	726,309
Stock	Chipbond Technology Corporation	Long-term investment	Open market	-	-	-	6,115	174,735	-	-	-	-	6,440	174,735
Stock	Epitech Corp.	Long-term investment	Note 7	Note 7	-	-	9,091	299,993	-	-	-	-	10,554	299,993
Stock	South Epitaxy Corporation	Long-term investment	Open market	-	-	-	6,561	143,661	-	-	-	-	7,060	143,661

Note 1: The ending balance includes long-term investment loss of NT\$(56,149) thousand, capital reserve adjustments of NT\$(34,909) thousand due to disproportionate changes in shareholding, and cumulative translation adjustments of NT\$(4,964) thousand.

Note 2: The gain on disposal of investment includes adjustments to reserved capital of NT\$(28,401) thousand written off in proportion to the shares disposed.

Note 3: The ending balance includes long-term investment gain of NT\$314,579 thousand, capital reserve adjustments of NT\$1,219 thousand due to disproportionate changes in shareholding, and cumulative translation adjustments of NT\$718 thousand adjustment \$718 thousand.

Note 4: The ending balance includes long-term investment loss of \$(31,476) thousand.

Note 5: The gain on disposal of investment includes adjustments to reserved capital of NT\$(15,683) thousand written off in proportion to the shares disposed.

Note 6: The ending balance includes stock dividends of 325 thousand shares.

Note 7: The counter parties include the following subsidiaries: Hsun Chieh Investment Co., Ltd., Fortune Venture Capital Corp., and Unitruth Investment Corp.

Note 8: The ending balance includes stock dividends of 1,463 thousand shares.

Note 9: The ending balance includes stock dividends of 499 thousand shares.

Hsun Chieh Investment Co., Ltd.

Type of securities	Name of the securities	Financial statement account	Counterparty	Relationship	Beginning balance		Addition		Disposal			Ending balance		
					Units(thousand)/bonds/	Amount	Units(thousand)/bonds/	Amount	Units(thousand)/bonds/	Amount	Cost	Gain (Loss) from disposal	Units(thousand)/bonds/	Amount
					shares(thousand)		shares(thousand)		shares(thousand)				shares(thousand)	
Stock	Aptos (Taiwan) Corporation	Long-term investment	Fortune Venture	Subsidiary	-	\$-	16,165	\$140,794	-	\$-	\$-	\$-	16,165	\$108,396
Stock	ULi Electronics Inc.	Long-term investment	Jusung Engineering Ltd.	-	2,100	44,940	5,742	122,211	-	-	-	-	7,842	158,358
Stock	XGi Technology Inc.	Long-term investment	Capitalization from Cash	-	-	-	24,963	299,554	-	-	-	-	24,963	250,558

Note 1: The ending balance includes long-term equity investment loss \$(32,398) thousand.

Note 2: The ending balance includes long-term equity investment loss \$(8,793) thousand.

Note 3: The ending balance includes long-term equity investment loss \$(48,996) thousand.

ATTACHMENT-5 (Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$100 million or 20 percent of the capital stock for the six-month period ended June 30, 2005)

(Amount in thousand; Currency denomination in NTD unless otherwise specified)

Fortune Venture Capital Corporation

Type of securities	Name of the securities	Financial statement account	Counterparty	Relationship	Beginning balance		Addition		Disposal			Gain (Loss) from disposal	Ending balance	
					Shares (thousand)	Amount	Shares (thousand)	Amount	Shares (thousand)	Amount	Cost		Shares (thousand)	Amount
Stock	Aptos (Taiwan) Corporation	Long-term investment	Note 1	-	43,705	\$384,636	-	\$-	32,265	\$281,025	\$277,852	\$34,390 (Note 2)	11,440	\$75,495 (Note 3)
Stock	ULi Electronics Inc.	Long-term investment	Note 4	-	-	-	10,530	213,598	-	-	-	-	10,530	213,598

Note 1: Counter parties include subsidiary, Hsun Chieh Investmnet Co., Ltd., and investor company, United Microelectronics Company.

Note 2: The gain (loss) on disposal of investment includes changes in capital reserved gain of \$31,217 thousand.

Note 3: The ending balance includes long-term equity investment loss \$(31,289) thousand.

Note 4: Counter parties include, Cathay Holdings Investment Corp., and other six companies.

Silicon Integrated Systems Corp.

Type of securities	Name of the securities	Financial statement account	Counterparty	Relationship	Beginning balance		Addition		Disposal			Gain (Loss) from disposal	Ending balance	
					Shares(thousand)	Amount	Shares(thousand)	Amount	Shares(thousand)	Amount	Cost		Shares(thousand)	Amount
Fund	Chung Shing Ping-Ar	Short-term investment	-	-	-	\$-	19,193	\$200,000	19,193	\$200,816	\$200,000	\$816	-	\$-
Stock	V'XIS Technology Corp.	Long-term investment	-	-	-	-	14,842	165,167	-	-	-	-	14,842	121,188 (Note 1)

Note 1: The ending balance includes long-term equity investment loss of \$(3,987) thousand and \$(39,992) thousand loss in long-term investment due to disproportionate changes in ownership.

XGI Technology Inc.

Type of securities	Name of the securities	Financial statement account	Counterparty	Relationship	Beginning balance		Addition		Disposal			Gain (Loss) from disposal	Ending balance	
					Shares(thousand)	Amount	Shares(thousand)	Amount	Shares(thousand)	Amount	Cost		Shares(thousand)	Amount
Stock	XGI Technology Inc. (Cayman)	Long-term investment	Capitalization from cash	-	3	\$314,937	-	\$120,093	-	\$-	\$-	\$-	3	\$316,808 (Note 1)

Note 1: The ending balance includes long-term equity investment loss of \$(116,830) thousand and cumulative translation adjustment of \$(1,392) thousand.

ATTACHMENT-6 (Acquisition of individual real estate with amount exceeding the lower of NT\$100 million or 20 percent of the capital stock for the six-month period ended June 30, 2005)

(Amount in thousand; Currency denomination in NTD unless otherwise specified)

United Microelectronics Corporation

						<u>Prior transaction details for related counterparty</u>						
Name of properties	Transaction date	Transaction amount	Payment status	Counterparty	Relationship	Prior owner who	Relationship of the	Date of prior	Prior	Price reference	Date of	Other
						sold the property to	prior owner with	transaction	transaction		acquisition and	
						the counterparty	the acquirer	transaction	amount		utilization	

None

ATTACHMENT-7 (Disposal of individual real estate with amount exceeding the lower of NT\$100 million or 20 percent of the capital stock for the six-month period ended June 30, 2005)

(Amount in thousand; Currency denomination in NTD unless otherwise specified)

United Microelectronics Corporation

<u>Names of properties</u>	<u>Transaction date</u>	<u>Date of original acquisition</u>	<u>Book value</u>	<u>Transaction amount</u>	<u>Collecting status</u>	<u>Gain (Loss) from disposal</u>	<u>Counterparty</u>	<u>Relationship</u>	<u>Reason of disposal</u>	<u>Price reference</u>	<u>Other commitments</u>
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None

ATTACHMENT-8 (Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock for the six-month period ended June 30, 2005)

(Amount in thousand; Currency denomination in NTD unless otherwise specified)

United Microelectronics Corporation

Related party	Relationship	Transactions				Transaction details for non-arm's length transaction		Notes & accounts receivable (payable)		
		Purchases (Sales)	Amount (thousand)	Percentage of total purchases (sales) (%)	Term	Unit price	Term	Balance	Percentage of total receivables (%)	Note
UMC Group (USA)	Investee company	Sales	\$18,179,163	45.76	45 Days	N/A	N/A	\$3,550,827	36.81	
United Microelectronics (Europe) B.V.	Investee company	Sales	3,818,862	9.61	45 Days	N/A	N/A	704,927	7.31	
Novatek Microelectronics Corp.	Investee company	Sales	2,714,397	6.83	45 Days	N/A	N/A	875,235	9.07	
Silicon Integrated Systems Corp.	Investee company	Sales	1,433,057	3.61	45 Days	Note	N/A	466,767	4.84	
Faraday Technology Corp.	Investee company	Sales	828,643	2.09	45 Days	N/A	N/A	328,049	3.40	
Holtek Semiconductor Inc.	Investee company	Sales	318,615	0.80	45 Days	N/A	N/A	123,717	1.28	
ULi Electronics Inc.	Subsidiary's equity investee	Sales	168,960	0.43	45 Days	N/A	N/A	52,393	0.54	
AMIC Technology Corp.	Investee company	Sales	152,163	0.38	45 Days	N/A	N/A	72,077	0.75	
Integrated Technology Express Inc.	Investee company	Sales	116,919	0.29	45 Days	N/A	N/A	50,755	0.53	
UMCi Ltd.	Investee company	Purchases	1,244,347	12.13	60 Days	N/A	N/A	-	-	

Note : The sales price was determined on mutual agreement based on the market conditions.

UMC Group (USA)

Related party	Relationship	Transactions				Transaction details for non-arm's length transaction		Notes & accounts receivable (payable)		
		Purchases (Sales)	Amount (thousand)	Percentage of total purchases (sales) (%)	Term	Unit price	Term	Balance (thousand)	Percentage of total receivables (%)	Note
United Microelectronics Corporation	Investor company	Purchases	USD 579,030	100.00	Net 55 Days	N/A	N/A	USD 112,585	100.00	

ATTACHMENT-8 (Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock for the six-month period ended June 30, 2005)

(Amount in thousand; Currency denomination in NTD unless otherwise specified)

UMCi Ltd.

Related party	Relationship	Transactions				Transaction details for non-arm's length transaction		Notes & accounts receivable (payable)		
		Purchases (Sales)	Amount (thousand)	Percentage of total purchases (sales) (%)	Term	Unit price	Term	Balance	Percentage of total receivables (%)	Note
United Microelectronics Corporation	Investor company	Sales	USD 42,475	99.56	Net 60 Days	N/A	N/A	\$-	-	

United Microelectronics (Europe) B. V.

Related party	Relationship	Transactions				Transaction details for non-arm's length transaction		Notes & accounts receivable (payable)		
		Purchases (Sales)	Amount (thousand)	Percentage of total purchases (sales) (%)	Term	Unit price	Term	Balance (thousand)	Percentage of total receivables (%)	Note
United Microelectronics Corporation	Investor company	Purchases	USD 121,228	100.00	Net 60 Days	N/A	N/A	USD 22,351	100.00	

Silicon Integrated Systems Corp.

Related party	Relationship	Transactions				Transaction details for non-arm's length transaction		Notes & accounts receivable (payable)		
		Purchases (Sales)	Amount	Percentage of total purchases (sales) (%)	Term	Unit price	Term	Balance	Percentage of total receivables (%)	Note
United Microelectronics Corporation	Investor company	Purchases	\$1,452,955	52.22	45 Days	Note 1	N/A	\$477,344	48.31	
Silicon Integrated Systems Corp.(SiS-HK)	Investee company	Sales	306,270	6.25	Note 2	N/A	N/A	46,854	2.54	

Note 1: The sales price was determined on mutual agreement based on market conditions.

Note 2: Term set as in the course of ordinary customers.

ATTACHMENT-9 (Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock as of June 30, 2005)

(Amount in thousand; Currency denomination in NTD unless otherwise specified)

United Microelectronics Corporation

Related party	Relationship	Ending balance				Turnover rate (times)	Overdue receivables		Amount received in subsequent period	Allowance for doubtful accounts
		Notes receivable	Accounts receivable	Other receivables	Total		Amount	Collecting status		
Faraday Technology Corp.	Investee company	\$-	\$328,049	\$153	\$328,202	4.71	\$20,361	Credit Collecting	\$-	\$3,458
Holtek Semiconductor Inc.	Investee company	57,853	65,864	-	123,717	6.61	-	Credit Collecting	-	657
Novatek Microelectronics Corp.	Investee company	-	875,235	24	875,259	6.75	-	Credit Collecting	23,600	8,676
Silicon Integrated Systems Corp.	Investee company	-	466,767	1,821	468,588	4.98	12,769	Credit Collecting	-	4,775
United Microelectronics (Europe) B.V.	Investee company	-	704,927	15	704,942	5.92	-	Credit Collecting	467,134	14,371
UMC Group (USA)	Investee company	-	3,550,827	82	3,550,909	9.16	-	Credit Collecting	716,486	87,382

ATTACHMENT-10 (Names, locations and related information of investee companies as of June 30, 2005)
(Amount in thousand; Currency denomination in NTD unless otherwise specified)

United Microelectronics Corporation

Investee company	Address	Main businesses and products	Initial Investment		Investment as of June 30, 2005							
			Ending balance	Beginning balance	Number of shares (thousand)	Percentage of ownership (%)	Book value	Net income (loss) of investee company	Investment income (loss) recognized	Note		
UMC Group (USA)	Sunnyvale, California, USA	IC Sales	USD	16,438	USD	16,438	16,438	100.00	\$708,829	\$(12,644)	\$(12,644)	
United Microelectronics (Europe) B.V.	The Netherlands	IC Sales	USD	5,421	USD	5,421	9	100.00	283,099	(1,457)	(4,312)	
UMC Capital Corporation	Cayman, Cayman Islands	Investment holding	USD	55,000	USD	55,000	55,000	100.00	1,306,287	(66)	(66)	
United Microelectronics Corp. (Samoa)	Apia, Samoa	Investment holding	USD	1,000	USD	700	1,000	100.00	14,897	(400)	(400)	
UMCi Ltd.	Singapore	Sales and manufacturing of integrated circuits(Note)	USD	839,880	USD	839,880	880,006	100.00	14,604	(4,423,132)	(1,197,250)	
Fortune Venture Capital Corporation	Taipei, Taiwan	Consulting and planning for investment in new business		4,499,940		2,999,940	449,994	99.99	3,758,856	75,154	(56,149)	
Hsun Chieh Investment Co., Ltd.	Taipei, Taiwan	Investment holding		14,172,940		14,172,940	1,417,294	99.97	10,409,009	(123,821)	(162,126)	
United Microdisplay Optronics Corporation	Hsinchu Science Park	Sales and manufacturing of LCOS		818,453		818,453	104,345	83.48	201,914	(272,412)	(92,206)	
Pacific Venture Capital Co., Ltd.	Taipei, Taiwan	Consulting and planning for investment in new business		300,000		300,000	30,000	49.99	300,407	(3,330)	(1,665)	
UMC Japan	Chiba, Japan	Sales and manufacturing of integrated circuits	JPY	20,537,634	JPY	20,537,634	484	47.42	7,269,416	(1,961,507)	(962,837)	
Toppan Photomasks Taiwan Ltd. (formerly DuPont Photomasks Taiwan Ltd.)	Hsinchu Science Park	Manufacturing of photomasks		773,795		773,795	106,621	45.35	1,012,456	(95,094)	(46,059)	
Unitech Capital Inc.	British Virgin Islands	Investment holding	USD	21,000	USD	21,000	21,000	42.00	710,102	(43,987)	(18,474)	
Holtek Semiconductor Inc.	Hsinchu Science Park	IC design and production		357,628		357,628	48,980	25.23	797,730	342,573	64,162	
Integrated Technology Express, Inc.	Hsinchu Science Park	Sales and manufacturing of integrated circuits		186,898		186,898	24,229	22.21	292,828	57,867	11,558	

Note: Based on the resolution of the board of directors meeting on August 26, 2004, the business, operations and assets of UMCi Ltd. were transferred to the Branch from April 1, 2005.

ATTACHMENT-10 (Names, locations and related information of investee companies as of June 30, 2005)

(Amount in thousand; Currency denomination in NTD unless otherwise specified)

United Microelectronics Corporation

Investee company	Address	Main businesses and products	Initial Investment		Investment as of June 30, 2005			Net income (loss) of investee company	Investment income (loss) recognized	Note
			Ending balance	Beginning balance	Number of shares (thousand)	Percentage of ownership (%)	Book value			
Unimicron Technology Corp.	Taoyuan, Taiwan	PCB production	\$2,592,013	\$2,592,013	185,626	20.85	\$3,640,017	\$862,130	\$175,124	
Faraday Technology Corp.	Hsinchu Science Park	ASIC design and production	81,032	81,032	47,682	18.38	907,782	697,553	114,707	
Silicon Integrated Systems Corp.	Hsinchu Science Park	Sales and manufacturing of integrated circuits	5,684,865	5,684,865	219,092	16.16	4,048,689	434,272	(195,162)	
Thintek Optronics Corporation	Hsinchu, Taiwan	LCOS design, production and sales	35,650	-	3,565	14.26	30,383	(54,171)	(5,267)	
Novatek Microelectronics Corp.	Hsinchu Science Park	Sales and manufacturing of integrated circuits	83,883	115,567	52,823	13.24	1,428,604	2,273,962	314,597	
AMIC Technology Corporation	Hsinchu Science Park	IC design, production and sales	135,000	135,000	16,200	11.83	60,134	(208,767)	(20,941)	
Aptos (Taiwan) Corporation	Hsinchu Science Park	Sales and manufacturing of gold bump	140,231	-	16,100	9.72	108,755	(357,706)	(31,476)	

ATTACHMENT-10 (Names, locations and related information of investee companies as of June 30, 2005)

(Amount in thousand; Currency denomination in NTD unless otherwise specified)

Hsun Chieh Investment Co., Ltd.

Investee company	Address	Main businesses and products	Initial Investment		Investment as of June 30, 2005			Net income (loss) of investee company	Investment income (loss) recognized	Note
			Ending balance	Beginning balance	Number of shares (thousand)	Percentage of ownership (%)	Book value			
Unitruth Investment Corporation	Taipei, Taiwan	Investment holding	\$100,000	\$100,000	10,000	100.00	\$94,684	\$(5,655)	\$(5,655)	
Uwave Technology Corp. (formerly United Radiotek Incorporation)	Hsinchu, Taiwan	RF IC design	127,500	127,500	12,750	49.04	45,537	(51,146)	(25,082)	
VistaPoint, Inc.	Taipei, Taiwan	IC design	77,960	77,960	6,828	41.38	10,773	(23,206)	(10,120)	
UC FUND II	BVI	Investment holding	161,225	161,225	5,000	35.45	121,532	(12,189)	(4,326)	
UCA Technology Inc.	Taipei County, Taiwan	IC design	49,500	49,500	4,950	30.94	26,684	(31,014)	(10,554)	
Star Semiconductor Corp.	Hsinchu, Taiwan	IC design, production and sales	65,550	65,550	6,555	28.20	33,339	(26,372)	(7,437)	
Afa Technology, Inc.	Taipei County, Taiwan	IC design	62,875	62,875	5,838	25.82	32,859	(47,062)	(12,168)	
Crystal Media Inc.	Hsinchu, Taiwan	VOIP design	21,150	21,150	2,115	24.88	12,391	(19,715)	(4,905)	
USBest Technology Inc.	Hsinchu, Taiwan	IC design, production and sales	23,800	23,800	2,563	18.99	23,694	21,124	3,855	
Harvatek Corp.	Hsinchu, Taiwan	Semiconductor chip testing and manufacturing	215,624	215,624	22,392	18.20	351,312	8,470	1,768	
Patentop, Ltd.	BVI	Patent	22,356	22,356	720	18.00	1,195	(4,355)	(784)	
Unimicron Technology Corp.	Taoyuan, Taiwan	PCB production	1,070,213	1,070,213	97,180	10.92	1,848,305	862,130	91,615	
Smedia Technology Corp.	Hsinchu, Taiwan	Multimedia association	18,000	18,000	1,800	10.59	9,028	(53,942)	(5,712)	
U-Media Communications, Inc.	Hsinchu, Taiwan	WLAN, Broadband, Digital Home ODM	27,600	12,000	2,500	10.50	18,142	(47,168)	(5,193)	
SerComm Corporation	Miao-Li County, Taiwan	Network Server Appliance Provider	158,593	158,593	10,176	10.06	186,803	65,272	(1,050)	
XGI Technology Inc.	Hsinchu, Taiwan	Cartography chip design and production	299,554	-	24,963	10.05	250,558	(379,374)	(49,015)	
Chip Advanced Technology Inc.	Hsinchu, Taiwan	ADC chip design	16,632	-	1,386	9.86	13,800	(28,180)	(2,885)	
Aptos (Taiwan) Corporation	Hsinchu Science Park	IC manufacture metal pump	140,794	-	16,165	9.76	108,396	(357,706)	(32,398)	
ULi Electronics Inc.	Taipei, Taiwan	Chip design	167,151	48,300	7,842	9.51	158,358	12,116	(1,507)	
AMOD Technology Co., Ltd.	Taipei, Taiwan	GPS Module	5,875	5,875	470	9.40	4,541	(8,027)	(902)	

ATTACHMENT-10 (Names, locations and related information of investee companies as of June 30, 2005)

(Amount in thousand; Currency denomination in NTD unless otherwise specified)

Hsun Chieh Investment Co., Ltd.

Investee company	Address	Main businesses and products	Initial Investment		Investment as of June 30, 2005			Net income (loss) of investee company	Investment income (loss) recognized	Note
			Ending balance	Beginning balance	Number of shares (thousand)	Percentage of ownership (%)	Book value			
Mobile Devices Inc.	Hsinchu, Taipei	PHS & GSM/PHS dual mode B/B chip	\$15,000	\$-	1,500	6.31	\$15,367	\$(16,115)	\$(2,419)	
AMIC Technology Corp.	Hsinchu Science Park	IC design, production and sales	213,998	213,998	6,830	4.99	37,788	(208,767)	(10,495)	
Faraday Technology Corp.	Hsinchu Science Park	ASIC design and manufacturing	1,284,052	1,284,052	14,265	4.93	1,109,310	705,234	4,756	
UMC Japan	Chiba, Japan	Sales and manufacturing of integrated circuits	240,665	240,665	45	4.39	696,808	2,020,206	85,710	
Davicom Semiconductor, Inc.	Hsinchu Science Park	Communication IC design	23,970	23,970	1,598	2.50	21,577	(17,207)	(1,372)	
Novatek Microelectronics Corp.	Hsinchu Science Park	Sales and manufacturing of integrated circuits	137,566	137,566	3,249	0.82	110,988	2,273,962	8,586	

ATTACHMENT-10 (Names, locations and related information of investee companies as of June 30, 2005)

(Amount in thousand; Currency denomination in NTD unless otherwise specified)

Fortune Venture Capital Corporation

Investee company	Address	Main businesses and products	Initial Investment		Investment as of June 30, 2005			Net income (loss) of investee company	Investment income (loss) recognized	Note
			Ending balance	Beginning balance	Number of shares (thousand)	Percentage of ownership (%)	Book value			
AEVOE Inc.	Taipei, Taiwan	Design of VOIP Telephone	\$15,000	\$15,000	1,500	44.12	\$8,455	\$(8,698)	\$(3,841)	
Smedia Technology Corp.	Hsinchu, Taiwan	Multimedia coprocessor	50,790	45,720	4,572	26.89	22,924	(53,942)	(15,583)	
Mobile Devices Inc.	Hsinchu, Taiwan	PHS & GSM/PHS dual mode B/B chip	50,000	-	5,000	21.02	48,771	(16,115)	(1,229)	
Davicom Semiconductor, Inc.	Hsinchu Science Park	Design of communication IC	117,308	117,308	12,200	19.06	121,786	(17,207)	(3,280)	
Chip Advanced Technology Inc.	Hsinchu, Taiwan	Design of ADC chip	25,128	-	2,094	14.90	21,503	(28,180)	(3,705)	
UCA Technology Inc.	Taipei County, Taiwan	Design of MP3 player chip	28,020	-	2,335	14.59	23,115	(31,014)	(4,905)	
ULi Electronics Inc.	Taipei, Taiwan	Chip design	221,692	-	10,530	12.76	213,598	12,116	(1,988)	
AMIC Technology Corp.	Hsinchu Science Park	Design, manufacturing and sales of IC	263,292	263,292	16,575	12.11	100,090	(208,767)	(32,704)	
Crystal Media Inc.	Hsinchu, Taiwan	Design of VOIP network phones	9,500	9,500	950	11.18	5,566	(19,715)	(2,203)	
USBest Technology Inc.	Hsinchu, Taiwan	Design, manufacturing and sales of IC	14,486	17,188	1,448	10.73	15,291	21,124	2,311	
AMOD Technology Co., LTD.	Taipei, Taiwan	GPS module	6,625	6,625	530	10.60	5,121	(8,027)	(1,017)	
U-Media Communications, Inc.	Hsinchu, Taiwan	WLAN, broadband, digital, home ODM	27,600	12,000	2,500	10.50	18,143	(47,168)	(5,146)	
XGI Technology Inc.	Hsinchu, Taiwan	Design and manufacturing of cartography chip	230,980	-	20,726	8.34	45,601	(379,374)	(25,919)	
Aptos (Taiwan) Corporation	Hsinchu Science Park	Sales of gold bump	144,775	553,088	11,440	6.90	75,495	(357,706)	(37,021)	
Star Semiconductor Corp.	Hsinchu, Taiwan	IC design, production and sales	17,381	17,381	1,337	5.75	13,042	(26,372)	(2,281)	
Afa Technology, Inc.	Taipei County, Taiwan	IC design	26,250	26,250	1,050	4.64	21,751	(47,062)	(3,983)	

ATTACHMENT-10 (Names, locations and related information of investee companies as of June 30, 2005)

(Amount in thousand; Currency denomination in NTD unless otherwise specified)

Investee company	Address	Main businesses and products	Initial Investment		Investment as of June 30, 2005			Net income (loss) of investee company	Investment income (loss) recognized	Note
			Ending balance	Beginning balance	Number of shares (thousand)	Percentage of ownership (%)	Book value			
<u>Unitruth Investment Corporation</u>										
U-Media Communications, Inc.	Hsinchu, Taiwan	WLAN, Broadband, Digital Home ODM	\$13,800	\$6,000	1,250	5.25	\$9,075	\$(47,168)	\$(2,573)	
ULi Electronics Inc.	Taipei, Taiwan	Chip design	44,609	-	2,128	2.58	43,728	12,116	(811)	
<u>UMC Capital Corporation</u>										
UMC Capital (USA)	Sunnyvale, California USA	Investment holding	USD 200	USD 200	200	100.00	USD 283	USD(15)	USD(15)	
<u>United Microdisplay Optronics Corporation</u>										
Thintek Optronics Corporation	Hsinchu, Taiwan	LCOS design, manufacturing and sales	\$99,990	\$99,990	9,999	40.00	\$41,226	\$(54,171)	\$(24,375)	