

UNITED MICROELECTRONICS CORP

Form 6-K

September 20, 2005

1934 Act Registration No. 1-15128

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# **SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

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## **FORM 6-K**

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**REPORT OF FOREIGN PRIVATE ISSUER  
PURSUANT TO RULE 13a-16 OR 15d-16 OF  
THE SECURITIES EXCHANGE ACT OF 1934**

**Dated September 15, 2005**

**For the month of August 2005**

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## **United Microelectronics Corporation**

(Translation of Registrant's Name into English)

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**No. 3 Li Hsin Road II**

**Science Park**

**Hsinchu, Taiwan, R.O.C.**

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(Address of Principal Executive Office)

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(Indicate by check mark whether the registrant files or will file annual reports under cover of form 20-F or Form 40-F.)

Form 20-F ☒ Form 40-F ☐

(Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.)

Yes ☐ No ☒

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

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SIGNATURE

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

United Microelectronics Corporation

Date: 9/16/2005

By /s/ Stan Hung

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Stan Hung  
Chief Financial Officer

**Exhibit**

| <b>Exhibit</b> | <b>Description</b>                                                                                                                                                                                               |
|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 99.1           | Announcement on August 16, 2005: Represent subsidiary Company Hsun Chieh Investment Co., Ltd to announce information on disposal of Mega Financial Holding Co., Ltd. securities                                  |
| 99.2           | Announcement on August 16, 2005: Represent subsidiary Company Hsun Chieh Investment Co., Ltd to announce information on disposal of Faraday Technology Corp. securities                                          |
| 99.3           | Announcement on August 22, 2005: Represent subsidiary Company Hsun Chieh Investment Co., Ltd to announce information on disposal of Unimicron Technology Corp. securities                                        |
| 99.4           | Announcement on August 23, 2005: Rambus and UMC expand availability of Rambus PCI Express PHY IP for a broader range of process technologies                                                                     |
| 99.5           | Announcement on August 29, 2005: To announce related materials on acquisition of machinery and equipment                                                                                                         |
| 99.6           | Announcement on August 30, 2005: To announce related materials on acquisition of machinery and equipment                                                                                                         |
| 99.7           | Announcement on August 30, 2005: UMC Clarifies Misleading Media Story Regarding Investment Activities                                                                                                            |
| 99.8           | Announcement on September 6, 2005: Represent subsidiary Company Hsun Chieh Investment Co., Ltd to announce information on disposal of Mega Financial Holding Co., Ltd. securities                                |
| 99.9           | Announcement on September 6, 2005: To announce related materials on acquisition of machinery and equipment                                                                                                       |
| 99.10          | Announcement on September 7, 2005: To announce related materials on acquisition of machinery and equipment                                                                                                       |
| 99.11          | Announcement on September 7, 2005: August Revenue                                                                                                                                                                |
| 99.12          | Announcement on September 9, 2005: The board meeting approved a resolution to change the purpose of the Company's 8th phase of Share Repurchase Program                                                          |
| 99.13          | Announcement on September 12, 2005: Represent subsidiary Company Hsun Chieh Investment Co., Ltd to announce information on disposal of Unimicron Technology Corp. securities                                     |
| 99.14          | Announcement on September 15, 2005: To announce related materials on acquisition of machinery and equipment                                                                                                      |
| 99.15          | Announcement on September 15, 2005: To announce related materials on acquisition of machinery and equipment                                                                                                      |
| 99.16          | Announcement on September 15, 2005: 1) the trading and pledge of UMC common shares by directors, supervisors, executive officers and 10% shareholders of UMC 2) the acquisition and disposition of assets by UMC |
| 99.17          | United Microelectronics Corporation Financial Statements with Report of Independent Auditors For The Six-Month Periods Ended June 30, 2005 and 2004                                                              |
| 99.18          | United Microelectronics Corporation and Subsidiaries Unaudited Consolidated Financial Statements with Review Report of Independent Accountants For The Six-Month Period Ended June 30, 2005                      |

**Exhibit 99.1**

**Represent subsidiary Company Hsun Chieh Investment Co., Ltd to announce information on disposal of Mega Financial Holding Co., Ltd. securities**

1. Name of the securities: Common shares of Mega Financial Holding Co., Ltd.
2. Trading date: 2005/07/27~2005/08/16
3. Trading volume, unit price, and total monetary amount of the transaction: trading volume: 14,200,000 shares; average unit price: \$21.37 NTD; total amount: \$303,519,100 NTD
4. Gain (or loss) (not applicable in case of acquisition of securities): Loss of \$145,565,961 NTD
5. Relationship with the underlying company of the trade: None
6. Current cumulative volume, amount, and shareholding percentage of holdings of the security being traded (including the current trade) and status of any restriction of rights (e.g. pledges): cumulative volume: 30,948,683 shares; amount: 978,774,027 NTD; percentage of holdings: 0.27%; status of restriction of rights: no
7. Current ratio of long or short term securities investment (including the current trade) to the total assets and shareholder's equity as shown in the most recent financial statement and the operational capital as shown in the most recent financial statement: ratio of total assets: 83.39%; ratio of shareholder's equity: 83.58%; the operational capital as shown in the most recent financial statement: \$852,073 thousand NTD
8. Concrete purpose/objective of the acquisition or disposal: Financing operation
9. Do the directors have any objections to the present transaction? None
10. Any other matters that need to be specified: None

Exhibit 99.2

**Represent subsidiary Company Hsun Chieh Investment Co., Ltd to announce information on disposal of Faraday Technology Corp. securities**

1. Name of the securities: Common shares of Faraday Technology Corp.
2. Trading date: 2005/07/29~2005/08/16
3. Trading volume, unit price, and total monetary amount of the transaction: trading volume: 5,200,000 shares; average unit price: \$61.82 NTD; total amount: \$321,444,300 NTD
4. Gain (or loss) (not applicable in case of acquisition of securities): Loss of \$62,867,610 NTD
5. Relationship with the underlying company of the trade: investee company under equity method
6. Current cumulative volume, amount, and shareholding percentage of holdings of the security being traded (including the current trade) and status of any restriction of rights (e.g. pledges): cumulative volume: 4,885,452 shares; amount: 361,064,881 NTD; percentage of holdings: 1.88%; status of restriction of rights: no
7. Current ratio of long or short term securities investment (including the current trade) to the total assets and shareholder's equity as shown in the most recent financial statement and the operational capital as shown in the most recent financial statement: ratio of total assets: 83.39 %; ratio of shareholder's equity: 83.58 %; the operational capital as shown in the most recent financial statement: \$852,073 thousand NTD
8. Concrete purpose/objective of the acquisition or disposal: Financing operation
9. Do the directors have any objections to the present transaction? None
10. Any other matters that need to be specified: None

**Exhibit 99.3**

**Represent subsidiary Company Hsun Chieh Investment Co., Ltd to announce information on disposal of Unimicron Technology Corp. securities**

1. Name of the securities: Common shares of Unimicron Technology Corp.
2. Trading date: 2005/07/28~2005/08/22
3. Trading volume, unit price, and total monetary amount of the transaction: trading volume: 12,320,000 shares; average unit price: \$25.24 NTD; total amount: \$310,926,850 NTD
4. Gain (or loss) (not applicable in case of acquisition of securities): Gain of \$ 84,691,119 NTD
5. Relationship with the underlying company of the trade: investee company under equity method
6. Current cumulative volume, amount, and shareholding percentage of holdings of the security being traded (including the current trade) and status of any restriction of rights (e.g. pledges): cumulative volume: 79,052,265 shares; amount: 1,435,321,286 NTD; percentage of holdings: 9.06%; status of restriction of rights: no
7. Current ratio of long or short term securities investment (including the current trade) to the total assets and shareholder's equity as shown in the most recent financial statement and the operational capital as shown in the most recent financial statement: ratio of total assets: 82.07 %; ratio of shareholder's equity: 82.25 %; the operational capital as shown in the most recent financial statement: \$852,073 thousand NTD
8. Concrete purpose/objective of the acquisition or disposal: Financing operation
9. Do the directors have any objections to the present transaction? None
10. Any other matters that need to be specified: None

**Rambus and UMC expand availability of RAMBUS PCI Express PHY IP for a broader range of process technologies**

1. Date of occurrence of the event: 2005/08/23

2. Cause of occurrence:

LOS ALTOS, Calif. and HSINCHU, Taiwan August 23, 2005 Rambus Inc. (Nasdaq: RMBS), one of the world's premier technology licensing companies specializing in high-speed chip interfaces and UMC, a world leading semiconductor foundry (NYSE: UMC, TAIEX: 2303), today announced that they have extended the availability of Rambus's patented PCI Express\* PHY cells to UMC's 180nm, 150nm, and 90nm processes. This development expands on the existing 130nm licensing agreement between the two companies, which was signed in 2004.

Under the agreement, UMC foundry customers gain access to Rambus's broad portfolio of PCI Express-based interfaces. The Rambus PCI Express PHY cells have been designed to provide chip developers with a solution that optimizes link utilization, latency, power consumption and silicon footprint. The PCI Express interface standard is one of the industry's most successful for chip-to-chip interconnects and can be found in system applications ranging from supercomputers to PCs and digital TVs.

UMC customers currently in production with Rambus's PCI Express PHY cells include the high-volume PC chipset manufacturers ULi Electronics and the high-volume PC graphics manufacturer XGI Technology, Inc. Rambus PCI Express PHY cells are also in production in various bridge and communication IC products based on the UMC foundry process.

By partnering with UMC, Rambus continues to enable mass adoption for advanced interface technology that results in faster, lower cost, and more capable systems, said Laura Stark, vice president of Rambus's Platform Solutions Group. In addition, the availability of this combined offering helps chip and system developers bring new capabilities to market with lower risk.

We are pleased to expand our licensing agreement with Rambus to make its proven IP solutions available to a broader range of technologies, including our mainstream 90nm process, said Ken Liou, director of UMC's IP and Design Support Division. This agreement allows our customers designing SoCs targeting PCI Express applications to benefit from Rambus's broad offering of PCI Express PHY cells.

3. Countermeasures: none

4. Any other matters that need to be specified: none

**Exhibit 99.5**

**To announce related materials on acquisition of machinery and equipment**

1. Name and nature of the subject matter (e.g. land located at Sublot XX, Lot XX, North District, Taichung City): Machinery and equipment
2. Date of the occurrence of the event: 2005/01/25~2005/08/26
3. Transaction volume (e.g. XX square meters, equivalent to XX ping), unit price, total transaction price: Transaction volume: 34; average unit price: \$15,228,162 NTD; total transaction price: \$517,757,504
4. Counterparty to the trade and its relationship with the company (if the trading counterpart is a natural person and is not an actual related party of the Company, the name of the trading counterpart is not required to be disclosed): TOKYO ELECTRON LIMITED; non-related party transaction
5. Where the counterpart to the trade is an actual related party, a public announcement shall also include the reason for choosing the related party as trading counterpart and the identity of the previous owner (including its relationship with the company and the trading counterpart), price of transfer and the date of acquisition: Not applicable
6. Where a person who owned the property within the past five years has been an actual related person of the company, a public announcement shall also include the dates and prices of acquisition and disposal by the related person and the person's relationship to the company at those times: Not applicable
7. Anticipated loss or profit from the disposal (not applicable in cases of acquisition of assets) (where originally deferred, the status or recognition shall be stated and explained): Not applicable
8. Terms of delivery or payment (including payment period and monetary amount): 1) 90% paid upon shipment; 10% paid after acceptance  
2) 100% paid after acceptance
9. The manner of deciding on this transaction (such as tender invitation, price comparison, or price negotiation), the reference basis for the decision on price and the decision-making department: transaction: price negotiation; the reference basis for the decision on price: market price. The decision-making department: the Selection Meeting
10. Name of the professional appraisal institution and its appraisal amount: Not applicable
11. Reason for any significant discrepancy with the transaction amount, and opinion of the certifying CPA: Not applicable
12. Is the appraisal report price a limited price or specific price? Not applicable

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- 13. Has an appraisal report not yet been obtained? Not applicable
- 14. Reason an appraisal report has not yet been obtained: Not applicable
- 15. Broker and broker's fee: Not applicable
- 16. Concrete purpose or use of the acquisition or disposition: To produce integrated circuits
- 17. Do the directors have any objection to the present transaction? No
- 18. Any other matters that need to be specified: None

**Exhibit 99.6**

**To announce related materials on acquisition of machinery and equipment**

1. Name and nature of the subject matter (e.g. land located at Sublot XX, Lot XX, North District, Taichung City): Machinery and equipment
2. Date of the occurrence of the event: 2005/08/22~2005/08/29
3. Transaction volume (e.g. XX square meters, equivalent to XX ping), unit price, total transaction price: Transaction volume: 7; average unit price: \$93,771,896 NTD; total transaction price: \$656,403,270 NTD
4. Counterparty to the trade and its relationship with the company (if the trading counterpart is a natural person and is not an actual related party of the Company, the name of the trading counterpart is not required to be disclosed): APPLIED MATERIALS ASIA PACIFIC LTD; non-related party transaction
5. Where the counterpart to the trade is an actual related party, a public announcement shall also include the reason for choosing the related party as trading counterpart and the identity of the previous owner (including its relationship with the company and the trading counterpart), price of transfer and the date of acquisition: Not applicable
6. Where a person who owned the property within the past five years has been an actual related person of the company, a public announcement shall also include the dates and prices of acquisition and disposal by the related person and the person's relationship to the company at those times: Not applicable
7. Anticipated loss or profit from the disposal (not applicable in cases of acquisition of assets) (where originally deferred, the status or recognition shall be stated and explained): Not applicable
8. Terms of delivery or payment (including payment period and monetary amount): 1) 90% paid upon shipment; 10% paid after acceptance  
2) 100% paid after acceptance
9. The manner of deciding on this transaction (such as tender invitation, price comparison, or price negotiation), the reference basis for the decision on price and the decision-making department: transaction: price negotiation; the reference basis for the decision on price: market price. The decision-making department: the Selection Meeting
10. Name of the professional appraisal institution and its appraisal amount: Not applicable
11. Reason for any significant discrepancy with the transaction amount, and opinion of the certifying CPA: Not applicable
12. Is the appraisal report price a limited price or specific price? Not applicable

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- 13. Has an appraisal report not yet been obtained? Not applicable
- 14. Reason an appraisal report has not yet been obtained: Not applicable
- 15. Broker and broker's fee: Not applicable
- 16. Concrete purpose or use of the acquisition or disposition: To produce integrated circuits
- 17. Do the directors have any objection to the present transaction? No
- 18. Any other matters that need to be specified: None

**UMC Clarifies Misleading Media Story Regarding Investment Activities**

1. Name of the reporting media: Taiwan Next Magazine
2. Date of the report: 2005/08/25~2005/08/30
3. Content of the report: UMC was under serious financial pressure due to the fact that one of its invested companies
4. Summary of the information provided by investors: None
5. Company's explanation of the reportage or provided information:

HSINCHU, Taiwan, August 30, 2005 UMC responded today to a news story that appeared in Taiwan Next Magazine stating that UMC was under serious financial pressure due to the fact that one of its invested companies, with a paid-in capital of NT\$200 million, had closed its operations. To clarify the situation, UMC is in a very robust financial position with assets in excess of NT\$100 billion. Furthermore, UMC's invested companies are numerous and include many extremely successful companies, such as Mediatek, Novatek, and Faraday, to name a few. Taiwan Next Magazine's reports are completely detached from reality and are intended to mislead the public and stir unwarranted controversy. UMC reserves the right to seek legal action against Taiwan Next Magazine for the misleading reports that appear in their article.

6. Countermeasures: None
7. Any other matters that need to be specified: None

**Represent subsidiary Company Hsun Chieh Investment Co., Ltd to announce information on disposal of Mega Financial Holding Co., Ltd. securities**

1. Name of the securities: Common shares of Mega Financial Holding Co., Ltd.
2. Trading date: 2005/08/17~2005/09/06
3. Trading volume, unit price, and total monetary amount of the transaction: trading volume: 14,000,000 shares; average unit price: \$21.56 NTD; total amount: \$301,907,200 NTD
4. Gain (or loss) (not applicable in case of acquisition of securities): Loss of \$ 140,852,719 NTD
5. Relationship with the underlying company of the trade: None
6. Current cumulative volume, amount, and shareholding percentage of holdings of the security being traded (including the current trade) and status of any restriction of rights (e.g. pledges): cumulative volume: 16,948,683 shares; amount: 536,014,108 NTD; percentage of holdings: 0.15%; status of restriction of rights: no
7. Current ratio of long or short term securities investment (including the current trade) to the total assets and shareholder's equity as shown in the most recent financial statement and the operational capital as shown in the most recent financial statement: ratio of total assets: 83.19%; ratio of shareholder's equity: 83.38%; the operational capital as shown in the most recent financial statement: \$852,073 thousand NTD
8. Concrete purpose/objective of the acquisition or disposal: Financing operation
9. Do the directors have any objections to the present transaction? None
10. Any other matters that need to be specified: None

**To announce related materials on acquisition of machinery and equipment**

1. Name and nature of the subject matter (e.g. land located at Sublot XX, Lot XX, North District, Taichung City): Machinery and equipment
2. Date of the occurrence of the event: 2004/09/30~2005/09/05
3. Transaction volume (e.g. XX square meters, equivalent to XX ping), unit price, total transaction price: Transaction volume: 37; average unit price: \$13,688,701 NTD; total transaction price: \$506,481,949 NTD
4. Counterparty to the trade and its relationship with the company (if the trading counterpart is a natural person and is not an actual related party of the Company, the name of the trading counterpart is not required to be disclosed): AGILENT TECHNOLOGIES SINGAPORE; non-related party transaction
5. Where the counterpart to the trade is an actual related party, a public announcement shall also include the reason for choosing the related party as trading counterpart and the identity of the previous owner (including its relationship with the company and the trading counterpart), price of transfer and the date of acquisition: Not applicable
6. Where a person who owned the property within the past five years has been an actual related person of the company, a public announcement shall also include the dates and prices of acquisition and disposal by the related person and the person's relationship to the company at those times: Not applicable
7. Anticipated loss or profit from the disposal (not applicable in cases of acquisition of assets) (where originally deferred, the status or recognition shall be stated and explained): Not applicable
8. Terms of delivery or payment (including payment period and monetary amount): 1) 90% paid upon shipment; 10% paid after acceptance  
2) 100% paid after acceptance
9. The manner of deciding on this transaction (such as tender invitation, price comparison, or price negotiation), the reference basis for the decision on price and the decision-making department: transaction: price negotiation; the reference basis for the decision on price: market price. The decision-making department: the Selection Meeting
10. Name of the professional appraisal institution and its appraisal amount: Not applicable
11. Reason for any significant discrepancy with the transaction amount, and opinion of the certifying CPA: Not applicable
12. Is the appraisal report price a limited price or specific price? Not applicable

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- 13. Has an appraisal report not yet been obtained? Not applicable
- 14. Reason an appraisal report has not yet been obtained: Not applicable
- 15. Broker and broker's fee: Not applicable
- 16. Concrete purpose or use of the acquisition or disposition: To produce integrated circuits
- 17. Do the directors have any objection to the present transaction? No
- 18. Any other matters that need to be specified: None

**To announce related materials on acquisition of machinery and equipment**

1. Name and nature of the subject matter (e.g. land located at Sublot XX, Lot XX, North District, Taichung City): Machinery and equipment
2. Date of the occurrence of the event: 2005/09/06
3. Transaction volume (e.g. XX square meters, equivalent to XX ping), unit price, total transaction price: Transaction volume: 1; average unit price: \$567,905,690 NTD; total transaction price: \$567,905,690 NTD
4. Counterparty to the trade and its relationship with the company (if the trading counterpart is a natural person and is not an actual related party of the Company, the name of the trading counterpart is not required to be disclosed): ASML HONG KONG LTD. C/O; non-related party transaction
5. Where the counterpart to the trade is an actual related party, a public announcement shall also include the reason for choosing the related party as trading counterpart and the identity of the previous owner (including its relationship with the company and the trading counterpart), price of transfer and the date of acquisition: Not applicable
6. Where a person who owned the property within the past five years has been an actual related person of the company, a public announcement shall also include the dates and prices of acquisition and disposal by the related person and the person's relationship to the company at those times: Not applicable
7. Anticipated loss or profit from the disposal (not applicable in cases of acquisition of assets) (where originally deferred, the status or recognition shall be stated and explained): Not applicable
8. Terms of delivery or payment (including payment period and monetary amount): 1) 90% paid upon shipment; 10% paid after acceptance  
2) 100% paid after acceptance
9. The manner of deciding on this transaction (such as tender invitation, price comparison, or price negotiation), the reference basis for the decision on price and the decision-making department: transaction: price negotiation; the reference basis for the decision on price: market price. The decision-making department: the Selection Meeting
10. Name of the professional appraisal institution and its appraisal amount: Not applicable
11. Reason for any significant discrepancy with the transaction amount, and opinion of the certifying CPA: Not applicable
12. Is the appraisal report price a limited price or specific price? Not applicable

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13. Has an appraisal report not yet been obtained? Not applicable
14. Reason an appraisal report has not yet been obtained: Not applicable
15. Broker and broker's fee: Not applicable
16. Concrete purpose or use of the acquisition or disposition: To produce integrated circuits
17. Do the directors have any objection to the present transaction? No
18. Any other matters that need to be specified: None

## United Microelectronics Corporation

September 7, 2005

This is to report the changes or status of 1) Sales volume 2) Funds lent to other parties 3) Endorsements and guarantees 4) Financial derivative transactions for the period of August 2005

## 1) Sales volume (NT\$ Thousand)

| Period | Items          | 2005       | 2004       | Changes      | %       |
|--------|----------------|------------|------------|--------------|---------|
| August | Invoice amount | 8,220,082  | 12,354,727 | - 4,134,645  | -33.47% |
| 2005   | Invoice amount | 53,693,930 | 79,842,399 | - 26,148,469 | -32.75% |
| August | Net sales      | 8,010,667  | 11,514,242 | - 3,503,575  | -30.43% |
| 2005   | Net sales      | 54,804,546 | 77,218,871 | - 22,414,325 | -29.03% |

## 2) Funds lent to other parties (NT\$ Thousand)

| Balance as of period end | This Month | Last Month | Limit of lending |
|--------------------------|------------|------------|------------------|
| UMC                      | 0          | 0          | 35,657,091       |
| UMC's subsidiaries       | 22,646     | 22,059     | 565,680          |

## 3) Endorsements and guarantees (NT\$ Thousand)

|                                              | Change in This Month | Balance as of period end | Limit of endorsements |
|----------------------------------------------|----------------------|--------------------------|-----------------------|
| UMC                                          | 0                    | 0                        | 71,167,928            |
| UMC's subsidiaries                           | 0                    | 0                        | 8,054,240             |
| UMC endorses for subsidiaries                |                      | 0                        | 0                     |
| UMC's subsidiaries endorse for UMC           |                      | 0                        | 0                     |
| UMC endorses for PRC companies               |                      | 0                        | 0                     |
| UMC's subsidiaries endorse for PRC companies |                      | 0                        | 0                     |

## 4) Financial derivatives transactions

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a Hedging purpose : NT\$ thousand

| <i>Financial instruments</i>           | <b>Forwards</b> | <b>Interests SWAP</b> |
|----------------------------------------|-----------------|-----------------------|
| <i>Deposit Paid</i>                    | 0               | 0                     |
| <i>Royalty Income (Paid)</i>           | 0               | 0                     |
| <i>Unwritten-off Trading Contracts</i> | 4,115,160       | 15,000,000            |
| <i>Net Profit from Fair Value</i>      | (84,589)        | (654,851)             |
| <i>Written-off Trading Contracts</i>   | 26,697,665      | 0                     |
| <i>Realized profit (loss)</i>          | (235,789)       | 0                     |

b Trading purpose : NT\$ thousand

| <i>Financial instruments</i>           | <b>Credit-linked Deposits</b> |
|----------------------------------------|-------------------------------|
| <i>Deposit Paid</i>                    | 0                             |
| <i>Unwritten-off Trading Contracts</i> | 1,227,400                     |
| <i>Net Profit from Market Value</i>    | 7,711                         |
| <i>Written-off Trading Contracts</i>   | 465,465                       |
| <i>Realized profit (loss)</i>          | 27,746                        |

**The board meeting approved a resolution to change the purpose of the Company's 8th phase of Share Repurchase Program**

1. Date of the board of directors resolution: 2005/09/09
2. Purpose of the share repurchase after the change: For issuance of convertible bond
3. Original types of shares to be repurchased: Common shares
4. Original ceiling on total monetary amount of the share repurchase: 88,647,166 thousand NTD
5. Original scheduled period for the repurchase: 2005/05/16~2005/07/15
6. Original number of shares to be repurchased: 500,000,000 shares
7. Original repurchase price range: \$28.45~\$13.75 per share. If the market price of the Company stock is below the above range, the Company will continue to repurchase shares.
8. Original method for the repurchase: Purchase from Taiwan Stock Exchange
9. Original ratio of the shares to be repurchased to total issued shares of the Company: 2.80%
10. Number and monetary amount of the Company's own shares held at the time of reporting: 692,067,000 shares; NTD 18,954,371,121.
11. Status of repurchases within three years prior to the time of reporting: From 2002/2/20 to 2004/7/15, 861,069,000 Company shares were repurchased.
12. Status of repurchases that have been reported but not yet completed:

The 1st repurchase is planned at 400,000,000 shares, but actually repurchased 37,425,000 shares. The reason for incomplete repurchase is to consider the stabilization of share price during the repurchase period, and to consider shareholder's rights, and employee's willingness to exercise the option in the future.

The 2nd repurchase is planned at 400,000,000 shares, but actually repurchased 0 shares. The reason for incomplete repurchase is to consider the stabilization of share price during the repurchase period, and to consider shareholder's rights, and employee's willingness to exercise the option in the future.

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The 3rd repurchase is planned at 130,000,000 shares, but actually repurchased 129,035,000 shares. The reason for incomplete repurchase is because on the last repurchase date (9/28), the Company failed to repurchase 965,000 shares out of the 22,023,000 shares planned to repurchase at that date.

The 4th repurchase is planned at 100,000,000 shares, but actually repurchased 49,114,000 shares. The reason for incomplete repurchase is to consider the stabilization of share price during the repurchase period, and to consider shareholder s rights, and employee s willingness to exercise the option in the future.

The 6th repurchase is planned at 500,000,000 shares, but actually repurchased 99,195,000 shares. The reason for incomplete repurchase is to consider the stabilization of share price during the repurchase period, and to consider shareholder s rights, and employee s willingness to exercise the option in the future.

The 7th repurchase is planned at 360,000,000 shares, but actually repurchased 192,067,000 shares. The reason for incomplete repurchase is to consider the stabilization of share price during the repurchase period, and to consider shareholder's rights, and employee's willingness to exercise the option in the future.

13. Minutes of the board of directors meeting that passed the resolution to change the purpose of the share repurchase: 9th term, 21th Board Meeting Minutes on 2005/09/09
14. The rules for transfer of shares set forth in Article 10 of the Guidelines for Repurchase of Shares by Listed and OTC Companies: Not applicable
15. The rules for conversion or subscription of shares set forth in Article 11 of the Guidelines for Repurchase of Shares by Listed and OTC Companies:
  - 1) Purpose: To purchase raw materials overseas
  - 2) Issue Size: Up to US\$500 million. Adjustments will be made according to market conditions
  - 3) Issue Date: Tentatively set during the third quarter 2005. The Securities are expected to be issued within three months after obtaining the approval of the Financial Supervisory Commission, Executive Yuan ( FSC ) of the R.O.C., and if necessary, application will be made with the FSC for extension of another three months.
  - 4) Maturity Date: The Maturity Date shall be the earlier of thirty months from the Issue Date or February 15, 2008.
  - 5) Conversion Property: Each bondholder will have the right to convert the Securities into the Issuer's ADSs supporting by existing shares of the Issuer.
  - 6) Conversion: Unless previously redeemed, converted, repurchased or cancelled and except during the Closed Period or suspension period (if any) the Securities may be converted at least 30 days after the Issue Date to 10 days prior to the Maturity Date into ADSs.
16. Declaration that the financial state of the Company has been considered by the board of directors and that its capital maintenance will not be affected: Not applicable
17. Appraisal by a CPA or securities underwriter of the reasonableness of the share repurchase price: Not applicable
18. Other particular specified by the Securities and Futures Commission: Not applicable

**Represent subsidiary Company Hsun Chieh Investment Co., Ltd to announce information on disposal of Unimicron Technology Corp. securities**

1. Name of the securities: Common shares of Unimicron Technology Corp.
2. Trading date: 2005/08/23~2005/09/12
3. Trading volume, unit price, and total monetary amount of the transaction: trading volume: 13,405,000 shares; average unit price: \$22.52 NTD; total amount: \$301,884,100 NTD
4. Gain (or loss) (not applicable in case of acquisition of securities): Gain of \$ 58,494,716 NTD
5. Relationship with the underlying company of the trade: investee company under equity method
6. Current cumulative volume, amount, and shareholding percentage of holdings of the security being traded (including the current trade) and status of any restriction of rights (e.g. pledges): cumulative volume: 65,647,265 shares; amount: 1,191,931,902 NTD; percentage of holdings: 6.86%; status of restriction of rights: no
7. Current ratio of long or short term securities investment (including the current trade) to the total assets and shareholder's equity as shown in the most recent financial statement and the operational capital as shown in the most recent financial statement: ratio of total assets: 81.98 %; ratio of shareholder's equity: 82.17 %; the operational capital as shown in the most recent financial statement: \$852,073 thousand NTD
8. Concrete purpose/objective of the acquisition or disposal: Financing operation
9. Do the directors have any objections to the present transaction? None
10. Any other matters that need to be specified: None

**To announce related materials on acquisition of machinery and equipment**

1. Name and nature of the subject matter (e.g. land located at Sublot XX, Lot XX, North District, Taichung City): Machinery and equipment
2. Date of the occurrence of the event: 2005/09/05~2005/09/14
3. Transaction volume (e.g. XX square meters, equivalent to XX ping), unit price, total transaction price: Transaction volume: 3; average unit price: \$171,277,400 NTD; total transaction price: \$513,832,200 NTD
4. Counterparty to the trade and its relationship with the company (if the trading counterpart is a natural person and is not an actual related party of the Company, the name of the trading counterpart is not required to be disclosed): APPLIED MATERIALS ASIA PACIFIC LTD; non-related party transaction
5. Where the counterpart to the trade is an actual related party, a public announcement shall also include the reason for choosing the related party as trading counterpart and the identity of the previous owner (including its relationship with the company and the trading counterpart), price of transfer and the date of acquisition: Not applicable
6. Where a person who owned the property within the past five years has been an actual related person of the company, a public announcement shall also include the dates and prices of acquisition and disposal by the related person and the person's relationship to the company at those times: Not applicable
7. Anticipated loss or profit from the disposal (not applicable in cases of acquisition of assets) (where originally deferred, the status or recognition shall be stated and explained): Not applicable
8. Terms of delivery or payment (including payment period and monetary amount): 1) 90% paid upon shipment; 10% paid after acceptance  
2) 100% paid after acceptance
9. The manner of deciding on this transaction (such as tender invitation, price comparison, or price negotiation), the reference basis for the decision on price and the decision-making department: transaction: price negotiation; the reference basis for the decision on price: market price. The decision-making department: the Selection Meeting
10. Name of the professional appraisal institution and its appraisal amount: Not applicable
11. Reason for any significant discrepancy with the transaction amount, and opinion of the certifying CPA: Not applicable
12. Is the appraisal report price a limited price or specific price? Not applicable

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- 13. Has an appraisal report not yet been obtained? Not applicable
- 14. Reason an appraisal report has not yet been obtained: Not applicable
- 15. Broker and broker's fee: Not applicable
- 16. Concrete purpose or use of the acquisition or disposition: To produce integrated circuits
- 17. Do the directors have any objection to the present transaction? No
- 18. Any other matters that need to be specified: None

**To announce related materials on acquisition of machinery and equipment**

1. Name and nature of the subject matter (e.g. land located at Sublot XX, Lot XX, North District, Taichung City): Machinery and equipment
2. Date of the occurrence of the event: 2005/08/29~2005/09/14
3. Transaction volume (e.g. XX square meters, equivalent to XX ping), unit price, total transaction price: Transaction volume: 14; average unit price: \$91,426,746 NTD; total transaction price: \$1,279,974,441 NTD
4. Counterparty to the trade and its relationship with the company (if the trading counterpart is a natural person and is not an actual related party of the Company, the name of the trading counterpart is not required to be disclosed): TOKYO ELECTRON LIMITED; non-related party transaction
5. Where the counterpart to the trade is an actual related party, a public announcement shall also include the reason for choosing the related party as trading counterpart and the identity of the previous owner (including its relationship with the company and the trading counterpart), price of transfer and the date of acquisition: Not applicable
6. Where a person who owned the property within the past five years has been an actual related person of the company, a public announcement shall also include the dates and prices of acquisition and disposal by the related person and the person's relationship to the company at those times: Not applicable
7. Anticipated loss or profit from the disposal (not applicable in cases of acquisition of assets) (where originally deferred, the status or recognition shall be stated and explained): Not applicable
8. Terms of delivery or payment (including payment period and monetary amount): 1) 90% paid upon shipment; 10% paid after acceptance  
2) 100% paid after acceptance
9. The manner of deciding on this transaction (such as tender invitation, price comparison, or price negotiation), the reference basis for the decision on price and the decision-making department: transaction: price negotiation; the reference basis for the decision on price: market price. The decision-making department: the Selection Meeting
10. Name of the professional appraisal institution and its appraisal amount: Not applicable
11. Reason for any significant discrepancy with the transaction amount, and opinion of the certifying CPA: Not applicable
12. Is the appraisal report price a limited price or specific price? Not applicable

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- 13. Has an appraisal report not yet been obtained? Not applicable
- 14. Reason an appraisal report has not yet been obtained: Not applicable
- 15. Broker and broker's fee: Not applicable
- 16. Concrete purpose or use of the acquisition or disposition: To produce integrated circuits
- 17. Do the directors have any objection to the present transaction? No
- 18. Any other matters that need to be specified: None

## United Microelectronics Corporation

For the month of August, 2005

This is to report 1) the trading of directors, supervisors, executive officers and 10% shareholders of United Microelectronics Corporation ( UMC ) (NYSE: UMC) 2) the pledge and clear of pledge of UMC common shares by directors, supervisors, executive officers and 10% shareholders of UMC 3) the acquisition assets by UMC 4) the disposition of assets by UMC for the month of August, 2005

## 1) The trading of directors, supervisors, executive officers and 10% shareholders

| <i>Title</i>             | <i>Name</i>     | <i>Number of shares</i> | <i>Number of shares</i> | <i>Changes</i> |
|--------------------------|-----------------|-------------------------|-------------------------|----------------|
|                          |                 | <i>held as of</i>       | <i>held as of</i>       |                |
|                          |                 | <i>July 31, 2004</i>    | <i>August 31, 2005</i>  |                |
| President                | Peter Chang     | 8,748,039               | 10,777,440              | 2,029,401      |
| Business Group President | Hong-Jen Wu     | 25,243,501              | 25,032,937              | (210,564)*     |
| Supervisor               | Tzyy-Jang Tseng | 17,835,959              | 19,650,715              | 1,814,756      |
| Vice President           | Henry Liu       | 10,194,148              | 11,693,391              | 1,499,243      |
| Vice President           | Tai-Sheng Feng  | 1,054,866               | 1,543,439               | 488,573        |
| Vice President           | Nick Nee        | 4,190,306               | 4,870,568               | 680,262        |
| Vice President           | Ing-Ji Wu       | 11,413,338              | 12,817,039              | 1,403,701      |
| Vice President           | Lee Chung       | 160,000                 | 566,468                 | 406,468        |

Note: 3,000,000 shares were transferred to trust account; 2,789,436 shares were dividends and bonus.

## 2) The pledge and clear of pledge of UMC common shares by directors, supervisors, executive officers and 10% shareholders :

| <i>Title</i>   | <i>Name</i> | <i>Number of shares</i> | <i>Number of shares</i> | <i>Changes</i> |
|----------------|-------------|-------------------------|-------------------------|----------------|
|                |             | <i>pledge as of</i>     | <i>pledge as of</i>     |                |
|                |             | <i>July 31, 2004</i>    | <i>August 31, 2005</i>  |                |
| Vice President | Nick Nee    | 4,150,000               | 4,000,000               | (150,000)      |

## 3) The acquisition assets (NT\$ Thousand)

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| <i>Description of assets</i>          | <i>August</i> | <i>2005</i> |
|---------------------------------------|---------------|-------------|
| Semiconductor Manufacturing Equipment | 1,416,328     | 7,044,906   |
| Fixed assets                          | 18,309        | 207,667     |

4) The disposition of assets (NT\$ Thousand)

| <i>Description of assets</i>          | <i>August</i> | <i>2005</i> |
|---------------------------------------|---------------|-------------|
| Semiconductor Manufacturing Equipment | 5,055         | 78,214      |
| Fixed assets                          | 0             | 0           |

**UNITED MICROELECTRONICS CORPORATION**  
**FINANCIAL STATEMENTS**  
**WITH REPORT OF INDEPENDENT AUDITORS**  
**FOR THE SIX-MONTH PERIODS ENDED**  
**JUNE 30, 2005 AND 2004**

Address: No. 3 Li-Hsin Road II, Hsinchu Science Park, Hsinchu City, Taiwan, R.O.C.

Telephone: 886-3-578-2258

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.

**REPORT OF INDEPENDENT AUDITORS**

English Translation of a Report Originally Issued in Chinese

To the Board of Directors and Shareholders of

United Microelectronics Corporation

We have audited the accompanying balance sheets of United Microelectronics Corporation as of June 30, 2005 and 2004, and the related statements of income, changes in stockholders' equity and cash flows for the six-month periods ended June 30, 2005 and 2004. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. As described in Note 4(7) to the financial statements, certain long-term investments were accounted for under the equity method based on financial statements as of June 30, 2005 and 2004, of the investees, which were audited by other auditors. Our opinion insofar as it relates to the investment income amounting to NT\$144 million and NT\$306 million for the six-month periods ended June 30, 2005 and 2004, respectively, and the related long-term investment balances of NT\$5,559 million and NT\$5,337 million as of June 30, 2005 and 2004, respectively, is based solely on the reports of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the Republic of China and "Guidelines for Certified Public Accountants' Examination and Reports on Financial Statements", which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of United Microelectronics Corporation as of June 30, 2005 and 2004, and the results of its operations and its cash flows for the six-month periods ended June 30, 2005 and 2004, in conformity with the "Guidelines Governing the Preparation of Financial Reports by Securities Issuers" and accounting principles generally accepted in the Republic of China.

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

We have also reviewed the consolidated financial statements of United Microelectronics Corporation as of and for the six-month period ended June 30, 2005, and have expressed an unqualified review report with explanatory paragraph on such financial statements.

July 19, 2005

Taipei, Taiwan

Republic of China

**Notice to Readers**

The accompanying financial statements are intended only to present the financial position and 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

## BALANCE SHEETS

June 30, 2005 and 2004

(Expressed in Thousands of New Taiwan Dollars)

|                                                             |             | As of June 30, |               |
|-------------------------------------------------------------|-------------|----------------|---------------|
|                                                             | Notes       | 2005           | 2004          |
| Assets                                                      |             |                |               |
| Current assets                                              |             |                |               |
| Cash and cash equivalents                                   | 2, 4(1)     | \$ 68,065,457  | \$ 82,488,024 |
| Marketable securities, net                                  | 2, 4(2)     | 3,058,579      | 3,102,600     |
| Notes receivable                                            | 4(3)        | 288            | 1,156         |
| Notes receivable - related parties                          | 5           | 57,853         | 114,583       |
| Accounts receivable, net                                    | 2, 4(4)     | 3,756,298      | 5,789,501     |
| Accounts receivable - related parties, net                  | 2, 5        | 5,832,767      | 9,795,673     |
| Other receivables                                           | 2           | 611,559        | 742,537       |
| Other financial assets, current                             | 2, 4(5),10  | 63,080         | 180,248       |
| Inventories, net                                            | 2, 4(6)     | 7,898,701      | 8,617,086     |
| Prepaid expenses                                            |             | 820,875        | 803,466       |
| Deferred income tax assets, current                         | 2, 4(19)    | 3,413,529      | 2,828,940     |
| Total current assets                                        |             | 93,578,986     | 114,463,814   |
| Funds and long-term investments 2, 4(7)                     |             |                |               |
| Long-term investments accounted for under the equity method |             | 37,304,798     | 66,436,346    |
| Long-term investments accounted for under the cost method   |             | 7,715,876      | 8,306,704     |
| Total funds and long-term investments                       |             | 45,020,674     | 74,743,050    |
| Other financial assets, noncurrent                          | 2, 4(5), 10 | 1,153,028      | 1,710,788     |
| Property, plant and equipment 2, 4(8), 6, 7                 |             |                |               |
| Land                                                        |             | 1,132,576      | 1,132,576     |
| Buildings                                                   |             | 15,860,960     | 12,119,790    |
| Machinery and equipment                                     |             | 348,877,930    | 256,262,691   |
| Transportation equipment                                    |             | 88,095         | 80,546        |
| Furniture and fixtures                                      |             | 2,119,552      | 1,941,066     |
| Leased assets                                               |             |                | 47,783        |
| Total cost                                                  |             | 368,079,113    | 271,584,452   |
| Less : Accumulated depreciation                             |             | (228,295,715)  | (169,437,104) |
| Add : Construction in progress and prepayments              |             | 20,087,650     | 15,443,534    |
| Property, plant and equipment, net                          |             | 159,871,048    | 117,590,882   |
| Intangible assets                                           |             |                |               |
| Patents                                                     | 2           |                | 994           |

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|                                                           |                        |                       |                       |
|-----------------------------------------------------------|------------------------|-----------------------|-----------------------|
| Goodwill                                                  | 2, 4(21)               | 4,168,997             |                       |
| Technology know-how                                       | 2                      | 399,178               |                       |
| <b>Total intangible assets</b>                            |                        | <b>4,568,175</b>      | <b>994</b>            |
| <b>Other assets</b>                                       |                        |                       |                       |
| Deferred charges                                          | 2                      | 1,800,209             | 1,462,493             |
| Deferred income tax assets, noncurrent                    | 2, 4(19)               | 3,922,375             | 4,381,964             |
| Other assets - others                                     | 2, 4(9)                | 2,069,695             | 2,260,227             |
| <b>Total other assets</b>                                 |                        | <b>7,792,279</b>      | <b>8,104,684</b>      |
| <b>Total assets</b>                                       |                        | <b>\$ 311,984,190</b> | <b>\$ 316,614,212</b> |
| <b>Liabilities and Stockholders Equity</b>                |                        |                       |                       |
| <b>Current liabilities</b>                                |                        |                       |                       |
| Short-term loans                                          | 4(10)                  | \$ 1,645,280          | \$ 2,028,600          |
| Accounts payable                                          |                        | 3,797,102             | 4,883,728             |
| Income tax payable                                        | 2                      | 60,389                | 60,389                |
| Accrued expenses                                          |                        | 5,274,099             | 5,687,428             |
| Dividend payable                                          |                        | 1,758,736             |                       |
| Payable on equipment                                      |                        | 3,413,036             | 7,266,813             |
| Other payables                                            | 10                     | 54,481                |                       |
| Current portion of long-term interest-bearing liabilities | 4(11), 4(12), 5, 6     | 5,250,000             | 8,815,049             |
| Other current liabilities                                 | 7                      | 820,413               | 1,347,220             |
| <b>Total current liabilities</b>                          |                        | <b>22,073,536</b>     | <b>30,089,227</b>     |
| <b>Long-term interest-bearing liabilities</b>             |                        |                       |                       |
| Bonds payable                                             | 2, 4(7), 4(11)         | 28,347,240            | 33,809,661            |
| Long-term loans                                           | 4(12), 6               |                       | 26,372                |
| <b>Total long-term interest-bearing liabilities</b>       |                        | <b>28,347,240</b>     | <b>33,836,033</b>     |
| <b>Other liabilities</b>                                  |                        |                       |                       |
| Accrued pension liabilities                               | 2, 4(13)               | 2,962,723             | 2,468,281             |
| Deposits-in                                               |                        | 20,636                | 7,478                 |
| Deferred credits - intercompany profits                   | 2                      | 9,806                 | 4,084,362             |
| Other liabilities - others                                |                        | 510,637               |                       |
| <b>Total other liabilities</b>                            |                        | <b>3,503,802</b>      | <b>6,560,121</b>      |
| <b>Total liabilities</b>                                  |                        | <b>53,924,578</b>     | <b>70,485,381</b>     |
| <b>Capital</b>                                            | 2, 4(14), 4(15), 4(21) |                       |                       |
| Common stock                                              |                        | 177,794,314           | 161,407,435           |
| Stock dividends for distribution                          |                        | 19,560,220            | 13,996,855            |
| <b>Capital reserve</b>                                    | 2, 4(7), 4(15), 4(21)  |                       |                       |
| Premiums                                                  |                        | 64,227,411            | 58,220,744            |
| Change in equities of long-term investments               |                        | 20,786,958            | 20,957,291            |
| <b>Retained earnings</b>                                  | 4(17)                  |                       |                       |
| Legal reserve                                             |                        | 15,996,839            | 12,812,501            |
| Special reserve                                           |                        | 1,744,171             | 90,871                |
| Unappropriated earnings                                   |                        | 3,622,790             | 20,138,527            |
| <b>Adjusting items in stockholders equity</b>             | 2                      |                       |                       |
| Unrealized loss on long-term investments                  |                        | (9,597,290)           | (9,459,714)           |
| Cumulative translation adjustment                         |                        | (1,998,163)           | 572,967               |
| <b>Treasury stock</b>                                     | 2, 4(16)               | (34,077,638)          | (32,608,646)          |

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|                                                   |                       |                       |
|---------------------------------------------------|-----------------------|-----------------------|
| <b>Total stockholders' equity</b>                 | <u>258,059,612</u>    | <u>246,128,831</u>    |
| <b>Total liabilities and stockholders' equity</b> | <u>\$ 311,984,190</u> | <u>\$ 316,614,212</u> |

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

English Translation of Financial Statements Originally Issued in Chinese

## UNITED MICROELECTRONICS CORPORATION

## STATEMENTS OF INCOME

For the six-month periods ended June 30, 2005 and 2004

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share )

|                                                   |          | For the six-month period ended<br>June 30, |               |
|---------------------------------------------------|----------|--------------------------------------------|---------------|
|                                                   | Notes    | 2005                                       | 2004          |
| <b>Operating revenues</b>                         | 2, 5     |                                            |               |
| Sales revenues                                    |          | \$ 39,605,151                              | \$ 53,416,080 |
| Less : Sales returns and discounts                |          | (729,298)                                  | (475,846)     |
| Net sales                                         |          | 38,875,853                                 | 52,940,234    |
| Other operating revenues                          |          | 852,773                                    | 1,562,537     |
| <b>Net operating revenues</b>                     |          | 39,728,626                                 | 54,502,771    |
| <b>Operating costs</b>                            | 4(18)    |                                            |               |
| Cost of goods sold                                | 5        | (36,279,398)                               | (35,741,875)  |
| Other operating costs                             |          | (266,257)                                  | (1,052,767)   |
| <b>Operating costs</b>                            |          | (36,545,655)                               | (36,794,642)  |
| <b>Gross profit</b>                               |          | 3,182,971                                  | 17,708,129    |
| Unrealized intercompany profit                    | 2        | (68,741)                                   | (145,159)     |
| Realized intercompany profit                      | 2        | 154,417                                    | 106,702       |
| <b>Gross profit-net</b>                           |          | 3,268,647                                  | 17,669,672    |
| <b>Operating expenses</b>                         | 4(18), 5 |                                            |               |
| Sales and marketing expenses                      |          | (1,050,885)                                | (959,559)     |
| General and administrative expenses               |          | (1,298,115)                                | (1,137,058)   |
| Research and development expenses                 |          | (3,956,436)                                | (2,693,909)   |
| Subtotal                                          |          | (6,305,436)                                | (4,790,526)   |
| <b>Operating (loss) income</b>                    |          | (3,036,789)                                | 12,879,146    |
| <b>Non-operating income</b>                       |          |                                            |               |
| Interest revenue                                  |          | 436,914                                    | 493,767       |
| Dividend income                                   |          | 36,789                                     | 180,726       |
| Gain on disposal of property, plant and equipment | 2        | 33,840                                     | 130,254       |
| Gain on disposal of investments                   | 2, 4(11) | 6,439,830                                  | 8,700,594     |
| Exchange gain, net                                | 2, 10    | 41,233                                     |               |
| Gain on recovery of market value of inventory     | 2        | 315,151                                    |               |
| Other income                                      |          | 390,360                                    | 95,549        |

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|                                                                                                                        |          |              |               |
|------------------------------------------------------------------------------------------------------------------------|----------|--------------|---------------|
| Subtotal                                                                                                               |          | 7,694,117    | 9,600,890     |
| <b>Non-operating expenses</b>                                                                                          |          |              |               |
| Interest expense                                                                                                       | 4(8)     | (447,071)    | (683,331)     |
| Investment loss accounted for under the equity method, net                                                             | 2, 4(7)  | (2,144,439)  | (664,616)     |
| Loss on disposal of property, plant and equipment                                                                      | 2        | (63,344)     | (110,525)     |
| Exchange loss, net                                                                                                     | 2, 10    |              | (377,006)     |
| Loss on decline in market value and obsolescence of inventories                                                        | 2        |              | (143,212)     |
| Financial expenses                                                                                                     |          | (149,905)    | (235,042)     |
| Other losses                                                                                                           | 2, 4(11) | (34,472)     | (637,038)     |
| Subtotal                                                                                                               |          | (2,839,231)  | (2,850,770)   |
| <b>Income before income tax</b>                                                                                        |          | 1,818,097    | 19,629,266    |
| <b>Income tax expense</b>                                                                                              | 2, 4(19) | (397)        | (33,483)      |
| <b>Net income</b>                                                                                                      |          | \$ 1,817,700 | \$ 19,595,783 |
| <b>Earnings per share-basic (NTD)</b>                                                                                  |          |              |               |
| Income before income tax                                                                                               | 2, 4(20) | \$ 0.11      | \$ 1.18       |
| Net income                                                                                                             |          | \$ 0.11      | \$ 1.17       |
| <b>Earnings per share-diluted (NTD)</b>                                                                                |          |              |               |
| Income before income tax                                                                                               | 2, 4(20) | \$ 0.11      | \$ 1.15       |
| Net income                                                                                                             |          | \$ 0.11      | \$ 1.15       |
| <b>Pro forma information on earnings as if subsidiaries investment in the Company is not treated as treasury stock</b> |          |              |               |
| Net income                                                                                                             | 2, 4(20) | \$ 1,817,700 | \$ 19,595,783 |
| Earnings per share-basic (NTD)                                                                                         |          | \$ 0.10      | \$ 1.13       |
| Earnings per share-diluted (NTD)                                                                                       |          | \$ 0.10      | \$ 1.11       |

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

English Translation of Financial Statements Originally Issued in Chinese

## UNITED MICROELECTRONICS CORPORATION

## STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

For the six-month periods ended June 30, 2005 and 2004

(Expressed in Thousands of New Taiwan Dollars)

|                                                                     |          | Capital         |                                     |                                   | Retained Earnings  |                  |                    |                            |                | Unrealized Loss<br>on Long-term Investments |         | Cumulative<br>Translation<br>Adjustment | Treasury Stock | Total          |
|---------------------------------------------------------------------|----------|-----------------|-------------------------------------|-----------------------------------|--------------------|------------------|--------------------|----------------------------|----------------|---------------------------------------------|---------|-----------------------------------------|----------------|----------------|
|                                                                     |          | Common<br>Stock | Stock Dividends<br>for Distribution | Dividends<br>Collected in Advance | Capital<br>Reserve | Legal<br>Reserve | Special<br>Reserve | Unappropriated<br>Earnings |                |                                             |         |                                         |                |                |
| Notes                                                               |          |                 |                                     |                                   |                    |                  |                    |                            |                |                                             |         |                                         |                |                |
| Balance as of January 1, 2004                                       | 4(14)    | \$ 161,407,435  | \$                                  | \$                                | \$ 80,074,184      | \$ 11,410,475    | \$ 1,346,994       | \$ 14,036,822              | \$ (9,537,237) | \$                                          | 913,877 | \$ (27,410,626)                         | \$             | \$ 232,241,924 |
| Appropriation of 2003 retained earnings                             | 4(17)    |                 |                                     |                                   |                    |                  |                    |                            |                |                                             |         |                                         |                |                |
| Legal reserve                                                       |          |                 |                                     |                                   |                    | 1,402,026        |                    | (1,402,026)                |                |                                             |         |                                         |                |                |
| Special reserve                                                     |          |                 |                                     |                                   |                    |                  | (1,256,123)        | 1,256,123                  |                |                                             |         |                                         |                |                |
| Stock dividends                                                     |          |                 | 12,224,284                          |                                   |                    |                  |                    | (12,224,284)               |                |                                             |         |                                         |                |                |
| Directors' and supervisors remuneration                             |          |                 |                                     |                                   |                    |                  |                    | (12,618)                   |                |                                             |         |                                         |                | (12,618)       |
| Employees bonus                                                     |          |                 | 1,111,273                           |                                   |                    |                  |                    | (1,111,273)                |                |                                             |         |                                         |                |                |
| Transfer of reserved capital to common stock                        | 4(17)    |                 | 661,298                             |                                   | (661,298)          |                  |                    |                            |                |                                             |         |                                         |                |                |
| Purchase of treasury stock                                          | 2, 4(16) |                 |                                     |                                   |                    |                  |                    |                            |                |                                             |         | (5,198,020)                             |                | (5,198,020)    |
| Net income in the first half of 2004                                |          |                 |                                     |                                   |                    |                  |                    | 19,595,783                 |                |                                             |         |                                         |                | 19,595,783     |
| Adjustment of capital reserve accounted for under the equity method | 2        |                 |                                     |                                   | (234,851)          |                  |                    |                            |                |                                             |         |                                         |                | (234,851)      |
| Changes in unrealized loss on long-term investments of investees    | 2        |                 |                                     |                                   |                    |                  |                    |                            |                | 77,523                                      |         |                                         |                | 77,523         |
| Changes in cumulative translation adjustment                        | 2        |                 |                                     |                                   |                    |                  |                    |                            |                |                                             |         | (340,910)                               |                | (340,910)      |

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|                                                                     |          |                |               |               |               |              |               |                |                |                 |                |
|---------------------------------------------------------------------|----------|----------------|---------------|---------------|---------------|--------------|---------------|----------------|----------------|-----------------|----------------|
| Balance as of June 30, 2004                                         |          |                |               |               |               |              |               |                |                |                 |                |
|                                                                     |          | \$ 161,407,435 | \$ 13,996,855 | \$ 79,178,035 | \$ 12,812,501 | \$ 90,871    | \$ 20,138,527 | \$ (9,459,714) | \$ 572,967     | \$ (32,608,646) | \$ 246,128,831 |
| Balance as of January 1, 2005                                       |          |                |               |               |               |              |               |                |                |                 |                |
| 4(14)                                                               |          | \$ 177,919,819 | \$ 4,040      | \$ 84,933,195 | \$ 12,812,501 | \$ 90,871    | \$ 29,498,329 | \$ (9,871,086) | \$ (1,319,452) | \$ (27,685,463) | \$ 266,382,754 |
| 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     |                |                |                 | 1,817,700      |
| 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)      |
| Balance as of June 30, 2005                                         |          |                |               |               |               |              |               |                |                |                 |                |
|                                                                     |          | \$ 177,794,314 | \$ 19,560,220 | \$ 85,014,369 | \$ 15,996,839 | \$ 1,744,171 | \$ 3,622,790  | \$ (9,597,290) | \$ (1,998,163) | \$ (34,077,638) | \$ 258,059,612 |

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



English Translation of Financial Statements Originally Issued in Chinese

## UNITED MICROELECTRONICS CORPORATION

## STATEMENTS OF CASH FLOWS

For the six-month periods ended June 30, 2005 and 2004

(Expressed in Thousands of New Taiwan Dollars)

|                                                                                             | For the six-month period ended June 30, |               |
|---------------------------------------------------------------------------------------------|-----------------------------------------|---------------|
|                                                                                             | 2005                                    | 2004          |
| Cash flows from operating activities:                                                       |                                         |               |
| Net income                                                                                  | \$ 1,817,700                            | \$ 19,595,783 |
| Adjustments to reconcile net income to net cash provided by (used in) operating activities: |                                         |               |
| Depreciation                                                                                | 22,080,111                              | 18,279,654    |
| Amortization                                                                                | 1,111,695                               | 524,038       |
| Bad debt expenses (reversal)                                                                | (116,245)                               | 4,626         |
| (Gain) loss on decline in market value and obsolescence of inventories                      | (315,151)                               | 143,212       |
| Cash dividends received under the equity method                                             | 7,500                                   |               |
| Investment loss accounted for under the equity method                                       | 2,144,439                               | 664,616       |
| Gain on disposal of investments                                                             | (6,439,830)                             | (8,700,594)   |
| Loss (gain) on disposal of property, plant and equipment                                    | 29,504                                  | (19,729)      |
| Gain on settlement of exchangeable bonds                                                    | (9,789)                                 | (93,517)      |
| Amortization of bond premiums                                                               |                                         | (10,050)      |
| Loss on reacquisition of bonds                                                              |                                         | 59            |
| Amortization of deferred income                                                             | (26,732)                                |               |
| Changes in assets and liabilities:                                                          |                                         |               |
| Notes and accounts receivable                                                               | 2,004,339                               | (1,773,507)   |
| Other receivables                                                                           | (46,543)                                | (187,662)     |
| Inventories                                                                                 | 1,528,698                               | (1,392,539)   |
| Prepaid expenses                                                                            | (510,188)                               | (127,321)     |
| Other financial assets                                                                      | 101,641                                 | 116,840       |
| Accounts payable                                                                            | (920,209)                               | 755,433       |
| Income tax payable                                                                          |                                         | 10,696        |
| Accrued expenses                                                                            | (3,287,674)                             | 1,154,462     |
| Other current liabilities                                                                   | (124,763)                               | 76,168        |
| Compensation interest payable                                                               |                                         | (126,111)     |
| Capacity deposits                                                                           | (201,216)                               | (10,909)      |
| Accrued pension liabilities                                                                 | 272,212                                 | 215,790       |
| Other liabilities - others                                                                  | 107,962                                 |               |
| Net cash provided by operating activities                                                   | 19,207,461                              | 29,099,438    |
| Cash flows from investing activities:                                                       |                                         |               |
| Increase in marketable securities, net                                                      |                                         | (1,514,788)   |
| Cash proceeds from merger                                                                   | 943,862                                 |               |
| Decrease in other financial assets, net                                                     | 467,216                                 | 1,307,966     |
| Acquisition of long-term investments                                                        | (2,327,268)                             | (8,121,139)   |
| Proceeds from disposal of long-term investments                                             | 7,229,911                               | 1,080,085     |
| Proceeds from liquidation of long-term investments                                          | 95,090                                  |               |
| Acquisition of property, plant and equipment                                                | (7,812,374)                             | (17,106,714)  |
| Proceeds from disposal of property, plant and equipment                                     | 78,242                                  | 227,505       |
| Increase in deferred charges                                                                | (686,340)                               | (405,467)     |

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|                                          |                             |                             |
|------------------------------------------|-----------------------------|-----------------------------|
| (Increase) decrease in other assets, net | (129,531)                   | 629,590                     |
| Increase in other receivables            | (5,137,760)                 |                             |
|                                          | <u>                    </u> | <u>                    </u> |
| Net cash used in investing activities    | (7,278,952)                 | (23,902,962)                |
|                                          | <u>                    </u> | <u>                    </u> |

English Translation of Financial Statements Originally Issued in Chinese

## UNITED MICROELECTRONICS CORPORATION

## STATEMENTS OF CASH FLOWS

For the six-month periods ended June 30, 2005 and 2004

(Expressed in Thousands of New Taiwan Dollars)

|                                                               | For the six-month period ended June 30, |               |
|---------------------------------------------------------------|-----------------------------------------|---------------|
|                                                               | 2005                                    | 2004          |
| <b>(continued)</b>                                            |                                         |               |
| Cash flows from financing activities:                         |                                         |               |
| Increase (decrease) in short-term loans, net                  | (259,120)                               | 2,028,600     |
| Repayment of long-term loans                                  | (16,153,714)                            | (1,595,888)   |
| Redemption of bonds                                           | (2,820,004)                             | (10,766,941)  |
| Reacquisition of bonds                                        |                                         | (41,392)      |
| Decrease in deposits-in, net                                  | (1,437)                                 | (368)         |
| Purchase of treasury stock                                    | (8,570,374)                             | (5,198,020)   |
| Exercise of employees' stock options                          | 640,243                                 |               |
| Net cash used in financing activities                         | (27,164,406)                            | (15,574,009)  |
| Currency exchange                                             | (45,975)                                |               |
| Net decrease in cash and cash equivalents                     | (15,281,872)                            | (10,377,533)  |
| Cash and cash equivalents at beginning of period              | 83,347,329                              | 92,865,557    |
| Cash and cash equivalents at end of period                    | \$ 68,065,457                           | \$ 82,488,024 |
| Supplemental disclosures of cash flow information:            |                                         |               |
| Cash paid for interest                                        | \$ 1,130,964                            | \$ 1,471,245  |
| Cash paid for income tax                                      | \$ (27,513)                             | \$ 36,083     |
| Investing activities partially paid by cash:                  |                                         |               |
| Acquisition of property, plant and equipment                  | \$ 4,947,474                            | \$ 20,315,587 |
| Add: Payable at beginning of period                           | 4,704,299                               | 4,057,940     |
| Payable transferred in from the Branch at beginning of period | 1,573,637                               |               |
| Less: Payable at end of period                                | (3,413,036)                             | (7,266,813)   |

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|                                                                 |              |               |
|-----------------------------------------------------------------|--------------|---------------|
| Cash paid for acquiring property, plant and equipment           | \$ 7,812,374 | \$ 17,106,714 |
| Investing and financing activities not affecting cash flows:    |              |               |
| Principal amount of exchangeable bonds exchanged by bondholders | \$           | \$ 11,614,141 |
| Book value of reference shares delivered for exchange           |              | (3,898,638)   |
| Elimination of related balance sheet accounts                   |              | 90,983        |
| Recognition of gain on disposal of investments                  | \$           | \$ 7,806,486  |

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

UNITED MICROELECTRONICS CORPORATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2005 and 2004

(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 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 Depositary 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:

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.

#### 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 year's results. However, exchange gains or losses from investments in foreign entities are recognized as cumulative translation adjustments in stockholders' equity.

#### Translation of Foreign Currency Financial Statements

The financial statements of the Branch 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. The cumulative translation effects from the Branch using functional currencies other than the New Taiwan Dollars are included in the cumulative translation adjustment in stockholders' equity.

#### 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 will 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 shares in listed investees, where significant influence on operating decisions of the investees does not reside with the Company, 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 shares 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 values 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 Company owns at least 20% of the outstanding voting shares 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 Company'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 Company'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 Company'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 Company's ownership percentages; while those arising from transactions between majority-owned subsidiaries are eliminated in proportion to the Company's ownership percentage in the subsidiary.

In compliance with the Statements of Financial Accounting Standards of the Republic of China (R.O.C. SFAS) No.23 Interim Financial Reporting and Disclosures, gain 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 statements in accordance with the R.O.C. SFAS No.7 Consolidation of Financial Statements.

#### 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 - 20 to 55 years; machinery and equipment - 5 years; transportation equipment - 5 years; furniture and fixtures - 5 years; leased assets - 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 the 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 bonds shall be offset against the book value of the investments in reference shares and the related stockholders' equity accounts, with the difference recognized as gain or loss on disposal of investments.

#### Pension Plan

All regular employees are covered by a benefit pension plan that is managed by an independently administered pension fund committee within the Company. Pension benefits for employees of the Singapore branch 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 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 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 Company 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 Company also discloses pro forma net income and earnings per share under the fair value method only for options granted since January 1, 2004.

#### Treasury Stock

The Company adopted the R.O.C. SFAS No. 30, which requires that treasury stock held by the Company 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 Company s stock held by its subsidiaries is also treated as treasury stock in the Company s account.

#### Revenue Recognition

The main sales term of the Company 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

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

### Income Tax

The Company 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 Company 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.

The Company has entered into options contracts and arising exchange differences upon settlement of those contracts are recognized in the statement of income. Received (or paid) premium for the sale (or purchase) of options is amortized over the contract period and recognized as gain or loss.

#### Merger

The Company merged with SiSMC and recognized the sum of the difference between the acquisition costs, which are the market price of equity stocks issued and other related costs, and the fair value of the identifiable net assets acquired as goodwill in compliance with the R.O.C. SFAS No. 25 Enterprise Mergers Accounting of Purchase Method . The fair value of identifiable net assets and goodwill deducted from the par value of the equity stocks issued and other related costs is recognized as capital reserve.

#### Asset Impairment

Pursuant to the R.O.C. SFAS No. 35, the Company assesses indicators of impairment for all its assets within the scope of the standard at each balance sheet date. If impairment is indicated, the Company 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 Company 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 Company 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 Company 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 write 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 Company 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 Company's net income, earnings per share and total assets as of June 30, 2005.

4. CONTENTS OF SIGNIFICANT ACCOUNTS(1) CASH AND CASH EQUIVALENTS

|                                                       | As of June 30, |               |
|-------------------------------------------------------|----------------|---------------|
|                                                       | 2005           | 2004          |
| Cash:                                                 |                |               |
| Cash on hand                                          | \$ 1,617       | \$ 1,417      |
| Checking and savings accounts                         | 1,932,245      | 838,990       |
| Time deposits                                         | 57,396,748     | 73,171,014    |
| Subtotal                                              | 59,330,610     | 74,011,421    |
| Cash equivalents:                                     |                |               |
| Government bonds acquired under repurchase agreements | 8,734,847      | 8,476,603     |
| Total                                                 | \$ 68,065,457  | \$ 82,488,024 |

(2) MARKETABLE SECURITIES, NET

|                          | As of June 30, |              |
|--------------------------|----------------|--------------|
|                          | 2005           | 2004         |
| Beneficiary certificate  | \$ 10,000      | \$ 10,000    |
| Convertible bonds        | 1,657,323      | 1,672,748    |
| Listed equity securities | 1,401,256      | 1,419,852    |
| Total                    | \$ 3,058,579   | \$ 3,102,600 |

(3) NOTES RECEIVABLE

| As of June 30, |      |
|----------------|------|
| 2005           | 2004 |

|                  |        |          |
|------------------|--------|----------|
| Notes receivable | \$ 288 | \$ 1,156 |
|------------------|--------|----------|

(4) ACCOUNTS RECEIVABLE, NET

|                                                 | As of June 30, |              |
|-------------------------------------------------|----------------|--------------|
|                                                 | 2005           | 2004         |
| Accounts receivable                             | \$ 3,934,878   | \$ 5,888,144 |
| Less: Allowance for sales returns and discounts | (107,062)      | (8,131)      |
| Less: Allowance for doubtful accounts           | (71,518)       | (90,512)     |
| Net                                             | \$ 3,756,298   | \$ 5,789,501 |

(5) OTHER FINANCIAL ASSETS, CURRENT

|                                             | As of June 30, |              |
|---------------------------------------------|----------------|--------------|
|                                             | 2005           | 2004         |
| Credit-linked deposits and repackaged bonds | \$ 1,216,108   | \$ 1,879,338 |
| Interest rate swaps                         |                | 4,594        |
| Forward contracts                           |                | 7,104        |
| Total                                       | 1,216,108      | 1,891,036    |
| Less: Non-current portion                   | (1,153,028)    | (1,710,788)  |
| Net                                         | \$ 63,080      | \$ 180,248   |

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

(6) INVENTORIES, NET

|                                                                      | As of June 30, |              |
|----------------------------------------------------------------------|----------------|--------------|
|                                                                      | 2005           | 2004         |
| Raw materials                                                        | \$ 126,994     | \$ 132,323   |
| Supplies and spare parts                                             | 1,734,764      | 1,601,447    |
| Work in process                                                      | 6,760,326      | 6,973,813    |
| Finished goods                                                       | 520,695        | 363,034      |
| Total                                                                | 9,142,779      | 9,070,617    |
| Less: Allowance for loss on decline in market value and obsolescence | (1,244,078)    | (453,531)    |
| Net                                                                  | \$ 7,898,701   | \$ 8,617,086 |

a. The insurance coverage for inventories was sufficient as of June 30, 2005 and 2004, respectively.

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, |                                          |        |                                          |
|------------------|----------------|------------------------------------------|--------|------------------------------------------|
|                  | 2005           |                                          | 2004   |                                          |
|                  | Amount         | Percentage of Ownership or Voting Rights | Amount | Percentage of Ownership or Voting Rights |

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Investments accounted for under the equity method:

|                                              |            |        |            |        |
|----------------------------------------------|------------|--------|------------|--------|
| UMC Group (USA)                              | \$ 708,829 | 100.00 | \$ 526,146 | 100.00 |
| United Microelectronics (Europe) B.V.        | 283,099    | 100.00 | 267,814    | 100.00 |
| UMC Capital Corporation                      | 1,306,287  | 100.00 | 1,277,043  | 100.00 |
| United Microelectronics Corp. (Samoa)        | 14,897     | 100.00 | 6,364      | 100.00 |
| UMCi Ltd. (Note A)                           | 14,604     | 100.00 | 27,501,698 | 95.23  |
| Fortune Venture Capital Corporation          | 3,758,856  | 99.99  | 2,575,783  | 99.99  |
| Hsun Chieh Investment Co., Ltd. (Hsun Chieh) | 10,409,009 | 99.97  | 10,445,995 | 99.97  |

| Investee Company                                                                                    | As of June 30, |                                          |               |                                          |
|-----------------------------------------------------------------------------------------------------|----------------|------------------------------------------|---------------|------------------------------------------|
|                                                                                                     | 2005           |                                          | 2004          |                                          |
|                                                                                                     | Amount         | Percentage of Ownership or Voting Rights | Amount        | Percentage of Ownership or Voting Rights |
| United Microdisplay Optronics Corp.                                                                 | 201,914        | 83.48                                    | 543,003       | 83.48                                    |
| Pacific Venture Capital Co., Ltd.                                                                   | 300,407        | 49.99                                    | 306,772       | 49.99                                    |
| UMC Japan                                                                                           | 7,269,416      | 47.42                                    | 9,242,660     | 47.42                                    |
| Toppan Photomasks Taiwan Ltd. (formerly DuPont Photomasks Taiwan Ltd.)                              | 1,012,456      | 45.35                                    | 1,085,234     | 45.35                                    |
| Unitech Capital Inc.                                                                                | 710,102        | 42.00                                    | 806,885       | 42.00                                    |
| Holtek Semiconductor Inc.                                                                           | 797,730        | 25.23                                    | 703,556       | 25.44                                    |
| ITE Tech. Inc.                                                                                      | 292,828        | 22.21                                    | 276,652       | 22.23                                    |
| Unimicron Technology Corp.                                                                          | 3,640,017      | 20.85                                    | 3,402,201     | 21.70                                    |
| Faraday Technology Corp. (Note B)                                                                   | 907,782        | 18.38                                    | 816,039       | 19.10                                    |
| Silicon Integrated Systems Corp. (Note C)                                                           | 4,048,689      | 16.16                                    | 4,771,170     | 16.18                                    |
| Thintek Optronics Corp. (Note B)                                                                    | 30,383         | 14.26                                    |               |                                          |
| Novatek Microelectronics Corp. (Note C)                                                             | 1,428,604      | 13.24                                    | 1,620,482     | 20.14                                    |
| AMIC Technology Corporation (Note B)                                                                | 60,134         | 11.83                                    | 114,620       | 11.83                                    |
| Aptos (Taiwan) Corporation (Note B)                                                                 | 108,755        | 9.72                                     |               |                                          |
| United Foundry Service, Inc. (Note D)                                                               |                |                                          | 102,441       | 100.00                                   |
| United Fu Shen Chen Technology Corporation (formerly Applied Component Technology Corp.) (Note E)   |                |                                          | 43,788        | 19.30                                    |
| Subtotal                                                                                            | 37,304,798     |                                          | 66,436,346    |                                          |
| <u>Investments accounted for under the cost method or the lower of cost or market value method:</u> |                |                                          |               |                                          |
| United Fu Shen Chen Technology Corporation (formerly Applied Component Technology Corp.) (Note E)   | \$             | 16.44                                    | \$            |                                          |
| EPITECH Technology Corp.                                                                            | 299,993        | 10.08                                    |               |                                          |
| United Industrial Gases Co., Ltd.                                                                   | 146,250        | 8.11                                     | 146,250       | 8.27                                     |
| MediaTek Incorporation                                                                              | 726,309        | 7.54                                     | 1,042,968     | 11.00                                    |
| Industrial Bank of Taiwan Corp.                                                                     | 1,139,196      | 4.95                                     | 1,149,230     | 4.99                                     |
| Subtron Technology Co., Ltd.                                                                        | 172,800        | 4.92                                     | 172,800       | 5.47                                     |
| South Epitaxy Corporation                                                                           | 143,661        | 4.15                                     |               |                                          |
| Chipbond Technology Corporation                                                                     | 174,735        | 3.20                                     |               |                                          |
| Billionton Systems Inc.                                                                             | 30,948         | 2.71                                     | 30,948        | 2.79                                     |
| AU Optronics Corp. (Note F)                                                                         | 959,082        | 1.44                                     | 1,931,279     | 2.89                                     |
| Mega Financial Holding Company                                                                      | 3,108,656      | 0.84                                     | 3,108,656     | 0.84                                     |
| Premier Image Technology Corporation                                                                | 27,964         | 0.61                                     | 27,964        | 0.62                                     |
| Pacific Technology Partners, L.P. (Note G)                                                          | 359,722        |                                          | 299,889       |                                          |
| Pacific United Technology, L.P. (Note G)                                                            | 126,560        |                                          | 96,720        |                                          |
| Taiwan High Speed Rail Corporation (Note H)                                                         | 300,000        |                                          | 300,000       |                                          |
| Subtotal                                                                                            | 7,715,876      |                                          | 8,306,704     |                                          |
| Total                                                                                               | \$ 45,020,674  |                                          | \$ 74,743,050 |                                          |



- Note A: During 2004, the Company acquired an additional 24.95% of interests in UMCi Ltd., totaling 227,938 thousand shares amounting to NT\$10,762 million. 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 B: The equity method was applied for investees of which the percentage of ownership directly and indirectly held by the Company was greater than 20%.
- Note C: The equity method was applied for investees in which the Company held the highest percentage of the outstanding voting shares and had significant influences on operating decisions.
- Note D: United Foundry Service, Inc. liquidated in April 2005. All businesses, operations, and assets of the company were transferred to UMC Group (USA).
- Note E: Since January 1, 2005, the Company was no longer a majority stockholder of United Fu Shen Chen Technology Corporation. As the Company had no majority voting rights or significant influences, the cost method was applied.
- Note F: As of June 30, 2005 and 2004, 71,215 thousand shares and 66,109 thousand shares with book values of NT\$959 million and NT\$890 million, respectively, held by the Company in AU Optronics Corp. were utilized as reference shares for the Company's zero coupon exchangeable bonds.
- Note G: The amount represented the investment in limited partnership without voting rights. As the Company was not able to exercise significant influences, the investments were accounted for under the cost method.
- Note H: The amount represented investment in 30 million preferred shares. As the Company did not possess voting rights or significant influence, the cost method was applied.
- b. Investment loss accounted for under the equity method, which were based on the audited financial statements of the investees were NT\$2,144 million and NT\$665 million for the six-month periods ended June 30, 2005 and 2004, respectively. Among which, investment income amounting to NT\$144 million and NT\$306 million for the six-month periods ended June 30, 2005 and 2004, respectively, and the related long-term investment balances of NT\$5,559 million and NT\$5,337 million as of June 30, 2005 and 2004, respectively, were determined based on the investees' financial statements audited by other auditors.
- c. The long-term investments were not pledged.

(8) PROPERTY, PLANT AND EQUIPMENT

| As of June 30, 2005                      |                |                             |                |
|------------------------------------------|----------------|-----------------------------|----------------|
|                                          | Cost           | Accumulated<br>Depreciation | Book Value     |
| Land                                     | \$ 1,132,576   | \$                          | \$ 1,132,576   |
| Buildings                                | 15,860,960     | (4,298,474)                 | 11,562,486     |
| Machinery and equipment                  | 348,877,930    | (222,554,924)               | 126,323,006    |
| Transportation equipment                 | 88,095         | (57,657)                    | 30,438         |
| Furniture and fixtures                   | 2,119,552      | (1,384,660)                 | 734,892        |
| Construction in progress and prepayments | 20,087,650     |                             | 20,087,650     |
| Total                                    | \$ 388,166,763 | \$ (228,295,715)            | \$ 159,871,048 |

| As of June 30, 2004                      |                |                             |                |
|------------------------------------------|----------------|-----------------------------|----------------|
|                                          | Cost           | Accumulated<br>Depreciation | Book Value     |
| Land                                     | \$ 1,132,576   | \$                          | \$ 1,132,576   |
| Buildings                                | 12,119,790     | (3,361,639)                 | 8,758,151      |
| Machinery and equipment                  | 256,262,691    | (164,866,036)               | 91,396,655     |
| Transportation equipment                 | 80,546         | (49,003)                    | 31,543         |
| Furniture and fixtures                   | 1,941,066      | (1,120,607)                 | 820,459        |
| Leased assets                            | 47,783         | (39,819)                    | 7,964          |
| Construction in progress and prepayments | 15,443,534     |                             | 15,443,534     |
| Total                                    | \$ 287,027,986 | \$ (169,437,104)            | \$ 117,590,882 |

- a. Total interest expense before capitalization amounted to NT\$643 million and NT\$758 million for the six-month periods ended June 30, 2005 and 2004, respectively.

Details of capitalized interest are as follows:

| For the six-month period ended June 30, |             |             |
|-----------------------------------------|-------------|-------------|
|                                         | 2005        | 2004        |
| Machinery and equipment                 | \$ 192,785  | \$ 72,557   |
| Other property, plant and equipment     | 2,922       | 2,457       |
| Total interest capitalized              | \$ 195,707  | \$ 75,014   |
| Interest rates applied                  | 2.88%~4.20% | 2.30%~3.38% |

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- b. The insurance coverage for property, plant and equipment was sufficient as of June 30, 2005 and 2004, respectively.
- c. Please refer to Note 6 for property, plant and equipment pledged as collateral.

(9) OTHER ASSETS-OTHERS

|               | As of June 30, |              |
|---------------|----------------|--------------|
|               | 2005           | 2004         |
| Leased assets | \$ 1,363,681   | \$ 1,414,742 |
| Deposits-out  | 584,339        | 722,576      |
| Others        | 121,675        | 122,909      |
| Total         | \$ 2,069,695   | \$ 2,260,227 |

a. The insurance coverage for leased assets was sufficient as of June 30, 2005 and 2004, respectively.

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

(10) SHORT-TERM LOANS

|                      | As of June 30, |              |
|----------------------|----------------|--------------|
|                      | 2005           | 2004         |
| Unsecured bank loans | \$ 1,645,280   | \$ 2,028,600 |
| Interest rates       | 3.22%~3.73%    | 1.38%~1.62%  |

The Company's unused short-term lines of credits amounted to NT\$8,872 million and NT\$9,856 million as of June 30, 2005 and 2004, respectively.

(11) BONDS PAYABLE

|                                  | As of June 30, |               |
|----------------------------------|----------------|---------------|
|                                  | 2005           | 2004          |
| Secured domestic bonds payable   | \$ 1,140,003   | \$ 1,140,003  |
| Unsecured domestic bonds payable | 30,500,000     | 37,750,000    |
| Exchangeable bonds payable       | 3,097,240      | 3,309,661     |
| Total                            | 33,597,240     | 42,199,664    |
| Less: Current portion            | (5,250,000)    | (8,390,003)   |
| Net                              | \$ 28,347,240  | \$ 33,809,661 |

- a. On April 27, 2000, the Company issued five-year secured bonds amounting to NT\$3,990 million. The interest was paid semi-annually with a stated interest rate of 5.6%. The bonds were 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 a 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 December 12, 2001, the Company issued zero coupon convertible redeemable bonds amounting to US\$302.4 million on the Luxembourg Stock Exchange (LSE). The terms and conditions of the bonds are as follows:

- (a) Final Redemption

Unless previously redeemed, repurchased, cancelled or converted, the bonds can be redeemed at 101.675% of their principal amount on March 1, 2004.

- (b) Redemption at the Option of the Company

The Company may redeem all, but not some only, of the bonds, subject to giving no less than 30 nor more than 60 days advance notice, at the early redemption amount, provided that:

- i. On or at any time after June 13, 2003, the closing price of the ADSs on the NYSE or other applicable securities exchange on which the ADSs are listed on any ADSs trading day for 20 out of 30 consecutive ADS trading days ending at any time within the period of 5 ADS trading days prior to the date of the redemption notice shall have been at least 130% of the conversion price or last adjusted conversion price, as the case may be, on each such day, or
- ii. At any time prior to maturity, at least 90% in principal amount of the bonds have already been redeemed, repurchased, cancelled or converted.

- (c) Conversion Period

- i. In respect of the common shares, on or after January 22, 2002 and on or prior to February 20, 2004, or
- ii. In respect of the ADSs, on or after the later of January 22, 2002 and the date on which the shelf registration statement covering the resale of certain ADSs issuable upon conversion of the bonds has been declared effective by the U.S. Securities and Exchange Commission, on or prior to February 20, 2004.

(d) Conversion Price

- i. In respect of the common shares, will be NT\$66.67 per share, and
- ii. In respect of the ADSs, will be US\$9.673 per ADS.

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

(e) Reacquisition of the Bonds

As of June 30, 2004, the Company had reacquired a total amount of US\$63 million of the bonds from the open market. The corresponding loss on the reacquisition amounting to NT\$0.06 million for the six-month period ended June 30, 2004, was recognized as other losses.

(f) Redemption of the Bonds

On February 27, 2004, the remaining balance of bonds was redeemed.

- e. 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 and 2004, certain bondholders have exercised their rights to exchange their bonds with the total principal amount of US\$137 million and US\$131 million, respectively, into AUO shares. The corresponding gains on the exchange amounting to NT\$0 and NT\$3,457 million for the six-month periods ended June 30, 2005 and 2004, respectively, were recognized as gain on disposal of investments.

- f. 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.
- g. On July 15, 2003, the Company issued its second LSE listed zero coupon exchangeable bonds exchangeable for common shares of AUO with an aggregate principal amount of US\$206 million. The issue price was set at 103.0% of the principal amount. 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 July 15, 2008.

(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 January 15, 2004 and on or prior to July 15, 2005, at their principal amount plus a certain premium (the Early Redemption Amount ) and thereafter until July 15, 2008 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 125% of the exchange price then in effect translated into US Dollars at the rate of NT\$34.390 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 any bondholder, redeem such bonds starting on July 15, 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 August 14, 2003 and prior to June 30, 2008, into AUO shares at an exchange price of NT\$36.387 per share, determined on the basis of a fixed exchange rate of NT\$34.390 to US\$1.00; provided however, that if the exercise date falls within five 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, 2004, all bondholders have exercised their rights to exchange their bonds into AUO shares. The corresponding gain on the exchange amounting to NT\$4,349 million for the six-month period ended June 30, 2004, was recognized as a gain on disposal of investments.

- 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>        |
|-------------------------------------------|----------------------|
| 2005 (3 <sup>rd</sup> quarter thereafter) | \$                   |
| 2006                                      | 10,250,000           |
| 2007                                      | 5,347,240            |
| 2008                                      | 10,500,000           |
| 2009                                      |                      |
| 2010 and thereafter                       | 7,500,000            |
| <b>Total</b>                              | <b>\$ 33,597,240</b> |

(12) LONG-TERM LOANS

|                         | <u>As of June 30,</u> |                    |
|-------------------------|-----------------------|--------------------|
|                         | <u>2005</u>           | <u>2004</u>        |
| Secured long-term loans | \$                    | \$ 451,418         |
| Less: Current portion   |                       | (425,046)          |
| <b>Net</b>              | <b>\$</b>             | <b>\$ 26,372</b>   |
| <b>Interest rates</b>   |                       | <b>2.20%~2.22%</b> |

- a. As of June 30, 2004, the Company's long-term loans denominated in foreign currency amounted to US\$13 million;
- b. Assets pledged as collateral to secure these loans are detailed in Note 6.

(13) PENSION FUND

Pension costs amounting to NT\$344 million and NT\$264 million were recognized for the six-month periods ended June 30, 2005 and 2004, respectively. The corresponding totals of the pension fund were NT\$1,013 million and NT\$902 million as of June 30, 2005 and 2004, respectively.

(14) CAPITAL STOCK

- a. As of June 30, 2004, 22,000,000 thousand common shares were authorized to be issued and 16,140,744 thousand common shares were issued, each at a par value of NT\$10.

- b. Based on the resolution of the board of directors meeting on February 26, 2004, the Company merged with SiSMC on July 1, 2004, the effective date, through the issuance of 357,143 thousand new shares at a par value of \$10 each. 2.24 shares of SiSMC were exchanged to 1 share of the Company, the surviving company.

- c. As recommended by the board of directors and amended by the shareholders' meeting on June 1, 2004, the Company issued 1,399,685 thousand new shares from the capitalization of retained earnings that amounted to NT\$13,335 million and capital reserve that amounted to NT\$661 million, of which NT\$12,224 million were stock dividends and NT\$1,111 million were employees' bonus.
- d. On July 22, 2004, the Company wrote off 149,728 thousand shares of treasury stock, which were bought back during the period from August 1 to September 28, 2001 and the period from August 14 to September 25, 2002 for conversion of the convertible bonds.
- e. The employee stock options issued by the Company on October 7, 2002 were exercised into 44,138 thousand shares during 2004. The effective date of issuance of new shares was December 28, 2004.
- f. 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.
- g. 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.
- h. 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.
- i. 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.
- j. 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 the exercise of 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<br>options granted<br>(in thousands) | Total number of<br>options outstanding<br>(in thousands) | Exercise price<br>(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 periods ended June 30, 2005 and 2004, are as follows:

| For the six-month period ended June 30,                              |                                                |                          |                                                |         |
|----------------------------------------------------------------------|------------------------------------------------|--------------------------|------------------------------------------------|---------|
| 2005                                                                 |                                                | 2004                     |                                                |         |
| Option<br>(in thousands)                                             | Weighted-average<br>Exercise<br>Price<br>(NTD) | Option<br>(in thousands) | Weighted-average<br>Exercise<br>Price<br>(NTD) |         |
| Outstanding at beginning of year                                     | 973,858                                        | \$ 18.9                  | 980,664                                        | \$ 18.4 |
| Granted                                                              | 23,460                                         | \$ 18.4                  | 33,330                                         | \$ 25.7 |
| Exercised                                                            | (36,563)                                       | \$ 17.7                  |                                                |         |
| Forfeited                                                            | (15,064)                                       | \$ 19.9                  | (23,692)                                       | \$ 19.2 |
| Outstanding at end of period                                         | 945,691                                        | \$ 18.9                  | 990,302                                        | \$ 18.6 |
| Exercisable at end of period                                         | 357,276                                        |                          |                                                |         |
| Weighted-average fair value of options granted during the year (NTD) | \$ 6.0                                         |                          | \$ 4.5                                         |         |

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

| Outstanding Stock Options |                      |                |                              |                                       | Exercisable Stock Options |                                       |
|---------------------------|----------------------|----------------|------------------------------|---------------------------------------|---------------------------|---------------------------------------|
| Authorization             | Range of<br>Exercise | Option         | Weighted-average<br>Expected | Weighted-average<br>Exercise<br>Price | Option                    | Weighted-average<br>Exercise<br>Price |
| Date                      | Price                | (in thousands) | Remaining Years              | (NTD)                                 | (in thousands)            | (NTD)                                 |

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|          |                |                |     |    |      |                |    |      |
|----------|----------------|----------------|-----|----|------|----------------|----|------|
| 91.09.11 | \$ 17.7~\$19.9 | 779,341        | 1.7 | \$ | 17.8 | 357,276        | \$ | 17.9 |
| 92.10.08 | \$ 23.2~\$27.8 | 126,700        | 3.1 | \$ | 25.6 |                |    |      |
| 93.09.30 | \$ 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:

| For the six-month period ended June 30, 2005 |                          |                            |
|----------------------------------------------|--------------------------|----------------------------|
|                                              | Basic earnings per share | Diluted earnings per share |
| 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 options of 4.4 years.

#### (16) TREASURY STOCK

- a. The Company bought back its own shares from the open market during the six-month periods ended June 30, 2005 and 2004. Details of the treasury stock transactions are as follows:

#### For the six-month period ended June 30, 2005

(In thousands of shares)

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

#### For the six-month period ended June 30, 2004

(In thousands of shares)

| Purpose                                             | As of           | Increase | Decrease | As of         |
|-----------------------------------------------------|-----------------|----------|----------|---------------|
|                                                     | January 1, 2004 |          |          | June 30, 2004 |
| For transfer to employees                           | 49,114          | 192,067  |          | 241,181       |
| For conversion of the convertible bonds into shares | 149,728         |          |          | 149,728       |

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|              |         |         |  |         |
|--------------|---------|---------|--|---------|
| Total shares | 198,842 | 192,067 |  | 390,909 |
|--------------|---------|---------|--|---------|

- b. According to the Securities and Exchange Law of the R.O.C., total shares of treasury stock should not exceed 10% of the Company's stock issued. Total purchase amount should 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 and 2004, was 1,777,943 thousand shares and 1,614,074 thousand shares while the ceiling of the amount was NT\$83,442 million and NT\$74,019 million, respectively. As of June 30, 2005 and 2004, the Company held 567,027 thousand shares and 390,909 thousand shares of treasury stock that amounted to NT\$13,768 million and NT\$12,299 million, respectively.
- c. In compliance with Securities and Exchange Law of the R.O.C., treasury stock should 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 NT\$23.19 and NT\$8.68 per share, respectively. The average closing price during June 2005 was NT\$23.19.

As of June 30, 2004, the Company's subsidiaries, Hsun Chieh Investment Co., Ltd. and Fortune Venture Capital Corporation, held 503,456 thousand shares and 18,340 thousand shares of the Company's stock, with a book value of NT\$24.83 and NT\$9.37 per share, respectively. The average closing price during June 2004 was NT\$24.83.

(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 and 2003 dividend distribution and directors' and supervisors' remuneration are as follows:

|                                                  | 2004             | 2003             |
|--------------------------------------------------|------------------|------------------|
| Cash dividend (per share)                        | \$ 0.10          | \$               |
| Stock dividend (per share)                       | \$ 1.03          | \$ 0.76          |
| Capitalization from reserved capital (per share) | \$               | \$ 0.04          |
| Employees stock dividend                         | \$ 1,973 million | \$ 1,111 million |
| Directors' and supervisors' remuneration         | \$ 27 million    | \$ 13 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:

- 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.
- 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.
- 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 Company's personnel, depreciation, and amortization expenses are summarized as follows:

|                            | For the six-month period ended June 30, |                    |              |                 |                    |              |
|----------------------------|-----------------------------------------|--------------------|--------------|-----------------|--------------------|--------------|
|                            | 2005                                    |                    |              | 2004            |                    |              |
|                            | Operating costs                         | Operating expenses | Total        | Operating costs | Operating expenses | Total        |
| Personnel expenses         |                                         |                    |              |                 |                    |              |
| Salaries                   | \$ 1,590,737                            | \$ 707,813         | \$ 2,298,550 | \$ 2,820,736    | \$ 884,599         | \$ 3,705,335 |
| Labor and health insurance | 202,468                                 | 55,159             | 257,627      | 177,328         | 47,710             | 225,038      |
| Pension                    | 254,043                                 | 89,986             | 344,029      | 192,236         | 71,633             | 263,869      |
| Other personnel expenses   | 29,028                                  | 8,065              | 37,093       | 29,328          | 7,466              | 36,794       |
| Depreciation               | 21,159,529                              | 911,915            | 22,071,444   | 17,345,727      | 933,927            | 18,279,654   |
| Amortization               | 73,478                                  | 968,702            | 1,042,180    | 31,812          | 451,033            | 482,845      |

The numbers of employees as of June 30, 2005 and 2004, were 11,588 and 9,662, respectively.

(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                                    | 2004         |
| Income tax on pre-tax income at statutory tax rate | \$ 831,762                              | \$ 4,907,307 |
| Permanent differences                              | (757,916)                               | (4,442,722)  |
| Change in investment tax credit                    | 6,512,323                               | 1,088,110    |
| Change in valuation allowance                      | (6,586,169)                             | (1,523,310)  |
| Income tax on interest revenue separately taxed    | 397                                     | 4,098        |
| Income tax expense                                 | \$ 397                                  | \$ 33,483    |

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

| As of June 30, |      |
|----------------|------|
| 2005           | 2004 |

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|                                                   | <u>Amount</u> | <u>Tax effect</u> | <u>Amount</u> | <u>Tax effect</u> |
|---------------------------------------------------|---------------|-------------------|---------------|-------------------|
| Deferred income tax assets                        |               |                   |               |                   |
| Investment tax credit                             |               | \$ 15,124,463     |               | \$ 17,416,622     |
| Loss carry-forward                                | \$ 14,994,930 | 3,748,732         | \$ 14,953,722 | 3,738,431         |
| Pension                                           | 2,962,723     | 740,681           | 2,356,540     | 589,135           |
| Allowance on sales returns and discounts          | 382,310       | 95,578            | 638,934       | 159,733           |
| Allowance for loss on obsolescence of inventories | 811,580       | 202,895           | 453,531       | 113,383           |
| Others                                            | 282,944       | 70,736            | 166,866       | 41,716            |
|                                                   |               | <u>          </u> |               | <u>          </u> |
| Total deferred income tax assets                  |               | 19,983,085        |               | 22,059,020        |
| Valuation allowance                               |               | (8,975,040)       |               | (10,576,722)      |
|                                                   |               | <u>          </u> |               | <u>          </u> |
| Net deferred income tax assets                    |               | 11,008,045        |               | 11,482,298        |
|                                                   |               | <u>          </u> |               | <u>          </u> |

|                                              | As of June 30, |              |              |              |
|----------------------------------------------|----------------|--------------|--------------|--------------|
|                                              | 2005           |              | 2004         |              |
|                                              | Amount         | Tax effect   | Amount       | Tax effect   |
| Deferred income tax liabilities              |                |              |              |              |
| Unrealized exchange gain                     | (548,978)      | (137,245)    | (1,608,131)  | (402,033)    |
| Depreciation                                 | (14,139,585)   | (3,534,896)  | (15,477,444) | (3,869,361)  |
| Total deferred income tax liabilities        |                | (3,672,141)  |              | (4,271,394)  |
| Total net deferred income tax assets         |                | \$ 7,335,904 |              | \$ 7,210,904 |
| Deferred income tax assets - current         |                | \$ 5,255,111 |              | \$ 7,820,060 |
| Deferred income tax liabilities - current    |                | (137,245)    |              | (420,033)    |
| Valuation allowance                          |                | (1,704,337)  |              | (4,589,087)  |
| Net                                          |                | 3,413,529    |              | 2,810,940    |
| Deferred income tax assets - noncurrent      |                | 14,727,974   |              | 14,238,960   |
| Deferred income tax liabilities - noncurrent |                | (3,534,896)  |              | (3,869,361)  |
| Valuation allowance                          |                | (7,270,703)  |              | (5,987,635)  |
| Net                                          |                | 3,922,375    |              | 4,381,964    |
| Total net deferred income tax assets         |                | \$ 7,335,904 |              | \$ 7,210,904 |

- 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 Company earns investment tax credits for the amount invested in production equipment, research and development, and employee training.

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

| Expiration Year | Investment tax credits earned | Balance of unused investment tax credits |
|-----------------|-------------------------------|------------------------------------------|
| 2005            | \$4,323,403                   | \$1,844,524                              |
| 2006            | 3,656,565                     | 3,656,565                                |
| 2007            | 1,996,790                     | 1,996,790                                |
| 2008            | 3,166,290                     | 3,166,290                                |
| 2009            | 4,460,294                     | 4,460,294                                |

|       |              |              |
|-------|--------------|--------------|
| Total | \$17,603,342 | \$15,124,463 |
|-------|--------------|--------------|

- f. Under the rules of the Income Tax Law of the R.O.C., net loss can be carried forward for 5 years. As of June 30, 2005, the unutilized accumulated loss was as follows:

| <u>Expiration Year</u>                       | <u>Accumulated loss</u> | <u>Unutilized accumulated loss</u> |
|----------------------------------------------|-------------------------|------------------------------------|
| 2006                                         | \$11,096,582            | \$11,096,582                       |
| 2007                                         | 3,857,140               | 3,857,140                          |
| 2008 (Transferred in from merger with SiSMC) | 2,283                   | 2,283                              |
| 2009 (Transferred in from merger with SiSMC) | 38,925                  | 38,925                             |
| <b>Total</b>                                 | <b>\$14,994,930</b>     | <b>\$14,994,930</b>                |

- g. The balance of the Company's imputation credit accounts as of June 30, 2005 and 2004 were NT\$67 million and NT\$76 million, respectively. The actual creditable ratio for 2004 and 2003 was 0.23% and 0.69%, respectively.
- h. The ending balances of unappropriated earnings as of June 30, 2005 and 2004 were as follows:

|                          | <u>As of June 30,</u> |                      |
|--------------------------|-----------------------|----------------------|
|                          | <u>2005</u>           | <u>2004</u>          |
| Prior to January 1, 1998 | \$ 16,565             | \$ 16,565            |
| After January 1, 1998    | 3,622,790             | 20,121,962           |
| <b>Total</b>             | <b>\$ 3,622,790</b>   | <b>\$ 20,138,527</b> |

## (20) EARNINGS PER SHARE

- a. The Company 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 and 2004, is disclosed as follows:

|                                        | <u>For the six-month period ended</u> |                                          |
|----------------------------------------|---------------------------------------|------------------------------------------|
|                                        | <u>June 30,</u>                       |                                          |
|                                        | <u>2005</u>                           | <u>2004<br/>(retroactively adjusted)</u> |
| <i>(shares expressed in thousands)</i> |                                       |                                          |
| Income before income tax               | \$ 1,818,097                          | \$ 19,629,266                            |
| Effect of dilution:                    |                                       |                                          |
| Employee stock options                 |                                       |                                          |
| Convertible bonds                      |                                       | 39,626                                   |

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|                                                     |                     |                      |
|-----------------------------------------------------|---------------------|----------------------|
| Adjusted income before income tax assuming dilution | <u>\$ 1,818,097</u> | <u>\$ 19,668,892</u> |
|-----------------------------------------------------|---------------------|----------------------|

| (shares expressed in thousands)                                   | For the six-month period ended<br>June 30, |                                     |
|-------------------------------------------------------------------|--------------------------------------------|-------------------------------------|
|                                                                   | 2005                                       | 2004<br>(retroactively<br>adjusted) |
| Net income                                                        | \$ 1,817,700                               | \$ 19,595,783                       |
| Effect of dilution:                                               |                                            |                                     |
| Employee stock options                                            |                                            |                                     |
| Convertible bonds                                                 |                                            | 29,720                              |
| Adjusted net income assuming dilution                             | \$ 1,817,700                               | \$ 19,625,503                       |
| Weighted-average of shares outstanding                            | 16,579,598                                 | 16,705,273                          |
| Effect of dilution:                                               |                                            |                                     |
| Employee stock options                                            | 92,221                                     | 345,074                             |
| Convertible bonds                                                 |                                            | 44,910                              |
| Adjusted weighted-average of shares outstanding assuming dilution | 16,671,819                                 | 17,095,257                          |
| Earnings per share-basic (NTD)                                    |                                            |                                     |
| Income before income tax                                          | \$ 0.11                                    | \$ 1.18                             |
| Net income                                                        | \$ 0.11                                    | \$ 1.17                             |
| Earnings per share-diluted (NTD)                                  |                                            |                                     |
| Income before income tax                                          | \$ 0.11                                    | \$ 1.15                             |
| Net income                                                        | \$ 0.11                                    | \$ 1.15                             |

- b. Pro forma information on earnings as if subsidiaries investment in the Company is not treated as treasury stock is set out as follows:

| (shares expressed in thousands)                                                     | For the six-month period ended<br>June 30, 2005 |              |
|-------------------------------------------------------------------------------------|-------------------------------------------------|--------------|
|                                                                                     | Basic                                           | Diluted      |
| Net income                                                                          | \$ 1,817,700                                    | \$ 1,817,700 |
| Weighted-average of shares outstanding:                                             |                                                 |              |
| Beginning balance                                                                   | 17,550,801                                      | 17,550,801   |
| Purchase of 374,960 thousand shares of treasury stock from January 1 to June 30     | (39,313)                                        | (39,313)     |
| Exercise of 36,563 thousand units of employees stock options                        | 20,172                                          | 20,172       |
| Dilutive shares of employee stock options accounted for under treasury stock method |                                                 | 92,221       |
| Ending balance                                                                      | 17,531,660                                      | 17,623,881   |

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|                    |    |                   |                   |
|--------------------|----|-------------------|-------------------|
| Earnings per share |    |                   |                   |
| Net income (NTD)   | \$ | 0.10              | \$ 0.10           |
|                    |    | <u>          </u> | <u>          </u> |

|                                                                                       | For the six-month period ended<br>June 30, 2004 |               |
|---------------------------------------------------------------------------------------|-------------------------------------------------|---------------|
|                                                                                       | (retroactively adjusted)                        |               |
| <i>(shares expressed in thousands)</i>                                                | Basic                                           | Diluted       |
| Net income                                                                            | \$ 19,595,783                                   | \$ 19,625,503 |
| Weighted-average of shares outstanding:                                               |                                                 |               |
| Beginning balance                                                                     | 15,941,901                                      | 15,941,901    |
| Purchase of 192,067 thousand shares of treasury stock from January 1 to June 30, 2004 | (50,445)                                        | (50,445)      |
| Stock dividends and employees' bonus at 8.7% in 2004                                  | 1,380,957                                       | 1,380,957     |
| Dilutive shares of employee stock options accounted for under treasury stock method   |                                                 | 345,074       |
| Dilutive shares issued assuming conversion of bonds                                   |                                                 | 44,910        |
| Ending balance                                                                        | 17,272,413                                      | 17,662,397    |
| Earnings per share                                                                    |                                                 |               |
| Net income (NTD)                                                                      | \$ 1.13                                         | \$ 1.11       |

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

|                                                            | For the period ended June 30, 2005                             |               |
|------------------------------------------------------------|----------------------------------------------------------------|---------------|
|                                                            | Basic                                                          | Diluted       |
| Net income                                                 | \$ 1,817,700                                                   | \$ 1,817,700  |
| Weighted-average of shares outstanding:                    |                                                                |               |
| Shares (capitalization of 2004 earnings ordinary at 11.4%) | 18,477,495                                                     | 18,580,272    |
| Earnings per share (NTD)                                   | \$ 0.10                                                        | \$ 0.10       |
|                                                            | For the period ended June 30, 2004<br>(retroactively adjusted) |               |
|                                                            | Basic                                                          | Diluted       |
| Net income                                                 | \$ 19,595,783                                                  | \$ 19,625,503 |
| Weighted-average of shares outstanding:                    |                                                                |               |
| Shares (capitalization of 2004 earnings ordinary at 11.4%) | 18,617,557                                                     | 19,052,183    |
| Earnings per share (NTD)                                   | \$ 1.05                                                        | \$ 1.03       |



(21) MERGER

In order to integrate resources, reduce operating costs, enlarge business scales, and improve its financial structure, profitability and global competitiveness, based on the resolution of the board of directors' meeting on February 26, 2004, the Company merged with SiSMC, the dissolved company, on July 1, 2004. 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. The accounting treatment regarding the merger is in compliance with the R.O.C. SFAS No. 25 Enterprise Mergers Accounting of Purchase Method.

Relevant information required by R.O.C. SFAS No. 25 is disclosed as follows:

a. Information of the dissolved company:

SiSMC was split from Silicon Integrated Systems Corp. on December 15, 2003. It was mainly engaged in manufacturing of integrated circuits and components of semiconductors.

b. Effective date, percentage of acquisition and accounting treatment:

Based on the agreement and the resolution of the board of directors' meeting, the effective date of the merger was July 1, 2004. All the stocks of the dissolved company were exchanged by the surviving company's newly issued shares, and the merger was accounted for under the purchase method.

c. The period of combining the dissolved company's operating result:

The operating result for the period from July 1, 2004 to December 31, 2004 of the dissolved company was integrated into the operating result of the Company.

d. Acquisition costs and the types, quantities, and amounts of securities issued for the merger:

According to the agreement, 357,143 thousand common shares, amounting to NT\$3,571 million, were newly issued by the Company for the merger. The newly issued shares were allocated to the dissolved company's shareholders in proportion to their ownership. 2.24 common shares were exchanged for 1 new share. Since SiSMC was not a listed company, there is no market value. Thus, the acquisition cost was determined based on the appraisal report made by China Property Appraising Center Co., Ltd.

e. Amortization method and useful lives for goodwill or deferred credit:

The difference between the acquisition cost and the fair value of identifiable net assets was recognized as goodwill, which is amortized under the straight-line method for 15 years according to the Article 35 of Enterprise Mergers and Acquisitions Law of the R.O.C.



- f. Contingent price, warrants, or commitments and accounting treatments in the merger contracts:

None.

- g. Decisions of disposal of significant assets from the merger:

None.

- h. Pro forma information on operating results:

The operating result for the period from July 1, 2004 to December 31, 2004 of the dissolved company was consolidated into the financial statements of the Company.

The pro forma operating results from January 1, 2004 to June 30, 2004 of SiSMC are included in the following pro forma information. The pro forma information on the operating results stated below is based on the assumption that the Company merged with SiSMC on January 1, 2004.

| <i>(Shares expressed in thousands)</i> | <b>For the six-month period<br/>ended June 30, 2004</b> |            |
|----------------------------------------|---------------------------------------------------------|------------|
| Net operating revenues                 | \$                                                      | 56,758,278 |
| Net income                             | \$                                                      | 18,422,384 |
| Weighted-average of shares outstanding |                                                         | 17,093,452 |
| Earnings per share-basic (NTD)         | \$                                                      | 1.08       |

## 5. RELATED PARTY TRANSACTIONS

- (1) Name and Relationship of Related Parties

| <b>Name of related parties</b>                                                  | <b>Relationship with the Company</b> |
|---------------------------------------------------------------------------------|--------------------------------------|
| UMC Group (USA) (UMC-USA)                                                       | Equity investee                      |
| United Foundry Service, Inc. (liquidated in April 2005)                         | Equity investee                      |
| United Microelectronics (Europe) B.V. (UME BV)                                  | Equity investee                      |
| UMC Capital Corporation                                                         | Equity investee                      |
| United Microelectronics Corp. (Samoa)                                           | Equity investee                      |
| Fortune Venture Capital Corporation (Fortune)                                   | Equity investee                      |
| Hsun Chieh Investment Co., Ltd. (Hsun Chieh)                                    | Equity investee                      |
| UMCi Ltd.                                                                       | Equity investee                      |
| United Microdisplay Optonics Corp. (UMO)                                        | Equity investee                      |
| UMC Japan (UMCJ)                                                                | Equity investee                      |
| 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                      |

| Name of related parties                                                             | Relationship with the Company |
|-------------------------------------------------------------------------------------|-------------------------------|
| Unimicron Technology Corp.                                                          | Equity investee               |
| Novatek Microelectronics Corp.                                                      | Equity investee               |
| Faraday Technology Corp. (Faraday)                                                  | Equity investee               |
| Silicon Integrated Systems Corp.                                                    | Equity investee               |
| AMIC Technology Corporation. (AMIC)                                                 | Equity investee               |
| Pacific Venture Capital Co., Ltd.                                                   | Equity investee               |
| Aptos (Taiwan) Corporation (Aptos)                                                  | Equity investee               |
| Thintek Optronics Corporation                                                       | Equity investee               |
| Chiao Tung Bank Co., Ltd. (Chiao Tung) (ceded the supervisory role on May 30, 2005) | The Company's supervisor      |
| Unitruth Investment Corporation. (Unitruth)                                         | Subsidiary's equity investee  |
| 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          |            | 2004          |            |
|                                         | Amount        | Percentage | Amount        | Percentage |
| UMC-USA                                 | \$ 18,179,163 | 46         | \$ 24,508,013 | 45         |
| UME BV                                  | 3,818,862     | 9          | 8,431,152     | 15         |
| Others                                  | 5,996,113     | 15         | 4,139,145     | 8          |
| Total                                   | \$ 27,994,138 | 70         | \$ 37,078,310 | 68         |

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.

## b. Purchases

| For the six-month period ended June 30, |              |            |            |            |
|-----------------------------------------|--------------|------------|------------|------------|
|                                         | 2005         |            | 2004       |            |
|                                         | Amount       | Percentage | Amount     | Percentage |
| UMCi                                    | \$ 1,244,347 | 12         | \$ 65,324  | 1          |
| Others                                  |              |            | 135,435    | 1          |
| Total                                   | \$ 1,244,347 | 12         | \$ 200,759 | 2          |

The purchases from the above related parties were dealt with in the ordinary course of business similar to those from third-party suppliers. The payment terms for purchases from overseas were net 60 days for the related parties and net 30~90 days for the third-party suppliers, while the terms for domestic purchases were month-end 60~90 days for the related parties and month-end 30~90 days for the third-party suppliers.

## c. Notes receivable

| As of June 30, |           |            |            |            |
|----------------|-----------|------------|------------|------------|
|                | 2005      |            | 2004       |            |
|                | Amount    | Percentage | Amount     | Percentage |
| Holtek         | \$ 57,853 | 100        | \$ 60,094  | 52         |
| AMIC           |           |            | 53,659     | 46         |
| Others         |           |            | 830        | 1          |
| Total          | \$ 57,853 | 100        | \$ 114,583 | 99         |

## d. Accounts receivable, net

| As of June 30, |              |            |              |            |
|----------------|--------------|------------|--------------|------------|
|                | 2005         |            | 2004         |            |
|                | Amount       | Percentage | Amount       | Percentage |
| UMC-USA        | \$ 3,550,827 | 37         | \$ 6,071,240 | 39         |
| UME BV         | 704,927      | 7          | 3,028,808    | 19         |
| Others         | 1,975,107    | 21         | 1,434,544    | 9          |
| Total          | 6,230,861    | 65         | 10,534,592   | 67         |

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|                                                 |              |              |
|-------------------------------------------------|--------------|--------------|
| Less: Allowance for sales returns and discounts | (275,248)    | (630,803)    |
| Less: Allowance for doubtful accounts           | (122,846)    | (108,116)    |
| Net                                             | \$ 5,832,767 | \$ 9,795,673 |

e. Financial activities

Other receivables related parties

| For the six-month period ended June 30, 2005 |                 |       |                |               |                  |
|----------------------------------------------|-----------------|-------|----------------|---------------|------------------|
|                                              | Maximum balance |       | Ending balance | Interest rate | Interest revenue |
|                                              | Amount          | Month |                |               |                  |
| UMCi                                         | \$ 5,137,760    | March | \$             | 2.74%~3.05%   | \$ 7,669         |

## Loans

## For the six-month period ended June 30, 2004

|            | Maximum balance |         | Ending balance | Interest rate | Interest expense |
|------------|-----------------|---------|----------------|---------------|------------------|
|            | Amount          | Month   |                |               |                  |
| Chiao Tung | \$ 282,547      | January | \$ 162,923     | 1.83%~2.53%   | \$ 1,529         |

## f. Property, plant and equipment transactions

## For the six-month period ended June 30, 2005

|            | Item                                  | Amount            |
|------------|---------------------------------------|-------------------|
| Fortune    | Purchase of Aptos stock               | \$ 140,231        |
| Fortune    | Purchase of Epitech Corporation stock | 185,840           |
| Hsun Chieh | Purchase of Epitech Corporation stock | 97,658            |
| Unitruth   | Purchase of Epitech Corporation stock | 16,495            |
|            |                                       | <u>\$ 440,224</u> |

## For the six-month period ended June 30, 2004

|      | Item                   | Amount              |
|------|------------------------|---------------------|
| UMCJ | Purchase of UMCi Stock | <u>\$ 3,947,580</u> |

In 2004, the Company acquired 90,000 thousand shares of UMCi from UMCJ amounting to approximately NT\$3,948 million. The purchase price of US\$1.3 per share was based on UMCi's net asset value, considerations of future industry competition and operating strategies. The Company has complied with Regulations Governing the Acquisition or Disposition of Assets by Public Companies to obtain fairness opinions from a security expert and a Certified Public Accountant to evaluate the reasonableness of the purchase price. Gains arising from the upstream transaction amounting to NT\$475 million were recognized by UMCJ, and the Company eliminated NT\$254 million in proportion to its ownership percentage while recognizing the investment gain or loss of UMC Japan.

## g. Other transactions

The Company has made several other transactions, including service charges, development expenses of intellectual property, subcontract expenses, and commissions etc., with related parties totaling approximately NT\$413 million and NT\$634 million for the six-month periods ended June 30, 2005 and 2004, respectively.



As of June 30, 2005, the 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. As of June 30, 2004, the development contracts of intellectual property entered into with Faraday have amounted to approximately NT\$1,719 million, and a total amount of NT\$677 million has been paid.

The Company has purchased approximately NT\$166 million and NT\$222 million of masks from Toppan during the six-month periods ended June 30, 2005 and 2004, respectively.

6. ASSETS PLEDGED AS COLLATERAL

As of June 30, 2005

|                                | <u>Amount</u> | <u>Financial institution<br/>that assets were pledged to</u> | <u>Purpose of pledge</u>  |
|--------------------------------|---------------|--------------------------------------------------------------|---------------------------|
| Deposits-out<br>(Time deposit) | \$ 523,730    | Customs                                                      | Customs duty<br>guarantee |

As of June 30, 2004

|                                | <u>Amount</u>       | <u>Financial institution<br/>that assets were pledged to</u> | <u>Purpose of pledge</u>             |
|--------------------------------|---------------------|--------------------------------------------------------------|--------------------------------------|
| Deposits-out<br>(Time deposit) | \$ 513,627          | Customs                                                      | Customs duty<br>guarantee            |
| Machinery and equipment        | 5,909,993           | The International Commercial<br>Bank of China, etc.          | Bonds payable and<br>long-term loans |
| <b>Total</b>                   | <b>\$ 6,423,620</b> |                                                              |                                      |

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 NT\$18.9 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 <sup>rd</sup> quarter thereafter) | \$ 3,228,821        |
| 2006                                      | 1,464,037           |
| 2007                                      | 1,566,904           |
| 2008                                      | 286,564             |
| 2009                                      | 131,479             |
| <b>Total</b>                              | <b>\$ 6,677,805</b> |

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- (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 Company entered into several operating lease contracts for land in Hsinchu Science Park, Tainan Science Park, and Pasir Ris Wafer Fab Park in Singapore. These operating leases expire in various years through 2032 and are renewable. Future minimum lease payments under those leases are as follows:

| <b>For the year ended December 31,</b> | <b>Amount</b>       |
|----------------------------------------|---------------------|
| 2005 (3rd quarter thereafter)          | \$ 97,317           |
| 2006                                   | 194,874             |
| 2007                                   | 181,048             |
| 2008                                   | 178,534             |
| 2009                                   | 178,857             |
| 2010 and thereafter                    | 2,012,836           |
| <b>Total</b>                           | <b>\$ 2,843,466</b> |

- (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 EVENT

None.

10. OTHERS

(1) Certain comparative amounts have been reclassified to conform to the current year's presentation.

(2) Financial instruments

|                                             | As of June 30, |               |               |               |
|---------------------------------------------|----------------|---------------|---------------|---------------|
|                                             | 2005           |               | 2004          |               |
|                                             | Book Value     | Fair Value    | Book Value    | Fair Value    |
| <b>Non-derivative Financial Instruments</b> |                |               |               |               |
| Financial assets                            |                |               |               |               |
| Cash and cash equivalents                   | \$ 68,065,457  | \$ 68,065,457 | \$ 82,488,024 | \$ 82,488,024 |
| Marketable securities                       | 3,058,579      | 3,164,734     | 3,102,600     | 3,403,912     |
| Notes and accounts receivables              | 10,258,765     | 10,258,765    | 16,443,450    | 16,443,450    |
| Long-term investments                       | 45,020,674     | 84,194,312    | 74,743,050    | 118,148,791   |
| Deposits-out                                | 584,339        | 584,339       | 722,576       | 722,576       |
| Financial liabilities                       |                |               |               |               |
| Short-term loans                            | 1,645,280      | 1,645,280     | 2,028,600     | 2,028,600     |
| Payables                                    | 14,357,843     | 14,357,843    | 17,898,358    | 17,898,358    |
| Capacity deposits (current portion)         | 649,633        | 649,633       | 1,094,546     | 1,094,546     |
| Bonds payable (current portion included)    | 33,597,240     | 34,435,174    | 42,199,664    | 43,721,530    |
| Long-term loans (current portion included)  |                |               | 451,418       | 451,418       |

|                                                               | As of June 30, |              |              |              |
|---------------------------------------------------------------|----------------|--------------|--------------|--------------|
|                                                               | 2005           |              | 2004         |              |
|                                                               | Book Value     | Fair Value   | Book Value   | Fair Value   |
| <b>Derivative Financial Instruments</b>                       |                |              |              |              |
| Credit-linked deposits and repackaged bonds - Trading purpose | \$ 1,216,108   | \$ 1,216,108 | \$ 1,879,338 | \$ 1,879,338 |
| Interest rate swaps - Non-trading purpose                     | (11,059)       | (578,783)    | 4,594        | (516,400)    |
| Forward contracts - Non-trading purpose                       | (16,416)       | (16,416)     | (21,549)     | (21,549)     |
| Options contracts - Trading purpose                           |                |              |              | (3,200)      |

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, short-term loans, current portion of capacity deposits and payables.
  - 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.
- (3) The Company and its subsidiary, UMC Japan, held credit-linked deposits and repackaged 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 repackaged 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

| Credit-linked deposits and repackaged bonds referenced to | Amount |             | Due Date   |
|-----------------------------------------------------------|--------|-------------|------------|
| UMC Japan European Convertible Bonds                      | JPY    | 500 million | 2007.03.29 |
| UMC Japan European Convertible Bonds                      | JPY    | 400 million | 2007.11.29 |

As of June 30, 2004

The Company

| Credit-linked deposits and repackaged bonds referenced to                       | Amount |             | Due Date   |
|---------------------------------------------------------------------------------|--------|-------------|------------|
| Siliconware Precision Industries Co., Ltd. European Convertible Bonds and Loans | USD    | 5 million   | 2004.08.01 |
| Siliconware Precision Industries Co., Ltd. European Convertible Bonds and Loans | NTD    | 400 million | 2007.02.05 |
| Siliconware Precision Industries Co., Ltd. European Convertible Bonds & Loans   | NTD    | 200 million | 2007.02.05 |
| Chi Feng Blinds Industry Co., Ltd. European Convertible Bonds                   | USD    | 2 million   | 2005.12.19 |
| Hannstar Display Corporation European Convertible Bonds                         | USD    | 5 million   | 2005.10.19 |
| UMC Japan European Convertible Bonds                                            | JPY    | 640 million | 2007.03.28 |
| UMC Japan European Convertible Bonds                                            | JPY    | 600 million | 2007.11.29 |
| UMC Japan European Convertible Bonds                                            | JPY    | 400 million | 2007.11.29 |
| Cathay Financial Holding Co., Ltd. European Convertible Bonds                   | USD    | 3 million   | 2005.05.23 |
| Cathay Financial Holding Co., Ltd. European Convertible Bonds                   | USD    | 2 million   | 2005.05.23 |
| Advanced Semiconductor Engineering Inc. European Convertible Bonds and Loans    | NTD    | 200 million | 2007.09.25 |

UMC Japan

| Credit-linked deposits and repackaged bonds referenced to | Amount |               | Due Date   |
|-----------------------------------------------------------|--------|---------------|------------|
| UMC Japan European Convertible Bonds                      | JPY    | 1,100 million | 2007.03.29 |
| UMC Japan European Convertible Bonds                      | JPY    | 1,000 million | 2007.11.29 |
| UMC Japan European Convertible Bonds                      | JPY    | 2,000 million | 2007.11.28 |

## 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. The Company and its subsidiary, UMC Japan, have selected reference entities with high credit ratings 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.

- (4) 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 and 2004, the Company had the following interest rate swap agreements in effect:

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

- 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

| Type              | Notional Amount      | Contract Period                |
|-------------------|----------------------|--------------------------------|
| 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

| Type              | Notional Amount      | Contract Period                |
|-------------------|----------------------|--------------------------------|
| Forward contracts | Sell USD 2.1 million | June 14, 2005 to July 29, 2005 |



As of June 30, 2004

The Company

| <u>Type</u>      | <u>Notional Amount</u>                                           | <u>Contract Period</u>        |
|------------------|------------------------------------------------------------------|-------------------------------|
| Forward contract | Buy EUR 2 million<br>Buy JPY 447 million<br>Sell USD 225 million | June 1, 2004 to July 29, 2004 |

- c. The details of options contracts are as follows:

As of June 30, 2004

- (a) Sell

| <u>Type</u>                  | <u>Notional Amount</u> | <u>Contract Period</u>          |
|------------------------------|------------------------|---------------------------------|
| Sell USD/Buy NTD (European)  | USD 5 million          | April 12, 2004 to July 12, 2004 |
| Sell USD /Buy JPY (European) | USD 5 million          | April 12, 2004 to July 12, 2004 |

- (b) Buy

| <u>Type</u>                 | <u>Notional Amount</u> | <u>Contract Period</u>          |
|-----------------------------|------------------------|---------------------------------|
| Sell USD/Buy NTD (European) | USD 5 million          | April 12, 2004 to July 12, 2004 |

- d. 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.

(5) The presentation of derivative financial instruments on financial statements

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

The Company

As of June 30, 2005 and 2004, the balances of current liabilities and assets arising from interest rate swap were NT\$11 million and NT\$5 million, respectively.

The balance arising from forward contracts amounting NT\$16 million was under current liabilities in the balance sheet as of June 30, 2005. As of June 30, 2004, the balances are disclosed separately under current assets and liabilities, amounting to NT\$7 million and NT\$29 million, respectively. The related exchange losses for the six-month periods ended June 30, 2005 and 2004, amounting to NT\$170 million and NT\$241 million, respectively, were recognized under non-operating expenses.

Net exchange loss arising from options contracts as of June 30, 2004, amounted to NT\$12 million.

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

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 1.
- b. Endorsement/Guarantee provided to others for the six-month period ended June 30, 2005 : Please refer to Attachment 2.
- c. Securities held as of June 30, 2005 : Please refer to Attachment 3.
- 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 4.

- 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 5.
- 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 6.
- 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 7.
- 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 8.
- i. Names, locations and related information of investees as of June 30, 2005 : Please refer to Attachment 9.
- j. Derivative financial instruments : Please refer to Note 10.

(2) Investment in Mainland China

None.

ATTACHMENT-1 (Financing provided to others for the six-month period ended June 30, 2005)

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

| 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 |
|---------|------------------|---------------------------------|--------------------------------|----------------|---------------|---------------------|--------------------------------------------------|----------------------|---------------------------------|------------|-------|-------------------------------------------------------|
|         |                  |                                 |                                |                |               |                     |                                                  |                      |                                 | Item       | Value |                                                       |
|         | UMCi Ltd.        | Other receivables               | \$ 5,137,760                   | \$             | 2.74%~3.05%   | Note                | N/A                                              | Operating capital    | N/A                             | N/A        | N/A   | N/A                                                   |
| p (USA) | Former Employees | Receivable from employees loans | USD 691                        | USD 691        | 7%            | Note                | N/A                                              | Employee loan        | -                               | Securities | Lower | N/A                                                   |

Note : Need for short-term financing.

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

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

| Endorser/Guarantor | Receiving party | Relationship | Limit of<br>guarantee/endorsement<br>amount for receiving<br>party | Maximum balance<br>for the period | Ending balance | Amount of collateral<br>guarantee/endorsement | Ratio of accumulated<br>guarantee amount to net<br>assets value from the<br>latest financial statement | Limit<br>guarantee/<br>am |
|--------------------|-----------------|--------------|--------------------------------------------------------------------|-----------------------------------|----------------|-----------------------------------------------|--------------------------------------------------------------------------------------------------------|---------------------------|
|--------------------|-----------------|--------------|--------------------------------------------------------------------|-----------------------------------|----------------|-----------------------------------------------|--------------------------------------------------------------------------------------------------------|---------------------------|

## ATTACHMENT-3 (Securities held as of June 30, 2005)

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

**United Microelectronics Corporation**

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

## ATTACHMENT-3 (Securities held as of June 30, 2005)

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

United Microelectronics Corporation

June 30, 2005

| Type of securities | Name of securities                   | Relationship     | Financial            | Units(thousand)/bonds/<br>shares(thousand) | Book<br>value | Percentage of<br>ownership(%) | Market<br>value/<br>Net assets value(thou | Share<br>colla |
|--------------------|--------------------------------------|------------------|----------------------|--------------------------------------------|---------------|-------------------------------|-------------------------------------------|----------------|
|                    |                                      |                  | statement            |                                            |               |                               |                                           |                |
|                    |                                      |                  | account              |                                            |               |                               |                                           |                |
| Stock              | Thintek Semiconductor Corp.          | Investee company | Long-term investment | 3,565                                      | \$ 30,383     | 14.26                         | \$ 14,699                                 | No             |
| Stock              | Novatek Microelectronics Corp.       | Investee company | Long-term investment | 52,823                                     | 1,428,604     | 13.24                         | 7,368,752                                 | No             |
| Stock              | AMIC Technology Corporation          | Investee company | Long-term investment | 16,200                                     | 60,134        | 11.83                         | 89,664                                    | No             |
| Stock              | Aptos (Taiwan) Corp.                 | Investee company | Long-term investment | 16,100                                     | 108,755       | 9.72                          | 103,188                                   | No             |
| Stock              | Epitech Corp.                        | -                | Long-term investment | 10,554                                     | 299,993       | 10.08                         | Note                                      | No             |
| Stock              | United Industrial Gases Co., Ltd.    | -                | Long-term investment | 13,185                                     | 146,250       | 8.11                          | Note                                      | No             |
| Stock              | MediaTek Incorporation               | -                | Long-term investment | 58,033                                     | 726,309       | 7.54                          | 16,152,772                                | No             |
| Stock              | Industrial Bank of Taiwan Corp.      | -                | Long-term investment | 118,303                                    | 1,139,196     | 4.95                          | Note                                      | No             |
| Stock              | Subtron Technology Co., Ltd.         | -                | Long-term investment | 11,520                                     | 172,800       | 4.92                          | Note                                      | No             |
| Stock              | South Epitaxy Corporation            | -                | Long-term investment | 7,060                                      | 143,661       | 4.15                          | 184,793                                   | No             |
| Stock              | Chipbond Technology Corporation      | -                | Long-term investment | 6,440                                      | 174,735       | 3.20                          | 258,303                                   | No             |
| Stock              | Billinton Systems Inc.               | -                | Long-term investment | 1,826                                      | 30,948        | 2.71                          | 38,042                                    | No             |
| Stock              | AU Optronics Corp.                   | -                | Long-term investment | 71,215                                     | 959,082       | 1.44                          | 3,777,963                                 | No             |
| Stock              | Mega Financial Holding Company       | -                | Long-term investment | 95,577                                     | 3,108,656     | 0.84                          | 1,991,056                                 | No             |
| Stock              | Premier Image Technology Corporation | -                | Long-term investment | 3,395                                      | 27,964        | 0.61                          | 121,784                                   | No             |
| Fund               | Pacific Technology Partners, L.P.    | -                | Long-term investment |                                            | 359,722       |                               | Note                                      | No             |
| Fund               | Pacific United Technology, L.P.      | -                | Long-term investment |                                            | 126,560       |                               | Note                                      | No             |
| Preferred stock    | Taiwan High Speed Rail Corporation   | -                | Long-term investment | 30,000                                     | 300,000       |                               | N/A                                       | No             |

Chieh Investment Co., Ltd.

June 30, 2005

| Type of securities | Name of securities                                    | Relationship     | Financial             | Units(thousand)/bonds/<br>shares(thousand) | Book value | Percentage of<br>ownership(%) | Market<br>value/<br>Net assets value(thou | Share<br>colla |
|--------------------|-------------------------------------------------------|------------------|-----------------------|--------------------------------------------|------------|-------------------------------|-------------------------------------------|----------------|
|                    |                                                       |                  | statement             |                                            |            |                               |                                           |                |
|                    |                                                       |                  | account               |                                            |            |                               |                                           |                |
| Stock              | ENE Technology Inc.                                   | -                | Short-term investment | 250                                        | \$ 5,096   | 0.73                          | \$ 7,359                                  | No             |
| Stock              | Premier Image Technology Corp.                        | -                | Short-term investment | 2,094                                      | 112,925    | 0.40                          | 75,101                                    | No             |
| Stock              | Shanghai Fudan Microelectronics. Co., Ltd.            | -                | Short-term investment | 516                                        | 2,511      | 0.10                          | 641                                       | No             |
| Stock              | SinoPac Holdings                                      | -                | Short-term investment | 1,464                                      | 28,535     | 0.04                          | 23,450                                    | No             |
| Stock              | Trident Technologies, Inc.                            | -                | Short-term investment | 130                                        | 64,261     |                               | 90,569                                    | No             |
| Stock              | Unitruth Investment Corp.                             | Investee company | Long-term investment  | 10,000                                     | 94,684     | 100.00                        | 94,684                                    | No             |
| Stock              | Uwave Technology Corp.(formerly United Radiotek Inc.) | Investee company | Long-term investment  | 12,750                                     | 45,537     | 49.04                         | 45,537                                    | No             |
| Stock              | VistaPoint, Inc.                                      | Investee company | Long-term investment  | 6,828                                      | 10,773     | 41.38                         | 10,773                                    | No             |
| Fund               | UC Fund II                                            | Investee company | Long-term investment  | 5,000                                      | 121,532    | 35.45                         | 121,532                                   | No             |
| Stock              | UCA Technology, Inc.                                  | Investee company | Long-term investment  | 4,950                                      | 26,684     | 30.94                         | 26,684                                    | No             |
| Stock              | Star Semiconductor Corp.                              | Investee company | Long-term investment  | 6,555                                      | 33,339     | 28.20                         | 33,339                                    | No             |

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|       |                        |                  |                      |        |         |       |         |    |
|-------|------------------------|------------------|----------------------|--------|---------|-------|---------|----|
| Stock | Afa Technology, Inc.   | Investee company | Long-term investment | 5,838  | 32,859  | 25.82 | 32,859  | No |
| Stock | Crystal Media Inc.     | Investee company | Long-term investment | 2,115  | 12,391  | 24.88 | 12,391  | No |
| Stock | USBest Technology Inc. | Investee company | Long-term investment | 2,563  | 23,694  | 18.99 | 23,694  | No |
| Stock | Harvatek Corporation   | Investee company | Long-term investment | 22,392 | 351,312 | 18.20 | 608,477 | No |
| Stock | Patent op, Ltd.        | Investee company | Long-term investment | 720    | 1,195   | 18.00 | 1,195   | No |

ATTACHMENT-3 (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 |                                                           |                                |                      |                                            |               |                               |                            |
|---------------|-----------------------------------------------------------|--------------------------------|----------------------|--------------------------------------------|---------------|-------------------------------|----------------------------|
| Securities    | Name of securities                                        | Relationship                   | Financial            | Units(thousand)/bonds/<br>shares(thousand) | Book<br>value | Percentage of<br>ownership(%) | Market value<br>Net assets |
|               |                                                           |                                | statement<br>account |                                            |               |                               |                            |
|               | Unimicron Technology Corp.                                | Investee of UMC and Hsun Chieh | Long-term investment | 97,180                                     | \$ 1,848,305  | 10.92                         | \$ 2,632,200               |
|               | Smedia Technology Corp.                                   | Investee company               | Long-term investment | 1,800                                      | 9,028         | 10.59                         | 9,028                      |
|               | U-Media Communications, Inc.                              | Investee company               | Long-term investment | 2,500                                      | 18,142        | 10.50                         | 18,142                     |
|               | SerComm Corporation                                       | Investee company               | Long-term investment | 10,176                                     | 186,803       | 10.06                         | 290,200                    |
|               | XGI Technology Inc.                                       | Investee company               | Long-term investment | 24,963                                     | 250,558       | 10.05                         | 250,558                    |
|               | Chip Advanced Technology Inc.                             | Investee company               | Long-term investment | 1,386                                      | 13,800        | 9.86                          | 13,800                     |
|               | Aptos (Taiwan) Corp.                                      | Investee of UMC and Hsun Chieh | Long-term investment | 16,165                                     | 108,396       | 9.76                          | 108,396                    |
|               | ULi Electronics Inc.                                      | Investee company               | Long-term investment | 7,842                                      | 158,358       | 9.51                          | 158,358                    |
|               | AMOD Technology Co., Ltd.                                 | Investee company               | Long-term investment | 470                                        | 4,541         | 9.40                          | 4,541                      |
|               | Mobile Devices Inc.                                       | Investee company               | Long-term investment | 1,500                                      | 15,367        | 6.31                          | 15,367                     |
|               | AMIC Technology Corporation                               | Investee of UMC and Hsun Chieh | Long-term investment | 6,830                                      | 37,788        | 4.99                          | 37,788                     |
|               | Faraday Technology Corp.                                  | Investee of UMC and Hsun Chieh | Long-term investment | 14,265                                     | 1,109,310     | 4.93                          | 880,600                    |
|               | UMC Japan                                                 | Investee of UMC and Hsun Chieh | Long-term investment | 45                                         | 696,808       | 4.39                          | 535,200                    |
|               | Davicom Semiconductor, Inc.                               | Investee company               | Long-term investment | 1,598                                      | 21,577        | 2.50                          | 21,577                     |
|               | Novatek Microelectronics Corp.                            | Investee of UMC and Hsun Chieh | Long-term investment | 3,249                                      | 110,988       | 0.82                          | 453,200                    |
|               | VastView Technology Inc.                                  | -                              | Long-term investment | 4,487                                      | 29,759        | 19.94                         | 29,759                     |
|               | Kits OnLine Technology Corp.                              | -                              | Long-term investment | 4,455                                      | 56,231        | 15.91                         | 56,231                     |
|               | Advance Materials Corporation                             | -                              | Long-term investment | 14,994                                     | 152,321       | 15.78                         | 152,321                    |
|               | Everglory Resource Technology Co., Ltd.                   | -                              | Long-term investment | 3,700                                      | 74,000        | 15.14                         | 74,000                     |
|               | LighTuning Tech., Inc.                                    | -                              | Long-term investment | 1,900                                      | 24,772        | 15.08                         | 24,772                     |
|               | Golden Technology Venture Capital Investment Corp.        | -                              | Long-term investment | 5,600                                      | 56,000        | 10.67                         | 56,000                     |
|               | NCTU Spring I Technology Venture Capital Investment Corp. | -                              | Long-term investment | 4,284                                      | 43,482        | 10.06                         | 43,482                     |
|               | Printech International Inc.                               | -                              | Long-term investment | 3,000                                      | 30,000        | 9.68                          | 30,000                     |
|               | Trendchip Technologies Corp.                              | -                              | Long-term investment | 3,775                                      | 60,406        | 9.25                          | 60,406                     |
|               | EE Solution, Inc.                                         | -                              | Long-term investment | 1,950                                      | 51,900        | 7.28                          | 51,900                     |
|               | Chipsence Corp.                                           | -                              | Long-term investment | 3,800                                      | 41,800        | 7.24                          | 41,800                     |
|               | Giga Solution Technology Co., Ltd.                        | -                              | Long-term investment | 8,750                                      | 105,000       | 6.91                          | 105,000                    |
|               | Fortune Semiconductor Corporation                         | -                              | Long-term investment | 2,183                                      | 71,500        | 6.64                          | 71,500                     |
|               | NCTU Spring Venture Capital Co., Ltd.                     | -                              | Long-term investment | 2,000                                      | 20,000        | 6.28                          | 20,000                     |
|               | Risalink Venture Capital Corp.                            | -                              | Long-term investment | 8,000                                      | 80,000        | 6.20                          | 80,000                     |
|               | Incomm Technologies Co., Ltd.                             | -                              | Long-term investment | 1,800                                      | 25,020        | 6.00                          | 25,020                     |
|               | Ralink Technology Corporation                             | -                              | Long-term investment | 3,575                                      | 53,625        | 5.96                          | 53,625                     |
|               | Cosmos Technology Venture Capital Investment Corp.        | -                              | Long-term investment | 2,600                                      | 26,000        | 5.03                          | 26,000                     |
|               | Parawin Venture Capital Corp.                             | -                              | Long-term investment | 5,000                                      | 50,000        | 5.00                          | 50,000                     |
|               | ACTi Corporation                                          | -                              | Long-term investment | 850                                        | 12,750        | 4.97                          | 12,750                     |

## ATTACHMENT-3 (Securities held as of June 30, 2005)

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

**Hsun Chieh Investment Co., Ltd.**

| Type of securities    | Name of securities                          | Relationship     | Financial statement account | June 30, 2005                              |            |                               |                                           |                                   |                                   |
|-----------------------|---------------------------------------------|------------------|-----------------------------|--------------------------------------------|------------|-------------------------------|-------------------------------------------|-----------------------------------|-----------------------------------|
|                       |                                             |                  |                             | Units(thousand)/bonds/<br>shares(thousand) | Book value | Percentage of<br>ownership(%) | Market<br>value/<br>Net assets value(NTD) | Share<br>collateral<br>value(NTD) | Share<br>collateral<br>value(NTD) |
| Stock                 | Programmable Microelectronics(Taiwan) Corp. | -                | Long-term investment        | 1,980                                      | \$ 23,760  | 4.95                          | Note                                      |                                   | NTD                               |
| Stock                 | Beyond Innovation Technology Co., Ltd.      | -                | Long-term investment        | 1,045                                      | 18,096     | 4.86                          | Note                                      |                                   | NTD                               |
| Stock                 | JMicron Technology Corp.                    | -                | Long-term investment        | 1,340                                      | 24,120     | 4.79                          | Note                                      |                                   | NTD                               |
| Stock                 | Animation Technologies Corp.                | -                | Long-term investment        | 1,980                                      | 29,700     | 4.74                          | Note                                      |                                   | NTD                               |
| Stock                 | HiTop Communications Corp.                  | -                | Long-term investment        | 1,198                                      | 17,964     | 4.44                          | Note                                      |                                   | NTD                               |
| Stock                 | Coretronic Corporation                      | -                | Long-term investment        | 18,787                                     | 276,192    | 4.21                          | \$ 838,327                                |                                   | NTD                               |
| Stock                 | Taiwan Asia Pacific Venture Fund            | -                | Long-term investment        | 85                                         | 21,625     | 4.15                          | Note                                      |                                   | NTD                               |
| Stock                 | Epitech Corporation                         | -                | Long-term investment        | 2,917                                      | 58,474     | 3.89                          | Note                                      |                                   | NTD                               |
| Stock                 | IBT Venture Co.                             | -                | Long-term investment        | 7,614                                      | 76,142     | 3.81                          | Note                                      |                                   | NTD                               |
| Stock                 | Skardin Industrial Corp.                    | -                | Long-term investment        | 1,000                                      | 75,070     | 3.58                          | Note                                      |                                   | NTD                               |
| Stock                 | ZyDAS Technology Corp.                      | -                | Long-term investment        | 1,000                                      | 23,000     | 3.33                          | Note                                      |                                   | NTD                               |
| Stock                 | United Microelectronics Corporation         | Investor company | Long-term investment        | 543,732                                    | 29,592,654 | 3.06                          | 12,610,779                                |                                   | NTD                               |
| Stock                 | Sheng-Hua Venture Capital Corp.             | -                | Long-term investment        | 5,000                                      | 50,000     | 2.50                          | Note                                      |                                   | NTD                               |
| Stock                 | Subtron Technology Co., Ltd.                | -                | Long-term investment        | 5,616                                      | 71,280     | 2.40                          | Note                                      |                                   | NTD                               |
| Stock                 | Princeton Technology Corporation            | -                | Long-term investment        | 3,237                                      | 96,706     | 2.33                          | 106,586                                   |                                   | NTD                               |
| Stock                 | BroadWeb Corporation                        | -                | Long-term investment        | 500                                        | 8,000      | 2.22                          | Note                                      |                                   | NTD                               |
| Stock                 | ProSys Technology Integration, Inc.         | -                | Long-term investment        | 186                                        | 2,790      | 2.07                          | Note                                      |                                   | NTD                               |
| Stock                 | Taimide Tech., Inc.                         | -                | Long-term investment        | 1,500                                      | 37,500     | 1.83                          | Note                                      |                                   | NTD                               |
| Stock                 | Pixart Imaging Inc.                         | -                | Long-term investment        | 1,143                                      | 16,107     | 1.83                          | Note                                      |                                   | NTD                               |
| Stock                 | C-Com Corporation                           | -                | Long-term investment        | 1,110                                      | 9,806      | 0.96                          | 4,761                                     |                                   | NTD                               |
| Stock                 | Aimtron Technology Inc.                     | -                | Long-term investment        | 200                                        | 9,000      | 0.73                          | Note                                      |                                   | NTD                               |
| Stock                 | Largan Precision, Co., Ltd.                 | -                | Long-term investment        | 678                                        | 36,281     | 0.63                          | 141,652                                   |                                   | NTD                               |
| Stock                 | Mega Financial Holding Company              | -                | Long-term investment        | 59,539                                     | 1,882,974  | 0.52                          | 1,240,324                                 |                                   | NTD                               |
| Stock                 | ULTRA CHIP, Inc.                            | -                | Long-term investment        | 90                                         | 1,710      | 0.14                          | Note                                      |                                   | NTD                               |
| Stock                 | Averlogic Technologies, Inc.                | -                | Long-term investment        | 33                                         | 890        | 0.12                          | 454                                       |                                   | NTD                               |
| Stock-Preferred Stock | Alpha and Omega Semiconductor, Inc.         | -                | Long-term investment        | 1,500                                      | 46,883     |                               | N/A                                       |                                   | NTD                               |
| Stock-Preferred Stock | Aurora System, Inc.                         | -                | Long-term investment        | 550                                        | 6,355      |                               | N/A                                       |                                   | NTD                               |

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|                     |                                     |   |                      |       |         |      |     |
|---------------------|-------------------------------------|---|----------------------|-------|---------|------|-----|
| 6-K-Preferred Stock | Formica International Holding, Inc. | - | Long-term investment | 2,000 | 30,898  | N/A  | Non |
| 6-K-Preferred Stock | ForteMedia, Inc.                    | - | Long-term investment | 5,694 | 108,456 | N/A  | Non |
| Fund                | VenGlobal Capital fund III, L.P.    | - | Long-term investment |       | 33,195  | Note | Non |

ATTACHMENT-3 (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 | June 30, 2005                              |            |                          |                                                  |                                          |  |
|--------------------|------------------------------------|--------------------------------|-----------------------------|--------------------------------------------|------------|--------------------------|--------------------------------------------------|------------------------------------------|--|
|                    |                                    |                                |                             | Units(thousand)/bonds/<br>shares(thousand) | Book value | Percentage ownership (%) | Market value/collateral<br>Net assets value(NTD) | Shares as<br>of collateral<br>(thousand) |  |
| Stock              | AEVOE Inc.                         | Investee company               | Long-term investment        | 1,500                                      | \$ 8,455   | 44.12                    | \$ 8,455                                         | None                                     |  |
| Stock              | Smedia<br>Technology Corp          | Investee company               | Long-term investment        | 4,572                                      | 22,924     | 26.89                    | 22,924                                           | None                                     |  |
| Stock              | Mobile Devices<br>Inc.             | Investee company               | Long-term investment        | 5,000                                      | 48,771     | 21.02                    | 48,771                                           | None                                     |  |
| Stock              | Davicom<br>Semiconductor,<br>Inc.  | Investee company               | Long-term investment        | 12,200                                     | 121,786    | 19.06                    | 121,786                                          | None                                     |  |
| Stock              | Chip Advanced<br>Technology Inc.   | Investee company               | Long-term investment        | 2,094                                      | 21,503     | 14.90                    | 21,503                                           | None                                     |  |
| Stock              | UCA Technology<br>Inc.             | Investee company               | Long-term investment        | 2,335                                      | 23,115     | 14.59                    | 23,115                                           | None                                     |  |
| Stock              | ULi Electronics<br>Inc.            | Investee company               | Long-term investment        | 10,530                                     | 213,598    | 12.76                    | 213,598                                          | None                                     |  |
| Stock              | AMIC<br>Technology Corp.           | Investee of UMC<br>and Fortune | Long-term investment        | 16,575                                     | 100,090    | 12.11                    | 100,090                                          | None                                     |  |
| Stock              | Crystal Media,<br>Inc.             | Investee company               | Long-term investment        | 950                                        | 5,566      | 11.18                    | 5,566                                            | None                                     |  |
| Stock              | USBest<br>Technology Inc.          | Investee company               | Long-term investment        | 1,448                                      | 15,291     | 10.73                    | 15,291                                           | None                                     |  |
| Stock              | AMOD<br>Technology Co.,<br>Ltd.    | Investee company               | Long-term investment        | 530                                        | 5,121      | 10.60                    | 5,121                                            | None                                     |  |
| Stock              | U-Media<br>Communications,<br>Inc. | Investee company               | Long-term investment        | 2,500                                      | 18,143     | 10.50                    | 18,143                                           | None                                     |  |
| Stock              | XGI Technology<br>Inc.             | Investee company               | Long-term investment        | 20,726                                     | 45,601     | 8.34                     | 45,601                                           | None                                     |  |
| Stock              | Aptos (Taiwan)<br>Corporation      | Investee of UMC<br>and Fortune | Long-term investment        | 11,440                                     | 75,495     | 6.90                     | 75,495                                           | None                                     |  |
| Stock              | Star<br>Semiconductor<br>Corp.     | Investee company               | Long-term investment        | 1,337                                      | 13,042     | 5.75                     | 13,042                                           | None                                     |  |
| Stock              | Afa Technology,<br>Inc.            | Investee company               | Long-term investment        | 1,050                                      | 21,751     | 4.64                     | 21,751                                           | None                                     |  |
| Stock              | Cion Technology<br>Corporation     | -                              | Long-term investment        | 2,160                                      | 21,600     | 18.00                    | Note                                             | None                                     |  |
| Stock              | Pixart Imaging<br>Inc.             | -                              | Long-term investment        | 10,690                                     | 207,004    | 17.15                    | Note                                             | None                                     |  |
| Stock              | HiTop<br>Communications<br>Corp.   | -                              | Long-term investment        | 3,142                                      | 47,136     | 11.64                    | Note                                             | None                                     |  |
| Stock              |                                    | -                              | Long-term investment        | 2,660                                      | 47,880     | 9.50                     | Note                                             | None                                     |  |

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|       |                                              |   |                      |        |         |      |        |      |
|-------|----------------------------------------------|---|----------------------|--------|---------|------|--------|------|
|       | JMicro Technology Corp.                      |   |                      |        |         |      |        |      |
| 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-3 (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            | Units(thousand)/bonds/<br>shares(thousand) | Book value | Percentage of ownership(%) | Market value/collateral | Net assets value(NTD) | Shares as collateral (thousand) |
|                       |                                      |                  | statement<br>account |                                            |            |                            |                         |                       |                                 |
| 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 | Integrand 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            | Units(thousand)/bonds/<br>shares(thousand) | Book value | Percentage of ownership(%) | Market value/Net assets value | Net assets value | Shares as collateral (thousand) |
|                    |                             |                  | statement<br>account |                                            |            |                            |                               |                  |                                 |
| 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-3 (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            | Shareholder's equity   |            |                             |                   |                   |    |            |
|                    |                                 |                  | statement            | Units(thousand)/bonds/ |            | Percentage of Market value/ |                   | Net assets value( |    | collateral |
|                    |                                 |                  | account              | shares(thousand)       | Book value | ownership(%)                | Net assets value( | thousand)         |    |            |
| Stock              | UMC Capital (USA)               | Investee company | Long-term investment | 200                    | USD 283    | 100.00                      | USD               | 283               | No |            |
| -Preferred stock   | MaXXan Systems, Inc.            | -                | Long-term investment | 2,317                  | USD 1,237  |                             |                   | N/A               | No |            |
| -Preferred stock   | Aicent, Inc.                    | -                | Long-term investment | 2,000                  | USD 1,000  |                             |                   | N/A               | No |            |
| -Preferred stock   | Spreadtrum Communications, Inc. | -                | Long-term investment | 1,581                  | USD 1,250  |                             |                   | N/A               | No |            |
| -Preferred stock   | WISchip International Ltd.      | -                | Long-term investment | 1,733                  | USD 3,354  |                             |                   | N/A               | No |            |
| -Preferred stock   | Silicon 7, Inc.                 | -                | Long-term investment | 1,203                  | USD 4,000  |                             |                   | N/A               | No |            |
| -Preferred stock   | IC Media Corporation            | -                | Long-term investment | 2,823                  | USD 1,094  |                             |                   | N/A               | No |            |
| -Preferred stock   | GCT Semiconductor, Inc.         | -                | Long-term investment | 1,571                  | USD 1,000  |                             |                   | N/A               | No |            |
| -Preferred stock   | Intellon Corporation            | -                | Long-term investment | 7,932                  | USD 3,500  |                             |                   | N/A               | No |            |
| -Preferred stock   | ForteMedia Inc.                 | -                | Long-term investment | 2,000                  | USD 1,500  |                             |                   | N/A               | No |            |
| -Preferred stock   | Zylogic Semiconductor Corp.     | -                | Long-term investment | 750                    | USD 500    |                             |                   | N/A               | No |            |
| -Preferred stock   | Berkana Wireless Inc.           | -                | Long-term investment | 1,244                  | USD 2,000  |                             |                   | N/A               | No |            |
| -Preferred stock   | Maxlinear, Inc.                 | -                | Long-term investment | 1,474                  | USD 2,580  |                             |                   | N/A               | No |            |
| -Preferred stock   | Smart Vanguard Limited          | -                | Long-term investment | 5,000                  | USD 5,000  |                             |                   | N/A               | No |            |
| -Preferred stock   | Wisair, Inc.                    | -                | Long-term investment | 108                    | USD 1,000  |                             |                   | N/A               | No |            |
| -Preferred stock   | Amalfi Semiconductor, Inc.      | -                | Long-term investment | 1,471                  | USD 1,500  |                             |                   | N/A               | No |            |
| -Preferred stock   | Praesagus, Inc.                 | -                | Long-term investment | 500                    | USD 1,500  |                             |                   | N/A               | No |            |

**United Microdisplay Optonics Corp.**

| June 30, 2005      |                        |                         |                      |                                            |            |                               |                                         |                                   |
|--------------------|------------------------|-------------------------|----------------------|--------------------------------------------|------------|-------------------------------|-----------------------------------------|-----------------------------------|
| Type of securities | Name of securities     | Relationship            | Financial            |                                            |            |                               |                                         |                                   |
|                    |                        |                         | statement            | Units(thousand)/bonds/<br>shares(thousand) | Book value | Percentage of<br>ownership(%) | Market<br>value/<br>Net assets<br>value | Share<br>collateral<br>(thousand) |
|                    |                        |                         | account              |                                            |            |                               |                                         |                                   |
| Stock              | Thintek Optonics Corp. | Investee of UMC and UMO | Long-term investment | 9,999                                      | \$ 41,226  | 40.00                         | \$ 41,226                               | No                                |

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

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ATTACHMENT-4 (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

| Name of the securities                | Financial statement account | Counterparty             | Relationship | Beginning balance               |              | Addition                        |              | Disposal                        |           |         | Gain (Loss)        | Ending balance                  |
|---------------------------------------|-----------------------------|--------------------------|--------------|---------------------------------|--------------|---------------------------------|--------------|---------------------------------|-----------|---------|--------------------|---------------------------------|
|                                       |                             |                          |              | Units                           |              | Units                           |              | Units                           |           |         |                    |                                 |
|                                       |                             |                          |              | (thousand)/<br>bonds/<br>shares |              | (thousand)/<br>bonds/<br>shares |              | (thousand)/<br>bonds/<br>shares |           |         |                    | (thousand)/<br>bonds/<br>shares |
|                                       |                             |                          |              | (thousand)                      | Amount       | (thousand)                      | Amount       | (thousand)                      | Amount    | Cost    | from disposal      | (thousand)                      |
| Venture Capital Corporation           | Long-term investment        | Capitalization from cash | -            | 299,994                         | \$ 2,354,878 | 150,000                         | \$ 1,500,000 |                                 | \$        | \$      | \$                 | 449,994                         |
| United Microelectronic (Taiwan) Corp. | Long-term investment        | Open market              | -            | 72,775                          | 1,615,328    |                                 |              | 19,952                          | 2,627,313 | 503,258 | 2,095,654 (Note 2) | 52,773                          |
| United Microelectronic (Taiwan) Corp. | Long-term investment        | Fortune Venture          | Subsidiary   |                                 |              | 16,100                          | 140,231      |                                 |           |         |                    | 16,100                          |
| United Microelectronic (Taiwan) Corp. | Long-term investment        | Open market              | -            | 77,428                          | 969,048      |                                 |              | 19,395                          | 4,601,939 | 242,739 | 4,343,517 (Note 5) | 58,033                          |
| United Microelectronic (Taiwan) Corp. | Long-term investment        | Open market              | -            |                                 |              | 6,115                           | 174,735      |                                 |           |         |                    | 6,115                           |
| United Microelectronic (Taiwan) Corp. | Long-term investment        | Note 7                   | Note 7       |                                 |              | 9,091                           | 299,993      |                                 |           |         |                    | 10,000                          |
| United Microelectronic (Taiwan) Corp. | Long-term investment        | Open market              | -            |                                 |              | 6,561                           | 143,661      |                                 |           |         |                    | 7,117                           |

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.

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.

| Beginning balance | Addition | Disposal | Ending balance |
|-------------------|----------|----------|----------------|
|-------------------|----------|----------|----------------|

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| Name of the securities     | Financial statement account | Counterparty             | Relationship | Units                   |        | Units                   |            | Units                   |        |                         | Units  |        |    |
|----------------------------|-----------------------------|--------------------------|--------------|-------------------------|--------|-------------------------|------------|-------------------------|--------|-------------------------|--------|--------|----|
|                            |                             |                          |              | (thousand)/bonds/shares | Amount | (thousand)/bonds/shares | Amount     | (thousand)/bonds/shares | Amount | (thousand)/bonds/shares | Amount |        |    |
|                            |                             |                          |              |                         |        |                         |            |                         |        |                         |        |        |    |
|                            |                             |                          |              |                         |        |                         |            |                         |        |                         |        |        |    |
|                            |                             |                          |              |                         |        |                         |            |                         |        |                         |        |        |    |
| Gain (Loss)                |                             |                          |              |                         |        |                         |            |                         |        |                         |        |        |    |
| Amount                     |                             |                          |              |                         |        |                         |            |                         |        |                         |        |        |    |
| Gain (Loss)                |                             |                          |              |                         |        |                         |            |                         |        |                         |        |        |    |
| Amount                     |                             |                          |              |                         |        |                         |            |                         |        |                         |        |        |    |
| Aptos (Taiwan) Corporation | Long-term investment        | Fortune Venture          | Subsidiary   | \$                      |        | 16,165                  | \$ 140,794 |                         | \$     | \$                      | \$     | 16,165 | \$ |
| ULi Electronics Inc.       | Long-term investment        | Jusung Engineering Ltd.  | -            | 2,100                   | 44,940 | 5,742                   | 122,211    |                         |        |                         |        | 7,842  |    |
| XGI Technology Inc.        | Long-term investment        | Capitalization from Cash | -            |                         |        | 24,963                  | 299,554    |                         |        |                         |        | 24,963 |    |

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-4 (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**

|                      |              |              | Beginning balance    |            | Addition             |         | Disposal             |            | Gain (Loss) |                       | Ending               |
|----------------------|--------------|--------------|----------------------|------------|----------------------|---------|----------------------|------------|-------------|-----------------------|----------------------|
|                      |              |              |                      |            |                      |         |                      |            |             |                       |                      |
| Financial            |              |              |                      |            |                      |         |                      |            |             |                       |                      |
| statement            |              |              |                      |            |                      |         |                      |            |             |                       |                      |
| account              | Counterparty | Relationship | Shares<br>(thousand) | Amount     | Shares<br>(thousand) | Amount  | Shares<br>(thousand) | Amount     | Cost        | from disposal         | Shares<br>(thousand) |
| Long-term investment | Note 1       | -            | 43,705               | \$ 384,636 |                      | \$      | 32,265               | \$ 281,025 | \$ 277,852  | \$ 34,390<br>(Note 2) | 11,440               |
| Long-term investment | Note 4       | -            |                      |            | 10,530               | 213,598 |                      |            |             |                       | 10,530               |

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

loss) on disposal of investment includes changes in capital reserved gain of \$31,217 thousand.

g balance includes long-term equity investment loss \$(31,289) thousand.

parties include, Cathay Holdings Investment Corp., and other six companies.

**Systems Corp.**

|                       |              |              | Beginning balance |        | Addition         |            | Disposal         |            | Gain (Loss) |              | Ending       |
|-----------------------|--------------|--------------|-------------------|--------|------------------|------------|------------------|------------|-------------|--------------|--------------|
|                       |              |              |                   |        |                  |            |                  |            |             |              |              |
| Financial             |              |              |                   |        |                  |            |                  |            |             |              |              |
| statement             |              |              |                   |        |                  |            |                  |            |             |              |              |
| account               | Counterparty | Relationship | Shares(thousand)  | Amount | Shares(thousand) | Amount     | Shares(thousand) | Amount     | Cost        | from disposa | Shares(thous |
| Short-term investment | -            | -            |                   | \$     | 19,193           | \$ 200,000 | 19,193           | \$ 200,816 | \$ 200,000  | \$ 816       |              |
| Long-term investment  | -            | -            |                   |        | 14,842           | 165,167    |                  |            |             |              | 14,842       |

g 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 ow

ac.

|                      |                          |              | Beginning balance |            | Addition         |            | Disposal         |        | Ending balance                    |                  |
|----------------------|--------------------------|--------------|-------------------|------------|------------------|------------|------------------|--------|-----------------------------------|------------------|
| Financial            |                          |              |                   |            |                  |            |                  |        |                                   |                  |
| statement account    | Counterparty             | Relationship | Shares(thousand)  | Amount     | Shares(thousand) | Amount     | Shares(thousand) | Amount | Gain (Loss)<br>Cost from disposal | Shares(thousand) |
| Long-term investment | Capitalization from cash | -            | 3                 | \$ 314,937 |                  | \$ 120,093 |                  | \$     | \$                                | \$               |

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

ATTACHMENT-5 (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**

| Prior transaction details for related counterparty |                    |                |              |              |                                                       |                                                   |                           |                          |                 |                                               |  |  |
|----------------------------------------------------|--------------------|----------------|--------------|--------------|-------------------------------------------------------|---------------------------------------------------|---------------------------|--------------------------|-----------------|-----------------------------------------------|--|--|
| Transaction date                                   | Transaction amount | Payment status | Counterparty | Relationship | Prior owner who sold the property to the counterparty | Relationship of the prior owner with the acquirer | Date of prior transaction | Prior transaction amount | Price reference | Date of acquisition and status of utilization |  |  |

ATTACHMENT-6 (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**

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

ATTACHMENT-7 (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

|                                       |                              | Transaction details for non- |                      |                                              |         |                          |      |                                       |                                        |      |  |
|---------------------------------------|------------------------------|------------------------------|----------------------|----------------------------------------------|---------|--------------------------|------|---------------------------------------|----------------------------------------|------|--|
|                                       |                              | Transactions                 |                      |                                              |         | arm s length transaction |      | Notes & accounts receivable (payable) |                                        |      |  |
| Related party                         | Relationship                 | Purchases (Sales)            | Amount<br>(thousand) | Percentage of total<br>purchases (sales) (%) | Term    | Unit<br>price            | Term | Balance                               | Percentage of total<br>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)

|               |              | Transaction details for non- |                      |                                              |      |                          |      |                                       |                                        |      |  |
|---------------|--------------|------------------------------|----------------------|----------------------------------------------|------|--------------------------|------|---------------------------------------|----------------------------------------|------|--|
|               |              | Transactions                 |                      |                                              |      | arm s length transaction |      | Notes & accounts receivable (payable) |                                        |      |  |
| Related party | Relationship | Purchases (Sales)            | Amount<br>(thousand) | Percentage of total<br>purchases (sales) (%) | Term | Unit<br>price            | Term | Balance                               | Percentage of total<br>receivables (%) | Note |  |
|               |              |                              |                      |                                              |      |                          |      |                                       |                                        |      |  |

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| Related party                       | Relationship     | Amount            |             | Percentage of total   |             |            |      | Balance     | Percentage of total |      |
|-------------------------------------|------------------|-------------------|-------------|-----------------------|-------------|------------|------|-------------|---------------------|------|
|                                     |                  | Purchases (Sales) | (thousand)  | purchases (sales) (%) | Term        | Unit price | Term | (thousand)  | 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              |      |

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ATTACHMENT-7 (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.**

| Transaction details for non-        |                  |                   |                   |                       |  |                          |            |                                       |         |                     |      |
|-------------------------------------|------------------|-------------------|-------------------|-----------------------|--|--------------------------|------------|---------------------------------------|---------|---------------------|------|
| Related party                       | Relationship     | Transactions      |                   |                       |  | arm's length transaction |            | Notes & accounts receivable (payable) |         |                     |      |
|                                     |                  | Purchases (Sales) | Amount (thousand) | Percentage of total   |  | Term                     | Unit price | Term                                  | Balance | Percentage of total |      |
|                                     |                  |                   |                   | purchases (sales) (%) |  |                          |            |                                       |         | 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.**

| Transaction details for non-        |                  |                   |                   |                       |  |                          |            |                                       |                    |                     |      |
|-------------------------------------|------------------|-------------------|-------------------|-----------------------|--|--------------------------|------------|---------------------------------------|--------------------|---------------------|------|
| Related party                       | Relationship     | Transactions      |                   |                       |  | arm's length transaction |            | Notes & accounts receivable (payable) |                    |                     |      |
|                                     |                  | Purchases (Sales) | Amount (thousand) | Percentage of total   |  | Term                     | Unit price | Term                                  | Balance (thousand) | Percentage of total |      |
|                                     |                  |                   |                   | purchases (sales) (%) |  |                          |            |                                       |                    | 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.**

| Transaction details for non-             |                  |                   |              |                       |  |                          |            |                                       |            |                     |      |
|------------------------------------------|------------------|-------------------|--------------|-----------------------|--|--------------------------|------------|---------------------------------------|------------|---------------------|------|
| Related party                            | Relationship     | Transactions      |              |                       |  | arm's length transaction |            | Notes & accounts receivable (payable) |            |                     |      |
|                                          |                  | Purchases (Sales) | Amount       | Percentage of total   |  | Term                     | Unit price | Term                                  | Balance    | Percentage of total |      |
|                                          |                  |                   |              | purchases (sales) (%) |  |                          |            |                                       |            | 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-8 (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      |                        |                      |            | Overdue receivables      |                 |                   |                            |                                    |
|---------------------------------------|------------------|---------------------|------------------------|----------------------|------------|--------------------------|-----------------|-------------------|----------------------------|------------------------------------|
|                                       |                  | Notes<br>receivable | Accounts<br>receivable | Other<br>receivables | Total      | Turnover rate<br>(times) | Amount received |                   |                            |                                    |
|                                       |                  |                     |                        |                      |            |                          | Amount          | Collecting status | in<br>subsequent<br>period | Allowance for<br>doubtful accounts |
|                                       |                  |                     |                        |                      |            |                          |                 |                   |                            |                                    |
| 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                             |

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ATTACHMENT-9 (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 |             |                                       |                                     |      |
|                                                                        |                            |                                                        |                    |                   |                             |                                |            |             |                                       |                                     |      |
|                                                                        |                            |                                                        |                    |                   |                             |                                |            |             |                                       |                                     |      |
| 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)                              |                                     |      |
| Unittech Capital Inc.                                                  | British Virgin Islands     | Investment holding                                     | USD 21,000         | USD 21,000        | 21,000                      | 42.00                          | 710,102    | (43,987)    | (18,474)                              |                                     |      |
|                                                                        | Hsinchu Science Park       |                                                        | 357,628            | 357,628           | 48,980                      | 25.23                          | 797,730    | 342,573     | 64,162                                |                                     |      |

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|                                     |                      |                                                |         |         |        |       |         |        |        |
|-------------------------------------|----------------------|------------------------------------------------|---------|---------|--------|-------|---------|--------|--------|
| Holtek Semiconductor Inc.           |                      | IC design and production                       |         |         |        |       |         |        |        |
| 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 businesses, operations and assets of UMCi Ltd. were transferred to the Branch from April 1, 2005.

## ATTACHMENT-9 (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 | N |
|-------------------------------------|----------------------|------------------------------------------------|--------------------|-------------------|--------------------------------|-----------------------------|--------------|---------------------------------------|-------------------------------------|---|
|                                     |                      |                                                | Ending balance     | Beginning balance | Number of shares (thousand)    | Percentage of ownership (%) | Book value   |                                       |                                     |   |
| Imicon Technology Corp.             | Taoyuan, Taiwan      | PCB production                                 | \$ 2,592,013       | \$ 2,592,013      | 185,626                        | 20.85                       | \$ 3,640,017 | \$ 862,130                            | \$ 175,124                          |   |
| Raday Technology Corp.              | Hsinchu Science Park | ASIC design and production                     | 81,032             | 81,032            | 47,682                         | 18.38                       | 907,782      | 697,553                               | 114,707                             |   |
| Icon 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)                           |   |
| Intek Electronics Corporation       | Hsinchu, Taiwan      | LCOS design, production and sales              | 35,650             |                   | 3,565                          | 14.26                       | 30,383       | (54,171)                              | (5,267)                             |   |
| Avatek 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                             |   |
| UMC Technology Corporation          | Hsinchu Science Park | IC design, production and sales                | 135,000            | 135,000           | 16,200                         | 11.83                       | 60,134       | (208,767)                             | (20,941)                            |   |
| UMC Technology Corporation (Taiwan) | Hsinchu Science Park | Sales and manufacturing of gold bump           | 140,231            |                   | 16,100                         | 9.72                        | 108,755      | (357,706)                             | (31,476)                            |   |

## ATTACHMENT-9 (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<br>and products                    | Initial Investment |                   | Investment as of June 30, 2005    |                                      |            | Net income<br>(loss) of<br>investee<br>company | Investment<br>income (loss)<br>recognized | Note |
|-----------------------------------------------------------------------|------------------------|----------------------------------------------------|--------------------|-------------------|-----------------------------------|--------------------------------------|------------|------------------------------------------------|-------------------------------------------|------|
|                                                                       |                        |                                                    | Ending balance     | Beginning balance | Number of<br>shares<br>(thousand) | Percentage<br>of<br>ownership<br>(%) | 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.<br>(formerly United Radiotek<br>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,<br>production and<br>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 desig                                         | 21,150             | 21,150            | 2,115                             | 24.88                                | 12,391     | (19,715)                                       | (4,905)                                   |      |
| USBest Technology Inc.                                                | Hsinchu, Taiwan        | IC design,<br>production and<br>sales              | 23,800             | 23,800            | 2,563                             | 18.99                                | 23,694     | 21,124                                         | 3,855                                     |      |
| Harvatek Corp.                                                        | Hsinchu, Taiwan        | Semiconductor<br>chip testing and<br>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<br>association<br>processor             | 18,000             | 18,000            | 1,800                             | 10.59                                | 9,028      | (53,942)                                       | (5,712)                                   |      |
| U-Media Communications, Inc.                                          | Hsinchu, Taiwan        | WLAN,<br>Broadband, Digital<br>Home ODM            | 27,600             | 12,000            | 2,500                             | 10.50                                | 18,142     | (47,168)                                       | (5,193)                                   |      |
| SerComm Corporation                                                   | Miao-Li County, Taiwan | Network Server<br>Appliance Provider               | 158,593            | 158,593           | 10,176                            | 10.06                                | 186,803    | 65,272                                         | (1,050)                                   |      |
|                                                                       | Hsinchu, Taiwan        |                                                    | 299,554            |                   | 24,963                            | 10.05                                | 250,558    | (379,374)                                      | (49,015)                                  |      |

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|                               |                      |                                        |         |        |        |      |         |           |          |
|-------------------------------|----------------------|----------------------------------------|---------|--------|--------|------|---------|-----------|----------|
| XGI Technology Inc.           |                      | Cartography chip design and production |         |        |        |      |         |           |          |
| 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-9 (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 | Notes |
|--------------------------------|----------------------|------------------------------------------------|--------------------|-------------------|--------------------------------|-----------------------------|------------|---------------------------------------|-------------------------------------|-------|
|                                |                      |                                                | Ending balance     | Beginning balance | Number of shares (thousand)    | Percentage of ownership (%) | Book value |                                       |                                     |       |
| Mobile Devices Inc.            | Hsinchu, Taiwan      | 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                               |       |

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ATTACHMENT-9 (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 Electionics 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)                             |      |

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|                      |                       |           |        |        |       |      |        |          |         |
|----------------------|-----------------------|-----------|--------|--------|-------|------|--------|----------|---------|
| Afa Technology, Inc. | Taipei County, Taiwan | IC design | 26,250 | 26,250 | 1,050 | 4.64 | 21,751 | (47,062) | (3,983) |
|----------------------|-----------------------|-----------|--------|--------|-------|------|--------|----------|---------|

## ATTACHMENT-9 (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 | Notes |
|---------------------------------------------------------|-----------------------|--------------------------------------|--------------------|-------------------|--------------------------------|-----------------------------|------------|---------------------------------------|-------------------------------------|-------|
|                                                         |                       |                                      | Ending balance     | Beginning balance | Number of shares (thousand)    | Percentage of ownership (%) | Book value |                                       |                                     |       |
| <b><u>Truth Investment Corporation</u></b>              |                       |                                      |                    |                   |                                |                             |            |                                       |                                     |       |
| Media Communications, Inc.                              | Hsinchu, Taiwan       | WLAN, Broadband, Digital             | \$ 13,800          | \$ 6,000          | 1,250                          | 5.25                        | \$ 9,075   | \$ (47,168)                           | \$ (2,573)                          |       |
| Li Electronics, Inc.                                    | Taipei, Taiwan        | Home ODM Chip design                 | 44,609             |                   | 2,128                          | 2.58                        | 43,728     | 12,116                                | (811)                               |       |
| <b><u>MC Capital Corporation</u></b>                    |                       |                                      |                    |                   |                                |                             |            |                                       |                                     |       |
| MC Capital (SA)                                         | Sunnyvale, California | Investment holding                   | USD 200            | USD 200           | 200                            | 100.00                      | USD 283    | USD (15)                              | USD (15)                            |       |
|                                                         | USA                   |                                      |                    |                   |                                |                             |            |                                       |                                     |       |
| <b><u>United Microdisplay Optronics Corporation</u></b> |                       |                                      |                    |                   |                                |                             |            |                                       |                                     |       |
| United Microdisplay Optronics Corporation               | Hsinchu, Taiwan       | LCOS design, manufacturing and sales | \$ 99,990          | \$ 99,990         | 9,999                          | 40.00                       | \$ 41,226  | \$ (54,171)                           | \$ (24,375)                         |       |

**UNITED MICROELECTRONICS CORPORATION**

**AND SUBSIDIARIES**

**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

**WITH REVIEW REPORT OF INDEPENDENT ACCOUNTANTS**

**FOR THE SIX-MONTH PERIOD ENDED**

**JUNE 30, 2005**

Address: No. 3 Li-Hsin Road II, Hsinchu Science Park, Hsinchu City, Taiwan, R.O.C.

Telephone: 886-3-578-2258

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)

|                                                             | Notes       | As of June 30,<br>2005 |
|-------------------------------------------------------------|-------------|------------------------|
| Assets                                                      |             |                        |
| <b>Current assets</b>                                       |             |                        |
| Cash and cash equivalents                                   | 2, 4(1)     | \$ 82,445,691          |
| Marketable securities, net                                  | 2, 4(2)     | 3,255,693              |
| Notes receivable                                            | 4(3)        | 10,270                 |
| Notes receivable - related parties                          | 5           | 57,853                 |
| Accounts receivable, net                                    | 2, 4(4)     | 10,012,139             |
| Accounts receivable - related parties, net                  | 2, 5        | 2,127,392              |
| Other receivables                                           | 2           | 838,103                |
| Other financial assets, current                             | 2, 4(5), 10 | 63,080                 |
| Inventories, net                                            | 2, 4(6)     | 8,479,210              |
| Prepaid expenses                                            |             | 900,582                |
| Deferred income tax assets, current                         | 2, 4(19)    | 3,482,806              |
| Restricted deposits                                         | 6           | 569,400                |
| <b>Total current assets</b>                                 |             | <b>112,242,219</b>     |
| <b>Funds and long-term investments</b>                      | 2, 4(7)     |                        |
| Long-term investments accounted for under the equity method |             | 18,638,444             |
| Long-term investments accounted for under the cost method   |             | 14,035,179             |
| <b>Total funds and long-term investments</b>                |             | <b>32,673,623</b>      |
| <b>Other financial assets, noncurrent</b>                   | 2, 4(5), 10 | <b>1,409,258</b>       |
| <b>Property, plant and equipment</b>                        | 2, 4(8), 7  |                        |
| Land                                                        |             | 1,306,418              |
| Buildings                                                   |             | 20,971,776             |
| Machinery and equipment                                     |             | 375,094,399            |
| Transportation equipment                                    |             | 89,510                 |
| Furniture and fixtures                                      |             | 2,639,260              |
| Leasehold improvements                                      |             | 38,918                 |
| <b>Total cost</b>                                           |             | <b>400,140,281</b>     |
| Less : Accumulated depreciation                             |             | (247,132,203)          |
| Add : Construction in progress and prepayments              |             | 20,544,860             |
| <b>Property, plant and equipment, net</b>                   |             | <b>173,552,938</b>     |
| <b>Intangible assets</b>                                    |             |                        |
| Goodwill                                                    | 2           | 4,168,997              |
| Technological know-how                                      | 2           | 399,178                |
| Other intangible assets                                     | 2           | 379,269                |

|                                                           |                 |                |
|-----------------------------------------------------------|-----------------|----------------|
| <b>Total intangible assets</b>                            |                 | 4,947,444      |
| <b>Other assets</b>                                       |                 |                |
| Deferred charges                                          | 2               | 1,844,083      |
| Deferred income tax assets, noncurrent                    | 2, 4(19)        | 3,929,966      |
| Other assets-others                                       | 2, 4(9), 6      | 2,317,002      |
| <b>Total other assets</b>                                 |                 | 8,091,051      |
| <b>Total assets</b>                                       |                 | \$ 332,916,533 |
| <b>Liabilities and Stockholders Equity</b>                |                 |                |
| <b>Current liabilities</b>                                |                 |                |
| Short-term loans                                          | 4(10), 6        | \$ 1,845,315   |
| Notes payable                                             |                 | 21,385         |
| Accounts payable                                          |                 | 5,118,329      |
| Income tax payable                                        | 2               | 298,904        |
| Accrued expenses                                          |                 | 5,605,509      |
| Cash dividend payable                                     |                 | 1,758,736      |
| Payables on equipment                                     |                 | 3,659,537      |
| Other payables                                            | 10              | 188,986        |
| Current portion of long-term interest-bearing liabilities | 4(11), 4(12), 6 | 6,332,625      |
| Deferred income tax liabilities, current                  | 2, 4(19)        | 163            |
| Other current liabilities                                 | 7               | 979,313        |
| <b>Total current liabilities</b>                          |                 | 25,808,802     |
| <b>Long-term interest-bearing liabilities</b>             |                 |                |
| Bonds payable                                             | 2, 4(7), 4(11)  | 34,939,572     |
| Long-term loans                                           | 4(12)           | 3,247,875      |
| <b>Total long-term interest-bearing liabilities</b>       |                 | 38,187,447     |
| <b>Other liabilities</b>                                  |                 |                |
| Accrued pension liabilities                               | 2, 4(13)        | 2,977,371      |
| Deposits-in                                               |                 | 18,679         |
| Deferred income tax liabilities, noncurrent               | 2, 4(19)        | 44,539         |
| Other liabilities-others                                  |                 | 579,526        |
| <b>Total other liabilities</b>                            |                 | 3,620,115      |
| <b>Total liabilities</b>                                  |                 | 67,616,364     |
| <b>Capital</b>                                            | 2, 4(14), 4(15) |                |
| Common stock                                              |                 | 177,794,314    |
| Stock dividends for distribution                          |                 | 19,560,220     |
| <b>Capital reserve</b>                                    | 2, 4(7), 4(15)  |                |
| Premiums                                                  |                 | 64,227,411     |
| Change in equities of long-term investments               |                 | 20,786,958     |
| <b>Retained earnings</b>                                  | 4(17)           |                |
| Legal reserve                                             |                 | 15,996,839     |
| Special reserve                                           |                 | 1,744,171      |
| Unappropriated earnings                                   |                 | 3,622,790      |
| <b>Adjusting items in stockholders equity</b>             | 2               |                |
| Unrealized loss on long-term investments                  |                 | (150,917)      |
| Cumulative translation adjustment                         |                 | (1,998,163)    |
| <b>Treasury stock</b>                                     | 2, 4(16)        | (43,524,011)   |

|                                                      |                |
|------------------------------------------------------|----------------|
| <b>Total stockholders' equity of holding company</b> | 258,059,612    |
| <b>Minority interests</b>                            | 7,240,557      |
| <b>Total stockholders' equity</b>                    | 265,300,169    |
| <b>Total liabilities and stockholders' equity</b>    | \$ 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<br>ended June 30, 2005 |
|---------------------------------------------------------------------------------|----------|-------------------------------------------------|
| <b>Operating revenues</b>                                                       | 2, 5     |                                                 |
| Sales revenues                                                                  |          | \$ 42,548,923                                   |
| Less : Sales returns and discounts                                              |          | (788,168)                                       |
| <b>Net Sales</b>                                                                |          | <b>41,760,755</b>                               |
| Other operating revenues                                                        |          | 4,504,342                                       |
| <b>Net operating revenues</b>                                                   |          | <b>46,265,097</b>                               |
| <b>Operating costs</b>                                                          | 4(18)    |                                                 |
| Cost of goods sold                                                              |          | (41,390,077)                                    |
| Other operating costs                                                           |          | (2,240,722)                                     |
| <b>Operating costs</b>                                                          |          | <b>(43,630,799)</b>                             |
| <b>Gross profit</b>                                                             |          | <b>2,634,298</b>                                |
| Unrealized intercompany profit                                                  | 2        | (67,609)                                        |
| Realized intercompany profit                                                    | 2        | 151,192                                         |
| <b>Gross profit-net</b>                                                         |          | <b>2,717,881</b>                                |
| <b>Operating expenses</b>                                                       | 4(18), 5 |                                                 |
| Sales and marketing expenses                                                    |          | (2,066,367)                                     |
| General and administrative expenses                                             |          | (2,172,715)                                     |
| Research and development expenses                                               |          | (5,063,463)                                     |
| <b>Subtotal</b>                                                                 |          | <b>(9,302,545)</b>                              |
| <b>Operating losses</b>                                                         |          | <b>(6,584,664)</b>                              |
| <b>Non-operating income</b>                                                     |          |                                                 |
| 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                                         |

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|                                                                                                              |          |              |
|--------------------------------------------------------------------------------------------------------------|----------|--------------|
| Subtotal                                                                                                     |          | 8,770,441    |
| <b>Non-operating expenses</b>                                                                                |          |              |
| 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)    |
| <b>Income from continuing operations before income tax</b>                                                   |          | 1,269,444    |
| <b>Income tax expense</b>                                                                                    | 2, 4(19) | (106,942)    |
| <b>Income from continuing operations</b>                                                                     |          | 1,162,502    |
| <b>Cumulative effect of changes in accounting principles (the net amount after deducted tax expense \$0)</b> |          | (112,898)    |
| <b>Net income</b>                                                                                            |          | \$ 1,049,604 |
| <b>Of which</b>                                                                                              |          |              |
| <b>Consolidated net income</b>                                                                               |          | \$ 1,817,700 |
| <b>Minority interests</b>                                                                                    |          | (768,096)    |
| <b>Net income</b>                                                                                            |          | \$ 1,049,604 |

|                                                       |          | <b>Pre-tax</b> | <b>Post-tax</b> |
|-------------------------------------------------------|----------|----------------|-----------------|
| <b>Earnings per share-basic (NTD)</b>                 | 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         |
| <b>Earnings per share-diluted (NTD)</b>               | 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<br>Loss on<br>Long-term<br>Investments | Cumulative<br>Translation<br>Adjustment | Treasury<br>Stock | Minority<br>Interests | Total          |
|----------------------------------------------|----------|-----------------|----------------------------------|----------------------------|--------------------|------------------|--------------------|----------------------------|---------------------------------------------------|-----------------------------------------|-------------------|-----------------------|----------------|
|                                              |          | Common<br>Stock | Dividends<br>for<br>Distribution | Collected<br>in<br>Advance | Capital<br>Reserve | Legal<br>Reserve | Special<br>Reserve | Unappropriated<br>Earnings |                                                   |                                         |                   |                       |                |
| Balance as of January 1,                     | 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          | \$ 275,102,815 |
| Appropriation of 2004 undistributed earnings | 4(17)    |                 |                                  |                            |                    |                  |                    |                            |                                                   |                                         |                   |                       |                |
| Legal reserve                                |          |                 |                                  |                            |                    | 3,184,338        |                    | (3,184,338)                |                                                   |                                         |                   |                       |                |
| Legal reserve                                |          |                 |                                  |                            |                    |                  | 1,653,300          | (1,653,300)                |                                                   |                                         |                   |                       |                |
| Dividends                                    |          |                 |                                  |                            |                    |                  |                    | (1,758,736)                |                                                   |                                         |                   |                       | (1,758,736)    |
| Stock dividends                              |          |                 | 17,587,365                       |                            |                    |                  |                    | (17,587,365)               |                                                   |                                         |                   |                       |                |
| Directors' and supervisors' remuneration     |          |                 |                                  |                            |                    |                  |                    | (27,005)                   |                                                   |                                         |                   |                       | (27,005)       |
| Employees' shares                            |          |                 | 1,972,855                        |                            |                    |                  |                    | (1,972,855)                |                                                   |                                         |                   |                       |                |
| Acquisition of treasury stock                | 2, 4(16) |                 |                                  |                            |                    |                  |                    |                            |                                                   |                                         | (8,570,374)       |                       | (8,570,374)    |
| Share repurchase                             | 2, 4(16) | (491,140)       |                                  |                            | (177,419)          |                  |                    | (1,509,640)                |                                                   |                                         | 2,178,199         |                       |                |
| Net income in first half 2005                |          |                 |                                  |                            |                    |                  |                    | 1,817,700                  |                                                   |                                         |                   | (768,096)             | 1,049,604      |
| Investment in capital                        | 2        |                 |                                  |                            | (20,055)           |                  |                    |                            |                                                   |                                         |                   |                       | (20,055)       |

|                                                    |          |                |               |         |               |               |              |              |              |                |                 |              |            |
|----------------------------------------------------|----------|----------------|---------------|---------|---------------|---------------|--------------|--------------|--------------|----------------|-----------------|--------------|------------|
| ve<br>unted for<br>the<br>y<br>od                  |          |                |               |         |               |               |              |              |              |                |                 |              |            |
| ges in<br>lized<br>on<br>term<br>tments<br>vestees | 2        |                |               |         |               |               |              |              |              |                | 273,796         |              | 273        |
| ise of<br>oyees'<br>options                        | 2, 4(15) | 361,595        |               | 278,648 |               |               |              |              |              |                |                 |              | 640        |
| mon                                                |          |                |               |         |               |               |              |              |              |                |                 |              |            |
| ferred<br>capital<br>cted in<br>nce                |          | 4,040          |               | (4,040) |               |               |              |              |              |                |                 |              |            |
| ges in<br>lative<br>ation<br>tment                 | 2        |                |               |         |               |               |              |              |              |                | (678,711)       |              | (678       |
| ges in<br>rity<br>ests                             |          |                |               |         |               |               |              |              |              |                | 8,878           | (720,224)    | (711       |
| nce as of<br>30, 2005                              |          | \$ 177,794,314 | \$ 19,560,220 | \$ -    | \$ 85,014,369 | \$ 15,996,839 | \$ 1,744,171 | \$ 3,622,790 | \$ (150,917) | \$ (1,998,163) | \$ (43,524,011) | \$ 7,240,557 | \$ 265,300 |

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)

|                                                                                             | <b>For the six-month period<br/>ended June 30, 2005</b> |
|---------------------------------------------------------------------------------------------|---------------------------------------------------------|
| 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                                                  |
| <b>Net cash provided by operating activities</b>                                            | <b>18,475,804</b>                                       |
| 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)                                            |

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|                                                         |             |
|---------------------------------------------------------|-------------|
| Proceeds from disposal of property, plant and equipment | 113,412     |
| Increase in deferred charges                            | (692,343)   |
| Increase in other assets, net                           | (557,055)   |
|                                                         | <hr/>       |
| Net cash used in investing activities                   | (4,029,944) |
|                                                         | <hr/>       |

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)

|                                                                       | <b>For the six-month period<br/>ended June 30, 2005</b> |
|-----------------------------------------------------------------------|---------------------------------------------------------|
| <b>(continued)</b>                                                    |                                                         |
| 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<br>(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<br>(Note 3)  |
| SiS                             | Silicon Integrated Systems Corp. (SiS-HK)          | IC sales                                               | 100.00<br>(Note 3) |
| SiS                             | Silicon Integrated Systems Corp. (SiS-USA)         | IC sales                                               | 100.00<br>(Note 3) |
| SiS                             | Investar CPU Venture Capital Fund, Inc. LDC (IVCF) | Investment holding                                     | (Note 4)           |
| XGI                             | XGI Technology Inc. (Cayman)                       | Investment holding                                     | 100.00<br>(Note 3) |
| XGI                             | XGI Technology Inc. (USA)                          | Cartography chip design and production                 | 100.00<br>(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

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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 overseas 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 | <u>10,396,732</u>          |
| Total                                                 | <u>\$ 82,445,691</u>       |



(2) MARKETABLE SECURITIES, NET

|                                                     | <u>As of June 30, 2005</u> |
|-----------------------------------------------------|----------------------------|
| Listed equity securities                            | \$ 1,614,584               |
| Convertible bonds                                   | 1,657,323                  |
| Total                                               | 3,271,907                  |
| Less: Allowance for loss on decline in market value | (16,214)                   |
| Net                                                 | <u>\$ 3,255,693</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           | (173,277)                  |
| Net                                             | <u>\$ 10,012,139</u>       |

(5) OTHER FINANCIAL ASSETS, CURRENT

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

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

(6) INVENTORIES, NET

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|                                                                      | <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                                                       | 525,580                    |
|                                                                      | <hr/>                      |
| Total                                                                | 9,800,966                  |
| Less: Allowance for loss on decline in market value and obsolescence | (1,321,756)                |
|                                                                      | <hr/>                      |
| Net                                                                  | \$ 8,479,210               |
|                                                                      | <hr/>                      |

- 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, |                                          |
|------------------------------------------------------------------------|----------------|------------------------------------------|
|                                                                        | 2005           |                                          |
|                                                                        | 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, |                                          |
|-----------------------------------------------------------------------------------------------------|----------------|------------------------------------------|
|                                                                                                     | 2005           |                                          |
|                                                                                                     | 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         |                                          |
| Integrand 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                                       | 14,035,179     |                                          |
| Total                                          | \$ 32,673,623  |                                          |

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.

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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<br>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                                    | \$ 420,685,141      | \$ (247,132,203)            | \$ 173,552,938 |

- 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<br>ended June 30, 2005 |
|-------------------------------------|-------------------------------------------------|
| Machinery and equipment             | \$ 241,302                                      |
| Other property, plant and equipment | 2,922                                           |
| Total interest capitalized          | \$ 244,224                                      |
| Interest rates applied              | 2.88%~4.20%                                     |

- 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         | \$ 2,317,002        |

- 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                | \$ 1,845,315        |
| Interest rates       | 0.86%~3.82%         |

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- 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>\$ 34,939,572</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.)

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

(12) LONG-TERM LOANS

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

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:

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

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:

| <u>Date of grant</u> | <u>Total number of<br/>options granted<br/>(in thousands)</u> | <u>Total number of<br/>options outstanding<br/>(in thousands)</u> | <u>Exercise price<br/>(NTD)</u> |
|----------------------|---------------------------------------------------------------|-------------------------------------------------------------------|---------------------------------|
| 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:

|                                                                      | <u>For the six-month period<br/>ended<br/>June 30, 2005</u> |                                     |
|----------------------------------------------------------------------|-------------------------------------------------------------|-------------------------------------|
|                                                                      | <u>Weighted-average</u>                                     |                                     |
|                                                                      | <u>Option<br/>(in thousands)</u>                            | <u>Exercise<br/>Price<br/>(NTD)</u> |
| 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                                         | 945,691                                                     | \$ 18.9                             |
| Exercisable at end of period                                         | 357,276                                                     |                                     |
| 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:

|                      |                              | <u>Outstanding Stock Options</u> |                                     |                        | <u>Exercisable Stock Options</u> |                        |  |
|----------------------|------------------------------|----------------------------------|-------------------------------------|------------------------|----------------------------------|------------------------|--|
|                      |                              | <u>Weighted-average</u>          |                                     |                        | <u>Weighted-average</u>          |                        |  |
| <u>Authorization</u> | <u>Range of<br/>Exercise</u> | <u>Option</u>                    | <u>Weighted-average</u>             | <u>Exercise</u>        | <u>Option</u>                    | <u>Exercise</u>        |  |
| <u>Date</u>          | <u>Price</u>                 | <u>(in thousands)</u>            | <u>Expected<br/>Remaining Years</u> | <u>Price<br/>(NTD)</u> | <u>(in thousands)</u>            | <u>Price<br/>(NTD)</u> |  |
| 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                |                                  |                        |  |
|                      |                              | 945,691                          | 1.9                                 | \$ 18.9                | 357,276                          | \$ 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:

|                                    | For the six-month period ended June 30, 2005 |                            |
|------------------------------------|----------------------------------------------|----------------------------|
|                                    | Basic earnings per share                     | Diluted earnings per share |
| 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)*

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

- 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 NT\$23.19 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:

|                                          | <b>2004</b>      |
|------------------------------------------|------------------|
| 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) |

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|                                                     |             |
|-----------------------------------------------------|-------------|
| 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)    |
|                                                     | <hr/>       |
| Income tax expense                                  | \$ 106,942  |
|                                                     | <hr/>       |

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

|                                                   | As of June 30, 2005 |               |
|---------------------------------------------------|---------------------|---------------|
|                                                   | Amount              | Tax effect    |
| 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           | 864,904       |
| Total deferred income tax assets                  |                     | 22,210,715    |
| Valuation allowance                               |                     | (11,125,802)  |
| Net deferred income tax assets                    |                     | 11,084,913    |
| Deferred income tax liabilities                   |                     |               |
| Unrealized exchange gain                          | (584,763)           | (137,408)     |
| Depreciation                                      | (14,139,585)        | (3,534,896)   |
| Others                                            | (110,135)           | (44,539)      |
| Total deferred income tax liabilities             |                     | (3,716,843)   |
| Total net deferred income tax assets              |                     | \$ 7,368,070  |
| Deferred income tax assets current                |                     | \$ 5,463,547  |
| Deferred income tax liabilities current           |                     | (137,408)     |
| Valuation allowance                               |                     | (1,843,496)   |
| Net                                               |                     | 3,482,643     |
| Deferred income tax assets noncurrent             |                     | 16,747,168    |
| Deferred income tax liabilities noncurrent        |                     | (3,579,435)   |
| Valuation allowance                               |                     | (9,282,306)   |
| Net                                               |                     | 3,885,427     |
| Total net deferred income tax assets              |                     | \$ 7,368,070  |

- 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:

| <u>Expiration Year</u> | <u>Investment tax credits earned</u> | <u>Balance of unused investment tax credits</u> |
|------------------------|--------------------------------------|-------------------------------------------------|
| 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:

| <u>Expiration Year</u> | <u>Accumulated loss</u> | <u>Unutilized accumulated loss</u> |
|------------------------|-------------------------|------------------------------------|
| 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                          |
| Total                  | \$ 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                                       |              |                                  | Earnings per share-basic<br>(NTD) |            |
|                                                       | Income before<br>income tax                  | Net income   | Shares expressed<br>in thousands | Income before<br>income<br>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                                            | \$ 1,924,642                                 | \$ 1,817,700 |                                  | \$ 0.12                           | \$ 0.11    |
| 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                                            | \$ 1,924,642                                 | \$ 1,817,700 |                                  | \$ 0.12                           | \$ 0.11    |

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

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

|                          |         |         |
|--------------------------|---------|---------|
| Earnings per share (NTD) | \$ 0.10 | \$ 0.10 |
|--------------------------|---------|---------|

## 5. RELATED PARTY TRANSACTIONS

### (1) Name and Relationship of Related Parties

| <u>Name of related parties</u>                                                  | <u>Relationship with the Company</u> |
|---------------------------------------------------------------------------------|--------------------------------------|
| 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                                    |                     |                   |
|                                         | <u>Amount</u>       | <u>Percentage</u> |
| Novatek                                 | \$ 2,714,397        | 6                 |
| Others                                  | 1,733,634           | 4                 |
| <b>Total</b>                            | <b>\$ 4,448,031</b> | <b>10</b>         |

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

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As of June 30, 2005

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

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 NT\$18.9 billion. Royalties and development fees for the future years are set out as follows:

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

- (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(3rd quarter thereafter)    | \$ 114,120          |
| 2006                            | 220,756             |
| 2007                            | 208,582             |
| 2008                            | 200,609             |
| 2009                            | 186,392             |
| 2010 and thereafter             | 2,017,859           |
| <b>Total</b>                    | <b>\$ 2,948,318</b> |

- (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

|                                             | As of June 30, 2005 |               |
|---------------------------------------------|---------------------|---------------|
|                                             | Book Value          | Fair Value    |
| <u>Non-derivative Financial Instruments</u> |                     |               |
| 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       |



| As of June 30, 2005                                           |              |              |
|---------------------------------------------------------------|--------------|--------------|
|                                                               | Book Value   | Fair Value   |
| <b>Non-derivative Financial Instruments</b>                   |              |              |
| 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    |
| <b>Derivative Financial Instruments</b>                       |              |              |
| 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

| Credit-linked deposits and repackage bonds referenced to                        | Amount          | Due Date   |
|---------------------------------------------------------------------------------|-----------------|------------|
| 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

| Credit-linked deposits and repackage bonds referenced to | Amount          | Due Date   |
|----------------------------------------------------------|-----------------|------------|
| 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:

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

| Type              | Notional Amount      | Contract Period                |
|-------------------|----------------------|--------------------------------|
| 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

| Type | Notional Amount | Contract Period |
|------|-----------------|-----------------|
|------|-----------------|-----------------|

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Forward contracts

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Sell USD 2.1 million

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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:

| Subsidiary | No. of Shares<br>(in thousands) | Amount        | Purpose              |
|------------|---------------------------------|---------------|----------------------|
| 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)

| e1) | Related Party                       | Counterparty                          | Relationship with<br>the Company<br>(Note 2) | Transactions              |               |        | Percentage of consolidated operating<br>revenues or consolidated total assets |
|-----|-------------------------------------|---------------------------------------|----------------------------------------------|---------------------------|---------------|--------|-------------------------------------------------------------------------------|
|     |                                     |                                       |                                              | Account                   | Amount        | Terms  |                                                                               |
|     | United Microelectronics Corporation | UMC Group (USA)                       | 1                                            | Sales                     | \$ 18,179,163 | Note 4 | 39                                                                            |
|     | United Microelectronics Corporation | UMC Group (USA)                       | 1                                            | Accounts receivable       | 3,550,827     | -      | 1                                                                             |
|     | United Microelectronics Corporation | UMC Group (USA)                       | 1                                            | Other current liabilities | 632,800       | -      | 0                                                                             |
|     | United Microelectronics Corporation | United Microelectronics (Europe) B.V. | 1                                            | Sales                     | 3,818,862     | Note 4 | 8                                                                             |
|     | United Microelectronics Corporation | United Microelectronics (Europe) B.V. | 1                                            | Accounts receivable       | 704,927       | -      | 0                                                                             |
|     | United Microelectronics Corporation | UMCi Ltd.                             | 1                                            | Purchase                  | 1,244,347     | Note 5 | 2                                                                             |
|     | United Microelectronics Corporation | Fortune Venture Capital Corporation   | 1                                            | Long-term investments     | 326,071       | -      | 0                                                                             |
|     | United Microelectronics Corporation | Silicon Integrated Systems Corp.      | 1                                            | Sales                     | 1,433,057     | Note 4 | 3                                                                             |

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)

|       |                  |                                 |                                |                |               |                     |                                                  |                      |                                 | Collateral |       | Limit of                                     |
|-------|------------------|---------------------------------|--------------------------------|----------------|---------------|---------------------|--------------------------------------------------|----------------------|---------------------------------|------------|-------|----------------------------------------------|
|       |                  |                                 |                                |                |               |                     |                                                  |                      |                                 |            |       |                                              |
|       | 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 | Item       | Value | financing amount for individual counterparty |
|       | UMCi Ltd.        | Other receivables               | \$ 5,137,760                   | \$             | 2.74%-3.05%   | Note                | N/A                                              | Operating capital    | N/A                             | N/A        | N/A   | N/A                                          |
| (USA) | Former Employees | Receivable from employees loans | USD 691                        | USD 691        | 7%            | Note                | N/A                                              | Employee loan        |                                 | Securities | Lower | N/A                                          |

Note : Need for short-term financing.

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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)

| or/Guarantor | Receiving Party | Relationship | Limit of<br>guarantee/endorsement<br>amount for individual<br>counterparty | Maximum balance for<br>the period | Ending balance | Amount of collateral<br>guarantee/endorsement | Ratio of accumulated<br>guarantee amount to net<br>assets value from the<br>latest financial statement | Lim<br>guarante<br>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                              |            |                            |                               |
|------------|--------------------------------------------------------------------------|------------------------------|-----------------------------|--------------------------------------------|------------|----------------------------|-------------------------------|
| Securities | Name of securities                                                       | Relationship                 | Financial statement account | Units(thousand)/bonds/<br>shares(thousand) | Book value | Percentage of ownership(%) | Market value/<br>assets value |
| Bonds      | King Yuan Electronics Co., Ltd.                                          | -                            | Short-term investment       | 800                                        | \$ 271,600 |                            | \$ 257,972                    |
| Bonds      | EPISTAR Corporation                                                      | -                            | Short-term investment       | 100                                        | 34,140     |                            | 31,540                        |
| Bonds      | Ching Feng Home Fashions Co., Ltd.                                       | -                            | Short-term investment       | 2,000                                      | 68,300     |                            | 61,902                        |
| Bonds      | International Semiconductor Technology Ltd.                              | -                            | Short-term investment       | 4,000                                      | 135,800    |                            | 110,390                       |
| Bonds      | Everlight Electronics Co., Ltd.                                          | -                            | Short-term investment       | 100                                        | 33,745     |                            | 31,780                        |
| Bonds      | Siliconware Precision Industries                                         | -                            | Short-term investment       | 8,000                                      | 270,120    |                            | 235,008                       |
| Bonds      | Mega Financial Holding Company                                           | -                            | Short-term investment       | 5,000                                      | 166,650    |                            | 155,633                       |
| Bonds      | Quanta Storage Inc.                                                      | -                            | Short-term investment       | 4,500                                      | 152,778    |                            | 134,833                       |
| Bonds      | EDOM Technology Co., Ltd.                                                | -                            | Short-term investment       | 60                                         | 201,990    |                            | 181,922                       |
| Bonds      | Action Electronics Co., Ltd.                                             | -                            | Short-term investment       | 10,000                                     | 322,200    |                            | 338,834                       |
|            | SpringSoft, Inc.                                                         | -                            | Short-term investment       | 8,183                                      | 415,728    |                            | 534,530                       |
|            | King Yuan Electronics Co., Ltd.                                          | -                            | Short-term investment       | 20,076                                     | 356,781    |                            | 576,511                       |
|            | SerComm Corporation                                                      | Subsidiary's equity investee | Short-term investment       | 129                                        | 3,093      |                            | 3,693                         |
|            | Yang Ming Marine Transport Corp.                                         | -                            | Short-term investment       | 3,254                                      | 128,057    |                            | 93,491                        |
|            | Micronas Semiconductor Holding AG                                        | -                            | Short-term investment       | 280                                        | 398,672    |                            | 308,906                       |
|            | L&K Engineering Co., Ltd.                                                | -                            | Short-term investment       | 1,341                                      | 98,925     |                            | 107,783                       |
|            | UMC Group (USA)                                                          | Investee company             | Long-term investment        | 16,438                                     | 708,829    | 100.00                     | 708,829                       |
|            | United Microelectronics (Europe) B.V.                                    | Investee company             | Long-term investment        | 9                                          | 283,099    | 100.00                     | 272,629                       |
|            | UMC Capital Corporation                                                  | Investee company             | Long-term investment        | 55,000                                     | 1,306,287  | 100.00                     | 1,306,287                     |
|            | United Microelectronics Corp. (Samoa)                                    | Investee company             | Long-term investment        | 1,000                                      | 14,897     | 100.00                     | 14,897                        |
|            | UMCi Ltd.                                                                | Investee company             | Long-term investment        | 880,006                                    | 14,604     | 100.00                     | 14,604                        |
|            | Fortune Venture Capital Corporation                                      | Investee company             | Long-term investment        | 449,994                                    | 3,758,856  | 99.99                      | 4,079,243                     |
|            | Hsun Chieh Investment Co., Ltd.                                          | Investee company             | Long-term investment        | 1,417,294                                  | 10,409,009 | 99.97                      | 23,054,302                    |
|            | United Microdisplay Optonics Corp.                                       | Investee company             | Long-term investment        | 104,345                                    | 201,914    | 83.48                      | 224,222                       |
|            | Pacific Venture Capital Co., Ltd.                                        | Investee company             | Long-term investment        | 30,000                                     | 300,407    | 49.99                      | 300,470                       |
|            | UMC Japan                                                                | Investee company             | Long-term investment        | 484                                        | 7,269,416  | 47.42                      | 5,776,415                     |
|            | Toppan Photomasks Taiwan Ltd.(formerly<br>DuPont Photomasks Taiwan Ltd.) | Investee company             | Long-term investment        | 106,621                                    | 1,012,456  | 45.35                      | 1,012,379                     |
|            | Unitech Capital Inc.                                                     | Investee company             | Long-term investment        | 21,000                                     | 710,102    | 42.00                      | 710,102                       |
|            | Holtek Semiconductor Inc.                                                | Investee company             | Long-term investment        | 48,980                                     | 797,730    | 25.23                      | 1,789,695                     |
|            | ITE Tech. Inc.                                                           | Investee company             | Long-term investment        | 24,229                                     | 292,828    | 22.21                      | 431,283                       |
|            | Unimicron Technology Corp.                                               | Investee company             | Long-term investment        | 185,626                                    | 3,640,017  | 20.85                      | 5,027,857                     |
|            | Faraday Technology Corp.                                                 | Investee company             | Long-term investment        | 47,682                                     | 907,782    | 18.38                      | 2,943,692                     |
|            | Silicon Integrated Systems Corp.                                         | Investee company             | Long-term investment        | 219,092                                    | 4,048,689  | 16.16                      | 3,715,581                     |

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 |                                      |                  |                             |                        |            |                            |                               |
|---------------|--------------------------------------|------------------|-----------------------------|------------------------|------------|----------------------------|-------------------------------|
| Securities    | Name of securities                   | Relationship     | Financial statement account | Units(thousand)/bonds/ |            | Percentage of ownership(%) | Market value/Net assets value |
|               |                                      |                  |                             | shares(thousand)       | Book value |                            |                               |
| ck            | Thintek Semiconductor Corp.          | Investee company | Long-term investment        | 3,565                  | \$ 30,383  | 14.26                      | \$ 14,699                     |
| ck            | Novatek Microelectronics Corp.       | Investee company | Long-term investment        | 52,823                 | 1,428,604  | 13.24                      | 7,368,752                     |
| ck            | AMIC Technology Corporation          | Investee company | Long-term investment        | 16,200                 | 60,134     | 11.83                      | 89,664                        |
| ck            | Aptos (Taiwan) Corp.                 | Investee company | Long-term investment        | 16,100                 | 108,755    | 9.72                       | 103,188                       |
| ck            | Epitech Corp.                        | -                | Long-term investment        | 10,554                 | 299,993    | 10.08                      | Note                          |
| ck            | United Industrial Gases Co., Ltd.    | -                | Long-term investment        | 13,185                 | 146,250    | 8.11                       | Note                          |
| ck            | MediaTek Incorporation               | -                | Long-term investment        | 58,033                 | 726,309    | 7.54                       | 16,152,772                    |
| ck            | Industrial Bank of Taiwan Corp.      | -                | Long-term investment        | 118,303                | 1,139,196  | 4.95                       | Note                          |
| ck            | Subtron Technology Co., Ltd.         | -                | Long-term investment        | 11,520                 | 172,800    | 4.92                       | Note                          |
| ck            | South Epitaxy Corporation            | -                | Long-term investment        | 7,060                  | 143,661    | 4.15                       | 184,793                       |
| ck            | Chipbond Technology Corporation      | -                | Long-term investment        | 6,440                  | 174,735    | 3.20                       | 258,303                       |
| ck            | Billinton Systems Inc.               | -                | Long-term investment        | 1,826                  | 30,948     | 2.71                       | 38,042                        |
| ck            | AU Optronics Corp.                   | -                | Long-term investment        | 71,215                 | 959,082    | 1.44                       | 3,777,963                     |
| ck            | Mega Financial Holding Company       | -                | Long-term investment        | 95,577                 | 3,108,656  | 0.84                       | 1,991,056                     |
| ck            | Premier Image Technology Corporation | -                | Long-term investment        | 3,395                  | 27,964     | 0.61                       | 121,784                       |
| nd            | Pacific Technology Partners, L.P.    | -                | Long-term investment        |                        | 359,722    |                            | Note                          |
| nd            | Pacific United Technology, L.P.      | -                | Long-term investment        |                        | 126,560    |                            | Note                          |
| rrred stock   | Taiwan High Speed Rail Corporation   | -                | Long-term investment        | 30,000                 | 300,000    |                            | N/A                           |

**eh Investment Co., Ltd.**

| June 30, 2005 |                                                       |                  |                             |                        |            |                            |                               |
|---------------|-------------------------------------------------------|------------------|-----------------------------|------------------------|------------|----------------------------|-------------------------------|
| Securities    | Name of securities                                    | Relationship     | Financial statement account | Units(thousand)/bonds/ |            | Percentage of ownership(%) | Market value/Net assets value |
|               |                                                       |                  |                             | shares(thousand)       | Book value |                            |                               |
| ck            | ENE Technology Inc.                                   | -                | Short-term investment       | 250                    | \$ 5,096   | 0.73                       | \$ 7,359                      |
| ck            | Premier Image Technology Corp.                        | -                | Short-term investment       | 2,094                  | 112,925    | 0.40                       | 75,101                        |
| ck            | Shanghai Fudan Microelectronics. Co., Ltd.            | -                | Short-term investment       | 516                    | 2,511      | 0.10                       | 641                           |
| ck            | SinoPac Holdings                                      | -                | Short-term investment       | 1,464                  | 28,535     | 0.04                       | 23,450                        |
| ck            | Trident Technologies, Inc.                            | -                | Short-term investment       | 130                    | 64,261     |                            | 90,569                        |
| ck            | Unitruth Investment Corp.                             | Investee company | Long-term investment        | 10,000                 | 94,684     | 100.00                     | 94,684                        |
| ck            | Uwave Technology Corp.(formerly United Radiotek Inc.) | Investee company | Long-term investment        | 12,750                 | 45,537     | 49.04                      | 45,537                        |
| ck            | VistaPoint, Inc.                                      | Investee company | Long-term investment        | 6,828                  | 10,773     | 41.38                      | 10,773                        |
| nd            | UC Fund II                                            | Investee company | Long-term investment        | 5,000                  | 121,532    | 35.45                      | 121,532                       |
| ck            | UCA Technology, Inc.                                  | Investee company | Long-term investment        | 4,950                  | 26,684     | 30.94                      | 26,684                        |
| ck            | Star Semiconductor Corp.                              | Investee company | Long-term investment        | 6,555                  | 33,339     | 28.20                      | 33,339                        |
| ck            | Afa Technology, Inc.                                  | Investee company | Long-term investment        | 5,838                  | 32,859     | 25.82                      | 32,859                        |
| ck            | Crystal Media Inc.                                    | Investee company | Long-term investment        | 2,115                  | 12,391     | 24.88                      | 12,391                        |
| ck            | USBEST Technology Inc.                                | Investee company | Long-term investment        | 2,563                  | 23,694     | 18.99                      | 23,694                        |
| ck            | Harvatek Corporation                                  | Investee company | Long-term investment        | 22,392                 | 351,312    | 18.20                      | 608,477                       |



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                                          |                                |                      |                                            |               |                               |                        |
|--------------------------------------------------------|--------------------------------|----------------------|--------------------------------------------|---------------|-------------------------------|------------------------|
| Name of securities                                     | Relationship                   | Financial            | Units(thousand)/bonds/<br>shares(thousand) | Book<br>value | Percentage of<br>ownership(%) | Market value<br>assets |
|                                                        |                                | statement<br>account |                                            |               |                               |                        |
| top, Ltd.                                              | Investee company               | Long-term investment | 720                                        | 1,195         | 18.00                         | 1,                     |
| micron Technology Corp.                                | Investee of UMC and Hsun Chieh | Long-term investment | 97,180                                     | \$ 1,848,305  | 10.92                         | \$ 2,632,              |
| dia Technology Corp.                                   | Investee company               | Long-term investment | 1,800                                      | 9,028         | 10.59                         | 9,                     |
| edia Communications, Inc.                              | Investee company               | Long-term investment | 2,500                                      | 18,142        | 10.50                         | 18,                    |
| omm Corporation                                        | Investee company               | Long-term investment | 10,176                                     | 186,803       | 10.06                         | 290,                   |
| Technology Inc.                                        | Investee company               | Long-term investment | 24,963                                     | 250,558       | 10.05                         | 250,                   |
| Advanced Technology Inc.                               | Investee company               | Long-term investment | 1,386                                      | 13,800        | 9.86                          | 13,                    |
| s (Taiwan) Corp.                                       | Investee of UMC and Hsun Chieh | Long-term investment | 16,165                                     | 108,396       | 9.76                          | 108,                   |
| Electronics Inc.                                       | Investee company               | Long-term investment | 7,842                                      | 158,358       | 9.51                          | 158,                   |
| DD Technology Co., Ltd.                                | Investee company               | Long-term investment | 470                                        | 4,541         | 9.40                          | 4,                     |
| ile Devices Inc.                                       | Investee company               | Long-term investment | 1,500                                      | 15,367        | 6.31                          | 15,                    |
| C Technology Corporation                               | Investee of UMC and Hsun Chieh | Long-term investment | 6,830                                      | 37,788        | 4.99                          | 37,                    |
| day Technology Corp.                                   | Investee of UMC and Hsun Chieh | Long-term investment | 14,265                                     | 1,109,310     | 4.93                          | 880,                   |
| C Japan                                                | Investee of UMC and Hsun Chieh | Long-term investment | 45                                         | 696,808       | 4.39                          | 535,                   |
| com Semiconductor, Inc.                                | Investee company               | Long-term investment | 1,598                                      | 21,577        | 2.50                          | 21,                    |
| atek Microelectronics Corp.                            | Investee of UMC and Hsun Chieh | Long-term investment | 3,249                                      | 110,988       | 0.82                          | 453,                   |
| View Technology Inc.                                   | -                              | Long-term investment | 4,487                                      | 29,759        | 19.94                         | N                      |
| OnLine Technology Corp.                                | -                              | Long-term investment | 4,455                                      | 56,231        | 15.91                         | N                      |
| ance Materials Corporation                             | -                              | Long-term investment | 14,994                                     | 152,321       | 15.78                         | N                      |
| glory Resource Technology Co., Ltd.                    | -                              | Long-term investment | 3,700                                      | 74,000        | 15.14                         | N                      |
| Tuning Tech., Inc.                                     | -                              | Long-term investment | 1,900                                      | 24,772        | 15.08                         | N                      |
| en Technology Venture Capital Investment Corp.         | -                              | Long-term investment | 5,600                                      | 56,000        | 10.67                         | N                      |
| U Spring I Technology Venture Capital Investment Corp. | -                              | Long-term investment | 4,284                                      | 43,482        | 10.06                         | N                      |
| ech International Inc.                                 | -                              | Long-term investment | 3,000                                      | 30,000        | 9.68                          | N                      |
| chchip Technologies Corp.                              | -                              | Long-term investment | 3,775                                      | 60,406        | 9.25                          | N                      |
| olution, Inc.                                          | -                              | Long-term investment | 1,950                                      | 51,900        | 7.28                          | N                      |
| sence Corp.                                            | -                              | Long-term investment | 3,800                                      | 41,800        | 7.24                          | N                      |
| Solution Technology Co., Ltd.                          | -                              | Long-term investment | 8,750                                      | 105,000       | 6.91                          | N                      |
| ine Semiconductor Corporation                          | -                              | Long-term investment | 2,183                                      | 71,500        | 6.64                          | N                      |
| U Spring Venture Capital Co., Ltd.                     | -                              | Long-term investment | 2,000                                      | 20,000        | 6.28                          | N                      |
| ink Venture Capital Corp.                              | -                              | Long-term investment | 8,000                                      | 80,000        | 6.20                          | N                      |
| mm Technologies Co., Ltd.                              | -                              | Long-term investment | 1,800                                      | 25,020        | 6.00                          | N                      |
| ak Technology Corporation                              | -                              | Long-term investment | 3,575                                      | 53,625        | 5.96                          | N                      |
| nos Technology Venture Capital Investment Corp.        | -                              | Long-term investment | 2,600                                      | 26,000        | 5.03                          | N                      |
| win Venture Capital Corp.                              | -                              | Long-term investment | 5,000                                      | 50,000        | 5.00                          | N                      |

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                                 |                  |                      |                        |            |                           |          |              |
|-----------------------------------------------|------------------|----------------------|------------------------|------------|---------------------------|----------|--------------|
| Name of securities                            | Relationship     | Financial statement  | Units(thousand)/bonds/ | Book       | Percentage ofMarket value |          | assets value |
|                                               |                  | account              | shares(thousand)       | value      | ownership(%)              |          |              |
| ACTi Corporation                              | -                | Long-term investment | 850                    | 12,750     | 4.97                      |          | N            |
| Programmable Microelectronics(Taiwan) Corp.   | -                | Long-term investment | 1,980                  | \$ 23,760  | 4.95                      |          | N            |
| Beyond Innovation Technology Co., Ltd.        | -                | Long-term investment | 1,045                  | 18,096     | 4.86                      |          | N            |
| JMicron Technology Corp.                      | -                | Long-term investment | 1,340                  | 24,120     | 4.79                      |          | N            |
| Animation Technologies Corp.                  | -                | Long-term investment | 1,980                  | 29,700     | 4.74                      |          | N            |
| HiTop Communications Corp.                    | -                | Long-term investment | 1,198                  | 17,964     | 4.44                      |          | N            |
| Coretronic Corporation                        | -                | Long-term investment | 18,787                 | 276,192    | 4.21                      | \$ 838,3 |              |
| Taiwan Asia Pacific Venture Fund              | -                | Long-term investment | 85                     | 21,625     | 4.15                      |          | N            |
| Epitech Corporation                           | -                | Long-term investment | 2,917                  | 58,474     | 3.89                      |          | N            |
| IBT Venture Co.                               | -                | Long-term investment | 7,614                  | 76,142     | 3.81                      |          | N            |
| Skardin Industrial Corp.                      | -                | Long-term investment | 1,000                  | 75,070     | 3.58                      |          | N            |
| ZyDAS Technology Corp.                        | -                | Long-term investment | 1,000                  | 23,000     | 3.33                      |          | N            |
| United Microelectronics Corporation           | Investor company | Long-term investment | 543,732                | 29,592,654 | 3.06                      | 12,610,7 |              |
| Sheng-Hua Venture Capital Corp.               | -                | Long-term investment | 5,000                  | 50,000     | 2.50                      |          | N            |
| Subtron Technology Co., Ltd.                  | -                | Long-term investment | 5,616                  | 71,280     | 2.40                      |          | N            |
| Princeton Technology Corporation              | -                | Long-term investment | 3,237                  | 96,706     | 2.33                      | 106,3    |              |
| BroadWeb Corporation                          | -                | Long-term investment | 500                    | 8,000      | 2.22                      |          | N            |
| ProSys Technology Integration, Inc.           | -                | Long-term investment | 186                    | 2,790      | 2.07                      |          | N            |
| Taimide Tech., Inc.                           | -                | Long-term investment | 1,500                  | 37,500     | 1.83                      |          | N            |
| Pixart Imaging Inc.                           | -                | Long-term investment | 1,143                  | 16,107     | 1.83                      |          | N            |
| C-Com Corporation                             | -                | Long-term investment | 1,110                  | 9,806      | 0.96                      | 4,7      |              |
| Aimtron Technology Inc.                       | -                | Long-term investment | 200                    | 9,000      | 0.73                      |          | N            |
| Largan Precision, Co., Ltd.                   | -                | Long-term investment | 678                    | 36,281     | 0.63                      | 141,6    |              |
| Mega Financial Holding Company                | -                | Long-term investment | 59,539                 | 1,882,974  | 0.52                      | 1,240,3  |              |
| ULTRA CHIP, Inc.                              | -                | Long-term investment | 90                     | 1,710      | 0.14                      |          | N            |
| Averlogic Technologies, Inc.                  | -                | Long-term investment | 33                     | 890        | 0.12                      | 4        |              |
| d Stock Alpha and Omega Semiconductor, Inc.   | -                | Long-term investment | 1,500                  | 46,883     |                           |          | N            |
| d Stock Aurora System, Inc.                   | -                | Long-term investment | 550                    | 6,355      |                           |          | N            |
| d Stock Formerica International Holding, Inc. | -                | Long-term investment | 2,000                  | 30,898     |                           |          | N            |
| d Stock ForteMedia, Inc.                      | -                | Long-term investment | 5,694                  | 108,456    |                           |          | N            |
| VenGlobal Capital fund III, L.P.              | -                | Long-term investment |                        | 33,195     |                           |          | N            |

## 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          |            |                            |              |
|------------|----------------------------------------------|-----------------------------|-----------------------------|------------------------|------------|----------------------------|--------------|
| Securities | Name of securities                           | Relationship                | Financial statement account | Units(thousand)/bonds/ |            | Market value               |              |
|            |                                              |                             |                             | shares(thousand)       | Book value | Percentage of ownership(%) | assets value |
|            | AEVOE Inc.                                   | Investee company            | Long-term investment        | 1,500                  | \$ 8,455   | 44.12                      | \$ 8,455     |
|            | Smedia Technology Corp                       | Investee company            | Long-term investment        | 4,572                  | 22,924     | 26.89                      | 22,924       |
|            | Mobile Devices Inc.                          | Investee company            | Long-term investment        | 5,000                  | 48,771     | 21.02                      | 48,771       |
|            | Davicom Semiconductor, Inc.                  | Investee company            | Long-term investment        | 12,200                 | 121,786    | 19.06                      | 121,786      |
|            | Chip Advanced Technology Inc.                | Investee company            | Long-term investment        | 2,094                  | 21,503     | 14.90                      | 21,503       |
|            | UCA Technology Inc.                          | Investee company            | Long-term investment        | 2,335                  | 23,115     | 14.59                      | 23,115       |
|            | ULi Electronics Inc.                         | Investee company            | Long-term investment        | 10,530                 | 213,598    | 12.76                      | 213,598      |
|            | AMIC Technology Corp.                        | Investee of UMC and Fortune | Long-term investment        | 16,575                 | 100,090    | 12.11                      | 100,090      |
|            | Crystal Media, Inc.                          | Investee company            | Long-term investment        | 950                    | 5,566      | 11.18                      | 5,566        |
|            | USBest Technology Inc.                       | Investee company            | Long-term investment        | 1,448                  | 15,291     | 10.73                      | 15,291       |
|            | AMOD Technology Co., Ltd.                    | Investee company            | Long-term investment        | 530                    | 5,121      | 10.60                      | 5,121        |
|            | U-Media Communications, Inc.                 | Investee company            | Long-term investment        | 2,500                  | 18,143     | 10.50                      | 18,143       |
|            | XGI Technology Inc.                          | Investee company            | Long-term investment        | 20,726                 | 45,601     | 8.34                       | 45,601       |
|            | Aptos (Taiwan) Corporation                   | Investee of UMC and Fortune | Long-term investment        | 11,440                 | 75,495     | 6.90                       | 75,495       |
|            | Star Semiconductor Corp.                     | Investee company            | Long-term investment        | 1,337                  | 13,042     | 5.75                       | 13,042       |
|            | Afa Technology, Inc.                         | Investee company            | Long-term investment        | 1,050                  | 21,751     | 4.64                       | 21,751       |
|            | Cion Technology Corporation                  | -                           | Long-term investment        | 2,160                  | 21,600     | 18.00                      | Note         |
|            | Pixart Imaging Inc.                          | -                           | Long-term investment        | 10,690                 | 207,004    | 17.15                      | Note         |
|            | HiTop Communications Corp.                   | -                           | Long-term investment        | 3,142                  | 47,136     | 11.64                      | Note         |
|            | JMicro Technology Corp.                      | -                           | Long-term investment        | 2,660                  | 47,880     | 9.50                       | Note         |
|            | Programmable Microelectronics (Taiwan) Corp. | -                           | Long-term investment        | 3,302                  | 37,156     | 8.25                       | Note         |
|            | SIMPal Electronics Co., Ltd.                 | -                           | Long-term investment        | 6,009                  | 70,179     | 7.34                       | Note         |
|            | Bcom Electronics Inc.                        | -                           | Long-term investment        | 7,500                  | 75,000     | 7.09                       | Note         |
|            | Shin-Etsu Hondotai Taiwan Co., Ltd.          | -                           | Long-term investment        | 10,500                 | 105,000    | 7.00                       | Note         |
|            | Aimtron Technology, Inc.                     | -                           | Long-term investment        | 1,384                  | 58,777     | 5.02                       | Note         |
|            | ACTi Corporation.                            | -                           | Long-term investment        | 850                    | 12,750     | 4.97                       | Note         |
|            | LighTuning Tech., Inc.                       | -                           | Long-term investment        | 600                    | 9,629      | 4.76                       | Note         |
|            | WavePlus Technology Inc.                     | -                           | Long-term investment        | 1,200                  | 30,000     | 4.00                       | Note         |
|            | Averlogic Technologies, Inc.                 | -                           | Long-term investment        | 1,051                  | 17,628     | 3.80                       | 14,463       |
|            | Epitech Corporation                          | -                           | Long-term investment        | 3,207                  | 43,614     | 3.69                       | Note         |
|            | Animation Technologies Corp                  | -                           | Long-term investment        | 1,500                  | 22,500     | 3.59                       | Note         |
|            | Advanced Chip Engineering Tech. Inc.         | -                           | Long-term investment        | 4,160                  | 49,920     | 3.56                       | Note         |
|            | ProSys Technology Integration, Inc.          | -                           | Long-term investment        | 186                    | 1,860      | 3.08                       | Note         |

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

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

**Fortune Venture Capital Corporation**

| Type of securities    | Name of securities                   | Relationship     | Financial statement account | June 30, 2005          |            |                            |                                |                                 |
|-----------------------|--------------------------------------|------------------|-----------------------------|------------------------|------------|----------------------------|--------------------------------|---------------------------------|
|                       |                                      |                  |                             | Units(thousand)/bonds/ |            | Percentage of ownership(%) | Market value/ Net assets value | Shares as collateral (thousand) |
|                       |                                      |                  |                             | shares(thousand)       | Book value |                            |                                |                                 |
| 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 | Integrand 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.**

| Type of securities | Name of securities | Relationship | Financial statement account | June 30, 2005          |            |                            |                                |                                 |
|--------------------|--------------------|--------------|-----------------------------|------------------------|------------|----------------------------|--------------------------------|---------------------------------|
|                    |                    |              |                             | Units(thousand)/bonds/ |            | Percentage of ownership(%) | Market value/ Net assets value | Shares as collateral (thousand) |
|                    |                    |              |                             | shares(thousand)       | Book value |                            |                                |                                 |

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|       |                             |                  |                      |       |          |      |          |      |
|-------|-----------------------------|------------------|----------------------|-------|----------|------|----------|------|
| 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 |

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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/ | Book value |                            | Market value/               |                       | Shares |    |
|                       |                                 |                  |                             | shares(thousand)       | (thousand) | Percentage of ownership(%) | Net assets value (thousand) | collateral (thousand) |        |    |
| Stock                 | UMC Capital (USA)               | Investee company | Long-term investment        | 200                    | USD        | 283                        | 100.00                      | USD                   | 283    | No |
| Stock-Preferred stock | MaXXan Systems, Inc.            | -                | Long-term investment        | 2,317                  | USD        | 1,237                      |                             |                       | N/A    | No |
| Stock-Preferred stock | Aicent, Inc.                    | -                | Long-term investment        | 2,000                  | USD        | 1,000                      |                             |                       | N/A    | No |
| Stock-Preferred stock | Spreadtrum Communications, Inc. | -                | Long-term investment        | 1,581                  | USD        | 1,250                      |                             |                       | N/A    | No |
| Stock-Preferred stock | WISchip International Ltd.      | -                | Long-term investment        | 1,733                  | USD        | 3,354                      |                             |                       | N/A    | No |
| Stock-Preferred stock | Silicon 7, Inc.                 | -                | Long-term investment        | 1,203                  | USD        | 4,000                      |                             |                       | N/A    | No |
| Stock-Preferred stock | IC Media Corporation            | -                | Long-term investment        | 2,823                  | USD        | 1,094                      |                             |                       | N/A    | No |
| Stock-Preferred stock | GCT Semiconductor, Inc.         | -                | Long-term investment        | 1,571                  | USD        | 1,000                      |                             |                       | N/A    | No |
| Stock-Preferred stock | Intellon Corporation            | -                | Long-term investment        | 7,932                  | USD        | 3,500                      |                             |                       | N/A    | No |
| Stock-Preferred stock | ForteMedia Inc.                 | -                | Long-term investment        | 2,000                  | USD        | 1,500                      |                             |                       | N/A    | No |
| Stock-Preferred stock | Zylogic Semiconductor Corp.     | -                | Long-term investment        | 750                    | USD        | 500                        |                             |                       | N/A    | No |
| Stock-Preferred stock | Berkana Wireless Inc.           | -                | Long-term investment        | 1,244                  | USD        | 2,000                      |                             |                       | N/A    | No |
| Stock-Preferred stock | Maxlinear, Inc.                 | -                | Long-term investment        | 1,474                  | USD        | 2,580                      |                             |                       | N/A    | No |
| Stock-Preferred stock | Smart Vanguard Limited          | -                | Long-term investment        | 5,000                  | USD        | 5,000                      |                             |                       | N/A    | No |
| Stock-Preferred stock | Wisair, Inc.                    | -                | Long-term investment        | 108                    | USD        | 1,000                      |                             |                       | N/A    | No |
| Stock-Preferred stock | Amalfi Semiconductor, Inc.      | -                | Long-term investment        | 1,471                  | USD        | 1,500                      |                             |                       | N/A    | No |
| Stock-Preferred stock | Praesagus, Inc.                 | -                | Long-term investment        | 500                    | USD        | 1,500                      |                             |                       | N/A    | No |

**United Microdiplay  
Optronics Corp.**

|                    |                         |                         |                             | June 30, 2005          |            |                            |                            |          |
|--------------------|-------------------------|-------------------------|-----------------------------|------------------------|------------|----------------------------|----------------------------|----------|
| Type of securities | Name of securities      | Relationship            | Financial statement account | Units(thousand)/bonds/ |            | Percentage of ownership(%) | Market value/Netcollateral |          |
|                    |                         |                         |                             | shares(thousand)       | Book value |                            | assets value               | (thousan |
| Stock              | Thintek Optronics Corp. | Investee of UMC and UMO | Long-term investment        | 9,999                  | \$ 41,226  | 40.00                      | \$ 41,226                  | No       |

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**

|                                     |                             |                          |              |  | Beginning balance                                      |              | Addition                                               |              | Disposal                                               |           |         | Gain<br>(Loss)<br>from<br>disposal | Units<br>(thousand)/<br>bonds/<br>shares<br>(thousand) | An     |
|-------------------------------------|-----------------------------|--------------------------|--------------|--|--------------------------------------------------------|--------------|--------------------------------------------------------|--------------|--------------------------------------------------------|-----------|---------|------------------------------------|--------------------------------------------------------|--------|
|                                     |                             |                          |              |  | Units<br>(thousand)/<br>bonds/<br>shares<br>(thousand) | Amount       | Units<br>(thousand)/<br>bonds/<br>shares<br>(thousand) | Amount       | Units<br>(thousand)/<br>bonds/<br>shares<br>(thousand) | Amount    | Cost    |                                    |                                                        |        |
| Name of the securities              | Financial statement account | Counterparty             | Relationship |  |                                                        |              |                                                        |              |                                                        |           |         |                                    |                                                        |        |
| Fortune Venture Capital Corporation | Long-term investment        | Capitalization from cash | -            |  | 299,994                                                | \$ 2,354,878 | 150,000                                                | \$ 1,500,000 |                                                        | \$        | \$      | \$                                 | 449,994                                                | \$ 3,7 |
| Novatek Microelectronic Corp.       | Long-term investment        | Open market              | -            |  | 72,775                                                 | 1,615,328    |                                                        |              | 19,952                                                 | 2,627,313 | 503,258 | 2,095,654<br>(Note 2)              | 52,823                                                 | 1,4    |
| Aptos (Taiwan) Corp.                | Long-term investment        | Fortune Venture          | Subsidiary   |  |                                                        |              | 16,100                                                 | 140,231      |                                                        |           |         |                                    | 16,100                                                 | 1      |
| MediaTek Incorporation.             | Long-term investment        | Open market              | -            |  | 77,428                                                 | 969,048      |                                                        |              | 19,395                                                 | 4,601,939 | 242,739 | 4,343,517<br>(Note 5)              | 58,033                                                 | 7      |
| Chipbond Technology Corporation     | Long-term investment        | Open market              | -            |  |                                                        |              | 6,115                                                  | 174,735      |                                                        |           |         |                                    | 6,440<br>(Note 6)                                      | 1      |
| Epitech Corp.                       | Long-term investment        | Note 7                   | Note 7       |  |                                                        |              | 9,091                                                  | 299,993      |                                                        |           |         |                                    | 10,554<br>(Note 8)                                     | 2      |
| South Epitaxy Corporation           | Long-term investment        | Open market              | -            |  |                                                        |              | 6,561                                                  | 143,661      |                                                        |           |         |                                    | 7,060<br>(Note 9)                                      | 1      |

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.

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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/ shares |        | Units (thousand)/ bonds/ shares |            | Units (thousand)/ bonds/ shares |        |                           | Units Gain(thousand)/ (Loss) bonds/ from shares |                            |
|                    |                            |                             |                          |              | (thousand)                      | Amount | (thousand)                      | Amount     | (thousand)                      | Amount | Units Disposal (thousand) | (thousand)                                      | Amount                     |
| Stock              | Aptos (Taiwan) Corporation | Long-term investment        | Fortune Venture          | Subsidiary   |                                 | \$     | 16,165                          | \$ 140,794 |                                 | \$     | \$                        | \$                                              | 16,165 \$ 108,396 (Note 1) |
| Stock              | ULi Electronics Inc.       | Long-term investment        | Jusung Engineering Ltd.  | -            | 2,100                           | 44,940 | 5,742                           | 122,211    |                                 |        |                           | 7,842                                           | 158,358 (Note 2)           |
| Stock              | XGi Technology Inc.        | Long-term investment        | Capitalization from Cash | -            |                                 |        | 24,963                          | 299,554    |                                 |        |                           | 24,963                                          | 250,558 (Note 3)           |

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.

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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   |            |                           |                    | Ending balance |                    |
|--------------------|----------------------------|-----------------------------|--------------|--------------|-------------------|------------|------------|---------|------------|------------|---------------------------|--------------------|----------------|--------------------|
|                    |                            |                             |              |              | Shares            |            | Shares     |         | Shares     |            | Gain (Loss) from disposal | Shares             |                |                    |
|                    |                            |                             |              |              | (thousand)        | Amount     | (thousand) | Amount  | (thousand) | Amount     |                           | Cost               | (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   |            |        | Ending balance            |                  |        |
|--------------------|------------------------|-----------------------------|--------------|--------------|-------------------|--------|------------|--------|------------|------------|--------|---------------------------|------------------|--------|
|                    |                        |                             |              |              | Shares            | Amount | Shares     | Amount | Shares     | Amount     | Cost   | Gain (Loss) from disposal | Shares           | Amount |
|                    |                        |                             |              |              | (thousand)        |        | (thousand) |        | (thousand) |            |        |                           | (thousand)       |        |
| Fund               | Chung Shing Ping-An    | 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) |        |

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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.

|                    |                              |                             |                          |              | Beginning balance |            | Addition   |            | Disposal   |        |        | Ending balance            |                     |
|--------------------|------------------------------|-----------------------------|--------------------------|--------------|-------------------|------------|------------|------------|------------|--------|--------|---------------------------|---------------------|
| Type of securities | Name of the securities       | Financial statement account | Counterparty             | Relationship | Shares            |            | Shares     |            | Shares     |        |        | Gain (Loss) from Disposal | Shares              |
|                    |                              |                             |                          |              | (thousand)        | Amount     | (thousand) | Amount     | (thousand) | Amount | Amount |                           | (thousand)          |
| 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**

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

None

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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

| Names of properties | Transaction date | Date of original |            | Transaction | Collecting | Gain (Loss)   |              | Reason of | Price | Other |
|---------------------|------------------|------------------|------------|-------------|------------|---------------|--------------|-----------|-------|-------|
|                     |                  | acquisition      | Book value | amount      | status     | from disposal | Counterparty |           |       |       |
| None                |                  |                  |            |             |            |               |              |           |       |       |

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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        | Percentage of total   | Term    | Unit price | Term | Balance                                              | Percentage of total |                                       |  |
|                                       |                              |                   | (thousand)    | purchases (sales) (%) |         |            |      |                                                      |                     |                                       |  |
| 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                |                                       |  |
| United Microelectronics Corp.         | Investee company             | Sales             | 2,714,397     | 6.83                  | 45 Days | N/A        | N/A  | 875,235                                              | 9.07                |                                       |  |
| United Integrated Systems Corp.       | Investee company             | Sales             | 1,433,057     | 3.61                  | 45 Days | Note       | N/A  | 466,767                                              | 4.84                |                                       |  |
| United Technology Corp.               | Investee company             | Sales             | 828,643       | 2.09                  | 45 Days | N/A        | N/A  | 328,049                                              | 3.40                |                                       |  |
| United Semiconductor Inc.             | Investee company             | Sales             | 318,615       | 0.80                  | 45 Days | N/A        | N/A  | 123,717                                              | 1.28                |                                       |  |
| United Electronics Inc.               | Subsidiary's equity investee | Sales             | 168,960       | 0.43                  | 45 Days | N/A        | N/A  | 52,393                                               | 0.54                |                                       |  |
| United Technology Corp.               | Investee company             | Sales             | 152,163       | 0.38                  | 45 Days | N/A        | N/A  | 72,077                                               | 0.75                |                                       |  |
| United Technology Express Inc.        | Investee company             | Sales             | 116,919       | 0.29                  | 45 Days | N/A        | N/A  | 50,755                                               | 0.53                |                                       |  |
| United CI 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      | Percentage of total   | Term        | Unit price | Term | Balance                                              | Percentage of total |                                       |  |
|                                     |                  |                   | (thousand)  | purchases (sales) (%) |             |            |      |                                                      |                     |                                       |  |
| 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     | Transaction details for non-arm's length transaction |                   |                                           |             |                                       |      |         |                                     |
|-------------------------------------|------------------|------------------------------------------------------|-------------------|-------------------------------------------|-------------|---------------------------------------|------|---------|-------------------------------------|
|                                     |                  | Transactions                                         |                   |                                           |             | Notes & accounts receivable (payable) |      |         |                                     |
|                                     |                  | Purchases (Sales)                                    | Amount (thousand) | Percentage of total purchases (sales) (%) | Term        | Unit price                            | Term | Balance | Percentage of total receivables (%) |
| 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     | Transaction details for non-arm's length transaction |                   |                                           |             |                                       |      |                    |                                     |
|-------------------------------------|------------------|------------------------------------------------------|-------------------|-------------------------------------------|-------------|---------------------------------------|------|--------------------|-------------------------------------|
|                                     |                  | Transactions                                         |                   |                                           |             | Notes & accounts receivable (payable) |      |                    |                                     |
|                                     |                  | Purchases (Sales)                                    | Amount (thousand) | Percentage of total purchases (sales) (%) | Term        | Unit price                            | Term | Balance (thousand) | Percentage of total receivables (%) |
| United Microelectronics Corporation | Investor company | Purchases                                            | USD 121,228       | 100.00                                    | Net 60 Days | N/A                                   | N/A  | USD 22,351         | 100.00                              |

**United Integrated Systems Corp.**

| Related party                           | Relationship     | Transaction details for non-arm's length transaction |              |                                           |         |                                       |      |            |                                     |
|-----------------------------------------|------------------|------------------------------------------------------|--------------|-------------------------------------------|---------|---------------------------------------|------|------------|-------------------------------------|
|                                         |                  | Transactions                                         |              |                                           |         | Notes & accounts receivable (payable) |      |            |                                     |
|                                         |                  | Purchases (Sales)                                    | Amount       | Percentage of total purchases (sales) (%) | Term    | Unit price                            | Term | Balance    | Percentage of total receivables (%) |
| United Microelectronics Corporation     | Investor company | Purchases                                            | \$ 1,452,955 | 52.22                                     | 45 Days | Note 1                                | N/A  | \$ 477,344 | 48.31                               |
| United 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.

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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<br>(times) | Overdue receivables |                   |                                            |          |
|---------------------------------------|------------------|---------------------|------------------------|----------------------|------------|--------------------------|---------------------|-------------------|--------------------------------------------|----------|
|                                       |                  | Notes<br>receivable | Accounts<br>receivable | Other<br>receivables | Total      |                          | Amount              | Collecting status | Amount received<br>in subsequent<br>period |          |
|                                       |                  |                     |                        |                      |            |                          |                     |                   | allowance for<br>doubtful accounts         |          |
| 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 |                             |            |        | Net income (loss) of investee company | Investment income (loss) recognized | Notes       |  |
|--------------------------------|----------------------------|--------------------------------------------------------|--------------------|-------------------|--------------------------------|-----------------------------|------------|--------|---------------------------------------|-------------------------------------|-------------|--|
|                                |                            |                                                        | Ending balance     | Beginning balance | Number of shares (thousand)    | Percentage of ownership (%) | Book value |        |                                       |                                     |             |  |
| IC Group (USA)                 | Sunnyvale, California, USA | IC Sales                                               | USD                | 16,438            | USD                            | 16,438                      | 16,438     | 100.00 | \$ 708,829                            | \$ (12,644)                         | \$ (12,644) |  |
| ted Microelectronics           | The Netherlands            | IC Sales                                               | USD                | 5,421             | USD                            | 5,421                       | 9          | 100.00 | 283,099                               | (1,457)                             | (4,312)     |  |
| rope) B.V.                     |                            |                                                        |                    |                   |                                |                             |            |        |                                       |                                     |             |  |
| C Capital Corporation          | Cayman, Cayman Islands     | Investment holding                                     | USD                | 55,000            | USD                            | 55,000                      | 55,000     | 100.00 | 1,306,287                             | (66)                                | (66)        |  |
| ted Microelectronics Corp.     | Apia, Samoa                | Investment holding                                     | USD                | 1,000             | USD                            | 700                         | 1,000      | 100.00 | 14,897                                | (400)                               | (400)       |  |
| moa)                           |                            |                                                        |                    |                   |                                |                             |            |        |                                       |                                     |             |  |
| Ci 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) |  |
| une Venture Capital            | 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)    |  |
| poration                       |                            |                                                        |                    |                   |                                |                             |            |        |                                       |                                     |             |  |
| n 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)   |  |
| ted Microdisplay Optronics     | Hsinchu Science Park       | Sales and manufacturing of LCOS                        |                    | 818,453           |                                | 818,453                     | 104,345    | 83.48  | 201,914                               | (272,412)                           | (92,206)    |  |
| poration                       |                            |                                                        |                    |                   |                                |                             |            |        |                                       |                                     |             |  |
| ific 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)     |  |
| C 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)   |  |
| pan Photomasks Taiwan Ltd.     | Hsinchu Science Park       | Manufacturing of photomasks                            |                    | 773,795           |                                | 773,795                     | 106,621    | 45.35  | 1,012,456                             | (95,094)                            | (46,059)    |  |
| merly DuPont Photomasks        |                            |                                                        |                    |                   |                                |                             |            |        |                                       |                                     |             |  |
| wan Ltd.)                      |                            |                                                        |                    |                   |                                |                             |            |        |                                       |                                     |             |  |
| tech Capital Inc.              | British Virgin Islands     | Investment holding                                     | USD                | 21,000            | USD                            | 21,000                      | 21,000     | 42.00  | 710,102                               | (43,987)                            | (18,474)    |  |
| tek Semiconductor Inc.         | Hsinchu Science Park       | IC design and production                               |                    | 357,628           |                                | 357,628                     | 48,980     | 25.23  | 797,730                               | 342,573                             | 64,162      |  |
| egrated Technology Express,    | Hsinchu Science Park       | Sales and manufacturing of integrated circuits         |                    | 186,898           |                                | 186,898                     | 24,229     | 22.21  | 292,828                               | 57,867                              | 11,558      |  |

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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 | Not |
|----------------------------------|----------------------|------------------------------------------------|--------------------|-------------------|--------------------------------|-----------------------------|--------------|---------------------------------------|-------------------------------------|-----|
|                                  |                      |                                                | Ending balance     | Beginning balance | Number of shares (thousand)    | Percentage of ownership (%) | Book value   |                                       |                                     |     |
| Winbond 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)                           |     |
| Chitek Optonics 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                             |     |
| UMC Technology Corporation       | Hsinchu Science Park | IC design, production and sales                | 135,000            | 135,000           | 16,200                         | 11.83                       | 60,134       | (208,767)                             | (20,941)                            |     |
| Optos (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.                   | Hsinchu, Taiwan        | RF IC design                                 | 127,500            | 127,500           | 12,750                         | 49.04                       | 45,537     | (51,146)                              | (25,082)   |                                     |      |
| (formerly United Radiotek Incorporation) |                        |                                              |                    |                   |                                |                             |            |                                       |            |                                     |      |
| 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 processor             | 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.**

| company                | Address              | Main businesses and products                   | Initial Investment |                      | Investment as of June 30, 2005    |                                      |               | Net income<br>(loss) of<br>investee<br>company | Investment<br>income (loss)<br>recognized |
|------------------------|----------------------|------------------------------------------------|--------------------|----------------------|-----------------------------------|--------------------------------------|---------------|------------------------------------------------|-------------------------------------------|
|                        |                      |                                                | Ending<br>balance  | Beginning<br>balance | Number of<br>shares<br>(thousand) | Percentage<br>of<br>ownership<br>(%) | Book<br>value |                                                |                                           |
| Devices Inc.           | Hsinchu, Taipei      | PHS & GSM/PHS dual mode B/B chip               | \$ 15,000          | \$                   | 1,500                             | 6.31                                 | \$ 15,367     | \$ (16,115)                                    | \$ (2,415)                                |
| Technology Corp.       | Hsinchu Science Park | IC design, production and sales                | 213,998            | 213,998              | 6,830                             | 4.99                                 | 37,788        | (208,767)                                      | (10,495)                                  |
| Technology Corp.       | Hsinchu Science Park | ASIC design and manufacturing                  | 1,284,052          | 1,284,052            | 14,265                            | 4.93                                 | 1,109,310     | 705,234                                        | 4,750                                     |
| pan                    | Chiba, Japan         | Sales and manufacturing of integrated circuits | 240,665            | 240,665              | 45                                | 4.39                                 | 696,808       | 2,020,206                                      | 85,710                                    |
| Semiconductor, Inc.    | Hsinchu Science Park | Communication IC design                        | 23,970             | 23,970               | 1,598                             | 2.50                                 | 21,577        | (17,207)                                       | (1,370)                                   |
| Microelectronics Corp. | Hsinchu Science Park | Sales and manufacturing of integrated circuits | 137,566            | 137,566              | 3,249                             | 0.82                                 | 110,988       | 2,273,962                                      | 8,580                                     |

## 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 |
|-----------------------------|-----------------------|----------------------------------------------|--------------------|-------------------|--------------------------------|-----------------------------|------------|---------------------------------------|------------|-------------------------------------|
|                             |                       |                                              | Ending balance     | Beginning balance | Number of shares (thousand)    | Percentage of ownership (%) | Book value |                                       |            |                                     |
| ...E Inc.                   | Taipei, Taiwan        | Design of VOIP Telephone                     | \$ 15,000          | \$ 15,000         | 1,500                          | 44.12                       | \$ 8,455   | \$ (8,698)                            | \$ (3,841) |                                     |
| ...a Technology Corp.       | Hsinchu, Taiwan       | Multimedia coprocessor                       | 50,790             | 45,720            | 4,572                          | 26.89                       | 22,924     | (53,942)                              | (15,583)   |                                     |
| ...Devices Inc.             | Hsinchu, Taiwan       | PHS & GSM/PHS dual mode B/B chip             | 50,000             |                   | 5,000                          | 21.02                       | 48,771     | (16,115)                              | (1,229)    |                                     |
| ...m Semiconductor, Inc.    | Hsinchu Science Park  | Design of communication IC                   | 117,308            | 117,308           | 12,200                         | 19.06                       | 121,786    | (17,207)                              | (3,280)    |                                     |
| ...Advanced Technology Inc. | Hsinchu, Taiwan       | Design of ADC chip                           | 25,128             |                   | 2,094                          | 14.90                       | 21,503     | (28,180)                              | (3,705)    |                                     |
| ...Technology Inc.          | Taipei County, Taiwan | Design of MP3 player chip                    | 28,020             |                   | 2,335                          | 14.59                       | 23,115     | (31,014)                              | (4,905)    |                                     |
| ...ectronics Inc.           | Taipei, Taiwan        | Chip design                                  | 221,692            |                   | 10,530                         | 12.76                       | 213,598    | 12,116                                | (1,988)    |                                     |
| ...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)   |                                     |
| ...Media Inc.               | Hsinchu, Taiwan       | Design of VOIP network phones                | 9,500              | 9,500             | 950                            | 11.18                       | 5,566      | (19,715)                              | (2,203)    |                                     |
| ...t Technology Inc.        | Hsinchu, Taiwan       | Design, manufacturing and sales of IC        | 14,486             | 17,188            | 1,448                          | 10.73                       | 15,291     | 21,124                                | 2,311      |                                     |
| ...Technology Co., LTD.     | Taipei, Taiwan        | GPS module                                   | 6,625              | 6,625             | 530                            | 10.60                       | 5,121      | (8,027)                               | (1,017)    |                                     |
| ...ia Communications, Inc.  | Hsinchu, Taiwan       | WLAN, broadband, digital, home ODM           | 27,600             | 12,000            | 2,500                          | 10.50                       | 18,143     | (47,168)                              | (5,146)    |                                     |
| ...echnology Inc.           | Hsinchu, Taiwan       | Design and manufacturing of cartography chip | 230,980            |                   | 20,726                         | 8.34                        | 45,601     | (379,374)                             | (25,919)   |                                     |
| ...(Taiwan) Corporation     | Hsinchu Science Park  | Sales of gold bump                           | 144,775            | 553,088           | 11,440                         | 6.90                        | 75,495     | (357,706)                             | (37,021)   |                                     |
| ...miconductor Corp.        | Hsinchu, Taiwan       | IC design, production and sales              | 17,381             | 17,381            | 1,337                          | 5.75                        | 13,042     | (26,372)                              | (2,281)    |                                     |
| ...chnology, Inc.           | Taipei County, Taiwan | IC design                                    | 26,250             | 26,250            | 1,050                          | 4.64                        | 21,751     | (47,062)                              | (3,983)    |                                     |

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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 |  |
|--------------------------------------------------|---------------------------|--------------------------------------|--------------------|-------------------|--------------------------------|-----------------------------|------------|---------------------------------------|-------------------------------------|--|
|                                                  |                           |                                      | Ending balance     | Beginning balance | Number of shares (thousand)    | Percentage of ownership (%) | Book value |                                       |                                     |  |
| <b><u>Investment Corporation</u></b>             |                           |                                      |                    |                   |                                |                             |            |                                       |                                     |  |
| Communications, Inc.                             | Hsinchu, Taiwan           | WLAN, Broadband, Digital Home ODM    | \$ 13,800          | \$ 6,000          | 1,250                          | 5.25                        | \$ 9,075   | \$ (47,168)                           | \$ (2,500)                          |  |
| onics Inc.                                       | Taipei, Taiwan            | Chip design                          | 44,609             |                   | 2,128                          | 2.58                        | 43,728     | 12,116                                | (8,000)                             |  |
| <b><u>Capital Corporation</u></b>                |                           |                                      |                    |                   |                                |                             |            |                                       |                                     |  |
| Capital (USA)                                    | Sunnyvale, California USA | Investment holding                   | USD 200            | USD 200           | 200                            | 100.00                      | USD 283    | USD (15)                              | 0                                   |  |
| <b><u>Microdisplay Optronics Corporation</u></b> |                           |                                      |                    |                   |                                |                             |            |                                       |                                     |  |
| Optronics Corporation                            | Hsinchu, Taiwan           | LCOS design, manufacturing and sales | \$ 99,990          | \$ 99,990         | 9,999                          | 40.00                       | \$ 41,226  | \$ (54,171)                           | \$ (24,300)                         |  |