UNITED MICROELECTRONICS CORP
Form 6-K
May 18, 2007

1934 Act Registration No. 1-15128

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

PURSUANT TO RULE 13a-16 OR 15d-16 OF

THE SECURITIES EXCHANGE ACT OF 1934

Dated May 18, 2007

For the month of April 2007

United Microelectronics Corporation

(Translation of Registrant s Name into English)

No. 3 Li Hsin Road II

Science Park

Hsinchu, Taiwan, R.O.C.

(Address of Principal Executive Office)

(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 __V__ 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 __V__

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

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: 5/18/2007

By /s/ Chitung Liu
Chitung Liu
Chief Financial Officer

Exhibit

Exhibit	**Description**
99.1	Announcement on April 27, 2007: To announce related materials on acquisition of machinery and equipment
99.2	Announcement on May 2, 2007: UMC announced its unconsolidated operating results for the first quarter of 2007
99.3	Announcement on May 4, 2007: UMC Updates the financial statements in according to the rules change by Taiwan Stock Exchange
99.4	Announcement on May 9, 2007: March Revenue
99.5	Announcement on May 9, 2007: To announce the differences for 2006 financial statements between ROC GAAP and US GAAP
99.6	Announcement on May 15, 2007: 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
99.7	UNITED MICROELECTRONICS CORPORATION FINANCIAL STATEMENTS WITH REVIEW REPORT OF INDEPENDENT ACCOUNTANTS FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2007 AND 2006

www.umc.com

Exhibit 99.1

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: 2007/03/27~2007/04/26

3. Transaction volume (e.g. XX square meters, equivalent to XX p ing), unit price, total transaction price: Transaction volume: one batch; average unit price:$1,512,877,700 NTD; total transaction price:$1,512,877,700 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

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

www.umc.com

Exhibit 99.2

UMC announced its unconsolidated operating results for the first quarter of 2007

1. Date of the investor/press conference: 2007/05/02

2. Location of the investor/press conference: 3rd Floor, Far Eastern Plaza Hotel, 201 Tunhwa South Rd., Sec. 3, Taipei

3. Financial and business related information:

United Microelectronics Corporation (NYSE: UMC; TSE: 2303) (UMC or the Company) today announced its unconsolidated operating results for the fourth quarter of 2006. Year-over-year revenue decreased by 5.6 % to NT$23.03 billion from NT$24.38 billion, and a 11.8% QoQ decrease from NT$26.11 billion in 4Q06. The EPS for the first quarter in 2007 was NT$0.08.

Wafer shipments in the fourth quarter were 730 thousand 8-inch equivalent wafers, decreased by 6.5% compared to last quarter. The utilization rate for the quarter was 74%. The percentage of revenue from 90nm and below business kept on 21% in 1Q07.

1Q07 was a challenging quarter for UMC. Our results reflected the anticipated soft demand caused by the industry-wide inventory correction, said UMC Chairman and CEO, Dr. Jackson Hu.

Dr. Hu continued, For Q2, we have noticed that customers inventory levels have been continuously going down. Starting from June, demand for communications applications such as cell phone and consumer applications including DTV and panel driver ICs has picked up strongly. Demand for the computer segment is also starting to recover, although it is not as strong as the other two segments yet. If the demand continues to remain as strong as we are seeing now, Q3 revenue will be very strong, which will significantly improve the overall bottom line.

As far as new technology development is concerned, multiple 65nm programs are moving forward smoothly. Yield improvement is extremely encouraging. Besides the existing 65nm products that have been in production, additional business contributions from this technology node will start to come in later this year. Furthermore, we are working with multiple customers to prepare IP for 45nm technologies. We expect to have multiple product tape-outs in Q3 this year and to have working prototypes in Q4, 2007.

Particularly noteworthy is the fact that more and more IDMs are becoming fab-lite or fabless. This trend will help expand business for the foundries. Specifically, It will help UMC diversify into other product areas, such as CPU and memory. Currently, we are working with many customers to explore mutual beneficial opportunities in these areas. This trend will allow us to collaborate with our IDM customers more closely in developing future technologies such as 45nm and 32nm. As usual, our industry is full of challenges and opportunities. We are optimistic about the foundry industry s future as well as UMC s own business outlook.

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

www.umc.com

Exhibit 99.3

UMC Updates the financial statements in according to the rules change by Taiwan Stock Exchange

1. Date of occurrence of the event: 2007/05/04

2. Company name: United Microelectronics Corp.

3. Relationship to the Company (please enter head office or affiliate company): Head office

4. Reciprocal shareholding ratios: N/A

5. Cause of occurrence:

According to TSE s rule amendment, the Company adds an Item of Capital collected in advance (in shares) into 2006 Balance Sheet.

6. Countermeasures: Re-upload the balance sheet after number updated.

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

www.umc.com

Exhibit 99.4

United Microelectronics Corporation

May 9, 2007

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 April 2007.

1) Sales volume (NT$ Thousand)

Period	**Items**	**2007**	**2006**	**Changes**	**%**
April	*Invoice amount*	7,101,076	8,036,247	(935,171)	
2007	*Invoice amount*	27,074,563	29,994,089	(2,919,526)	
April	*Net sales*	8,131,493	8,463,302	(331,809)	
2007	*Net sales*	31,156,724	32,847,468	(1,690,744)	

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

Balance as of period end	**This Month**	**Last Month**	**Limit of lending**
UMC	0	0	38,288,503
UMC s subsidiaries	0	0	109,707

3) Endorsements and guarantees (NT$ Thousand)

	Change in This Month	**Balance as of period end**	**Limit of endorsements**
UMC	0	0	0
UMC s subsidiaries	0	0	0
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

a Hedging purpose : NT$ thousand

Financial instruments	**Forwards**	**Interests SWAP**
Deposit Paid	0	0
Royalty Income (Paid)	0	0
Unwritten-off Trading Contracts	0	0
Net Profit from Fair Value	0	0
Written-off Trading Contracts	0	0
Realized profit (loss)	0	0

b Trading purpose : NT$ thousand

Financial instruments	**Credit-linked Deposits**
Deposit Paid	0
Unwritten-off Trading Contracts	15,210,011
Net Profit from Market Value	(634,201)
Written-off Trading Contracts	0
Realized profit (loss)	0

www.umc.com

Exhibit 99.5

To announce the differences for 2006 financial statements between ROC GAAP and US GAAP

1. Date of occurrence of the event: 2007/05/09

2. Cause of occurrence: To announce the differences for 2006 financial statements between ROC GAAP and US GAAP

3. Content of overseas financial report required to be adjusted due to inconsistency in the accounting principles applied in the two places for:

(1) Under ROC GAAP, UMC reported consolidated net income of NT$32,619,313 thousand, basic earnings per share of NT$1.81 and diluted earnings per share of NT$1.75 in 2006, total assets of NT$367,653,461 thousand, total liabilities of NT$70,250,572 thousand, minority interest of NT$6,238,018 thousand, and total shareholders equity of NT$291,164,871 thousand as of December 31, 2006.

(2) Under US GAAP, UMC reported consolidated net income of NT$21,796,730 thousand, basic earnings per share of NT$1.22 and diluted earnings per share of NT$1.18 in 2006, total assets of NT$401,628,403 thousand, total liabilities of NT$71,226,181 thousand, minority interest of NT$6,240,207 thousand, and total shareholders equity of NT$324,162,015 thousand as of December 31, 2006.

(3) The differences between ROC GAAP and US GAAP applied by the Company mainly come from goodwill, treasury stock, compensation, derivative instruments, equity investments, convertible/exchangeable bond liabilities, income tax and pension etc.

4. Any other matters that need to be specified: For more details, please refer at: http://www.umc.com/english/investors/c.asp

www.umc.com

Exhibit 99.6

United Microelectronics Corporation

For the month of April, 2007

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 April, 2007.

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

Title	***Name***	***Number of shares held as of March 31, 2007***	***Number of shares held as of April 30, 2007***	***Changes***

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

Title	***Name***	***Number of shares held as of March 31, 2007***	***Number of shares held as of April 30, 2007***	***Changes***

3) The acquisition assets (NT$ Thousand)

Description of assets	***April***	***2007***
Semiconductor Manufacturing Equipment	1,830,683	13,611,805
Fixed assets	246,907	892,990

4) The disposition of assets (NT$ Thousand)

Description of assets	***April***	***2007***
Semiconductor Manufacturing Equipment	34,624	46,821
Fixed assets	0	0

Exhibit 99.7

UNITED MICROELECTRONICS CORPORATION FINANCIAL STATEMENTS WITH

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS FOR THE THREE-MONTH

PERIODS ENDED MARCH 31, 2007 AND 2006

UNITED MICROELECTRONICS CORPORATION

FINANCIAL STATEMENTS

WITH REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

FOR THE THREE-MONTH PERIODS ENDED

MARCH 31, 2007 AND 2006

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.

1

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

English Translation of a Report Originally Issued in Chinese

To United Microelectronics Corporation

We have reviewed the accompanying balance sheets of United Microelectronics Corporation as of March 31, 2007 and 2006, and the related statements of income and cash flows for the three-month periods ended March 31, 2007 and 2006. These financial statements are the responsibility of the Company s management. Our responsibility is to issue the review reports based on our reviews. As described in Note 4(8) to the financial statements, certain long-term investments were accounted for under the equity method based on financial statements as of March 31, 2007 and 2006 of the investees, which were reviewed by other auditors. Our review insofar as it relates to the investment income amounting to NT$227 million and NT$293 million for the three-month periods ended March 31, 2007 and 2006, respectively, and the related long-term investment balances of NT$5,435 million and NT$5,161 million as of March 31, 2007 and 2006, respectively, is based solely on the reports of the other auditors.

We conducted our reviews 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 reviews and the reports of other auditors, we are not aware of any material modifications or adjustments that should have been made to the financial statements referred to above in order for them to be in conformity of Business Entity Accounting Law , 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, 2006, United Microelectronics Corporation has adopted the R.O.C. Statement of Financial Accounting Standards No. 34, Financial Instruments: Recognition and Measurement and No. 36, Financial Instruments: Disclosure and Presentation to account for the financial instruments.

As described in Note 3 to the financial statements, effective from January 1, 2006, goodwill is no longer to be amortized.

April 16, 2007

Taipei, Taiwan

Republic of China

Notice to Readers

The accompanying unaudited 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 review 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

UNAUDITED BALANCE SHEETS

March 31, 2007 and 2006

(Expressed in Thousands of New Taiwan Dollars)

		As of March 31,	
Assets	**Notes**	**2007**	**2006**
Current assets			
Cash and cash equivalents	2, 4(1)	$ 80,988,902	$ 96,371,991
Financial assets at fair value through profit or loss, current	2, 3, 4(2)	7,553,964	1,498,018
Held-to-maturity financial assets, current	2, 3, 4(3)	200,000	775,552
Notes receivable		4,077	2,207
Notes receivable - related parties	5	32,172	69,765
Accounts receivable, net	2, 4(4)	6,553,702	5,883,616
Accounts receivable - related parties, net	2, 5	6,260,914	5,847,801
Other receivables	2	798,635	633,251
Inventories, net	2, 4(5)	9,957,197	9,613,213
Prepaid expenses		990,721	1,025,695
Deferred income tax assets, current	2, 4(19)	2,088,459	4,552,170
Total current assets		115,428,743	126,273,279
Funds and investments			
Available-for-sale financial assets, noncurrent	2, 3, 4(6)	43,359,493	50,370,985
Held-to-maturity financial assets, noncurrent	2, 3, 4(3)		200,000
Financial assets measured at cost, noncurrent	2, 3, 4(7)	2,322,636	2,277,013
Long-term investments accounted for under the equity method	2, 3, 4(8)	38,935,939	28,555,855
Prepayment for long-term investments		163,809	
Total funds and investments		84,781,877	81,403,853
Property, plant and equipment	2, 4(9), 7		
Land		1,132,576	1,132,576
Buildings		16,319,736	16,251,168
Machinery and equipment		400,298,576	375,349,360
Transportation equipment		74,387	81,815
Furniture and fixtures		2,469,833	2,286,096
Total cost		420,295,108	395,101,015
Less: Accumulated depreciation		(302,676,687)	(263,729,167)
Add: Construction in progress and prepayments		28,330,350	11,555,578
Property, plant and equipment, net		145,948,771	142,927,426
Intangible assets			
Goodwill	2, 3	3,745,122	3,745,122
Technological know-how	2		327,949
Total intangible assets		3,745,122	4,073,071

Other assets			
Deferred charges	2	1,545,583	1,751,430
Deferred income tax assets, noncurrent	2, 4(19)	3,772,985	2,783,733
Other assets - others	2, 4(10), 6	2,023,140	1,967,761
Total other assets		7,341,708	6,502,924
Total assets		$ 357,246,221	$ 361,180,553
Liabilities and Stockholders Equity			
Current liabilities			
Financial liabilities at fair value through profit or loss, current	2, 3, 4(11)	$ 1,003,561	$ 1,512,520
Accounts payable		4,653,399	4,194,732
Income tax payable	2	2,096,472	735,953
Accrued expenses		6,336,628	6,120,711
Payable on equipment		8,912,224	4,509,601
Current portion of long-term liabilities	2, 4(12)	17,833,831	10,250,000
Other current liabilities		971,865	2,213,243
Total current liabilities		41,807,980	29,536,760
Long-term liabilities			
Bonds payable	2, 4(12)	17,993,317	35,676,485
Total long-term liabilities		17,993,317	35,676,485
Other liabilities			
Accrued pension liabilities	2, 4(13)	3,107,671	3,023,630
Deposits-in		14,568	21,001
Deferred credits - intercompany profits	2	3,579	9,806
Other liabilities - others	2	486,704	579,551
Total other liabilities		3,612,522	3,633,988
Total liabilities		63,413,819	68,847,233
Capital			
Common stock	2, 4(14), 4(15), 4(17)	191,442,517	198,452,341
Additional Paid-in Capital	2, 4(14)		
Premiums		61,138,863	64,876,944
Treasury stock transactions		8,938	
Change in equities of long-term investments		6,632,428	6,666,381
Retained earnings	4(14), 4(17)		
Legal reserve		16,699,508	15,996,839
Special reserve		322,150	1,744,171
Unappropriate earnings		19,233,025	11,861,925
Adjustment items to stockholders equity	2, 4(6)		
Cumulative translation adjustment		234,304	(871,727)
Unrealized gain or loss on financial assets		27,515,333	31,059,735
Treasury stock	2, 4(8), 4(14), 4(16)	(29,394,664)	(37,453,289)
Total stockholders equity		293,832,402	292,333,320

Total liabilities and stockholders equity	$ 357,246,221	$ 361,180,553

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

3

English Translation of Financial Statements Originally Issued in Chinese

UNITED MICROELECTRONICS CORPORATION

UNAUDITED STATEMENTS OF INCOME

For the three-month periods ended March 31, 2007 and 2006

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

		For the three-month period ended March 31,	
	Notes	**2007**	**2006**
Operating revenues	2, 5		
Sales revenues		$ 22,439,100	$ 23,972,109
Less : Sales returns and discounts		(64,514)	(331,023)
Net sales		22,374,586	23,641,086
Other operating revenues		650,645	743,080
Net operating revenues		23,025,231	24,384,166
Operating costs	4(18), 5		
Cost of goods sold		(18,940,565)	(20,731,122)
Other operating costs		(428,372)	(441,129)
Operating costs		(19,368,937)	(21,172,251)
Gross profit		3,656,294	3,211,915
Unrealized intercompany profit	2	(85,883)	(76,994)
Realized intercompany profit	2	105,892	120,153
Gross profit-net		3,676,303	3,255,074
Operating expenses	2, 4(18), 5		
Sales and marketing expenses		(650,389)	(612,188)
General and administrative expenses		(677,850)	(531,522)
Research and development expenses	2	(2,329,555)	(2,026,382)
Subtotal		(3,657,794)	(3,170,092)
Operating income		18,509	84,982
Non-operating income			
Interest revenue		352,170	358,116
Investment gain accounted for under the equity method, net	2, 4(8)	696,546	
Gain on disposal of property, plant and equipment	2	12,197	24,119
Gain on disposal of investments	2	1,624,124	13,914,826
Exchange gain, net	2, 10	16,543	42,192
Other income		152,723	223,728
Subtotal		2,854,303	14,562,981
Non-operating expenses			
Interest expense	2, 4(9)	(92,258)	(220,708)

Investment loss accounted for under the equity method, net	2, 4(8)		(2,369)
Loss on disposal of property, plant and equipment	2		(836)
Loss on decline in market value and obsolescence of inventories	2	(398,673)	(33,233)
Financial expenses		(17,390)	(38,010)
Loss on valuation of financial assets	2	(587,623)	(105,352)
Loss on valuation of financial liabilities	2	(25,373)	(52,644)
Other losses		(14,169)	(19,763)
Subtotal		(1,135,486)	(472,915)
Income from continuing operations before income tax		1,737,326	14,175,048
Income tax expense	2, 4(19)	(278,636)	(700,273)
Net income from continuing operations		1,458,690	13,474,775
Cumulative effect of changes in accounting principles (the net amount after deducting income tax expense $ 0)	3		(1,188,515)
Net income		$ 1,458,690	$ 12,286,260

		Pre-tax	Post-tax	Pre-tax	Post-tax
Earnings per share-basic (NTD)	2, 4(20)				
Income from continuing operations		$ 0.10	$ 0.08	$ 0.76	$ 0.72
Cumulative effect of changes in accounting principles				(0.06)	(0.06)
Net income		$ 0.10	$ 0.08	$ 0.70	$ 0.66
Earnings per share-diluted (NTD)	2, 4(20)				
Income from continuing operations		$ 0.10	$ 0.08	$ 0.73	$ 0.69
Cumulative effect of changes in accounting principles				(0.06)	(0.06)
Net income		$ 0.10	$ 0.08	$ 0.67	$ 0.63

Pro forma information on earnings as if subsidiaries investment in the Company is not treated as treasury stock	2, 4(20)		
Net income		$ 1,458,690	$ 12,286,260
Earnings per share-basic (NTD)		$ 0.08	$ 0.65
Earnings per share-diluted (NTD)		$ 0.08	$ 0.62

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

English Translation of Financial Statements Originally Issued in Chinese

UNITED MICROELECTRONICS CORPORATION

UNAUDITED STATEMENTS OF CASH FLOWS

For the three-month periods ended March 31, 2007 and 2006

(Expressed in Thousands of New Taiwan Dollars)

	For the three-month period ended March 31, 2007	2006
Cash flows from operating activities:		
Net income	$ 1,458,690	$ 12,286,260
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	8,857,189	11,670,941
Amortization	335,061	417,147
Bad debt reversal	(1,378)	(21,001)
Loss on decline in market value and obsolescence of inventories	398,673	33,233
Cash dividends received under the equity method	353,592	
Investment (gain) loss accounted for under the equity method	(696,546)	2,369
Loss on valuation of financial assets and liabilities	612,996	1,346,511
Gain on disposal of investments	(1,624,124)	(13,914,826)
Gain on disposal of property, plant and equipment	(12,197)	(23,283)
Exchange (gain) loss on financial assets and liabilities	(132)	10,742
Exchange (gain) loss on long-term liabilities	255,248	(186,923)
Amortization of bond discounts	22,842	24,659
Amortization of deferred income	(36,764)	(33,129)
Changes in assets and liabilities:		
Financial assets and liabilities at fair value through profit or loss, current	442,313	675,731
Notes and accounts receivable	(446,926)	559,562
Other receivables	(88,279)	108,494
Inventories	(206,049)	302,717
Prepaid expenses	(346,966)	(601,722)
Deferred income tax assets	200,578	
Accounts payable	88,685	100,041
Accrued expenses	780,519	(835,642)
Other current liabilities	16,938	366,629
Capacity deposits	(652,400)	(7,800)
Accrued pension liabilities	20,896	19,853
Other liabilities - others		29,605
Net cash provided by operating activities	9,732,459	12,330,168
Cash flows from investing activities:		
Acquisition of available-for-sale financial assets	(152,347)	(296,823)
Proceeds from disposal of available-for-sale financial assets	473,747	582,837
Proceeds from disposal of held-to-maturity financial assets	776,000	
Acquisition of financial assets measured at cost	(37,310)	
Proceeds from disposal of financial assets measured at cost	400	50
Acquisition of long-term investments accounted for under the equity method	(296,800)	(332,800)
Proceeds from disposal of long-term investments accounted for under the equity method	155,846	7,801,029
Prepayment for long-term investments	(163,809)	
Acquisition of property, plant and equipment	(12,520,849)	(6,141,935)
Proceeds from disposal of property, plant and equipment	7,099	39,120
Increase in deferred charges	(488,652)	(221,329)

Decrease in other assets - others	11,809	38,968
Net cash provided by (used in) investing activities	(12,234,866)	1,469,117

English Translation of Financial Statements Originally Issued in Chinese

UNITED MICROELECTRONICS CORPORATION

UNAUDITED STATEMENTS OF CASH FLOWS

For the three-month periods ended March 31, 2007 and 2006

(Expressed in Thousands of New Taiwan Dollars)

	For the three-month period ended March 31, 2007	2006
(continued)		
Cash flows from financing activities:		
Exercise of employee stock options	$ 187,493	$ 745,575
Purchase of treasury stock		(14,776,261)
Increase in deposits-in, net	117	176
Net cash provided by (used in) financing activities	187,610	(14,030,510)
Effect of exchange rate changes on cash and cash equivalents	(91,103)	6,593
Decrease in cash and cash equivalents	(2,405,900)	(224,632)
Cash and cash equivalents at beginning of period	83,394,802	96,596,623
Cash and cash equivalents at end of period	$ 80,988,902	$ 96,371,991
Supplemental disclosures of cash flow information:		
Cash paid for interest	$	$ 517
Cash paid for income tax	$ 29,128	$ 51,513
Investing activities partially paid by cash:		
Acquisition of property, plant and equipment	$ 11,331,306	$ 5,373,673
Add: Payable at beginning of period	10,101,767	5,277,863
Less: Payable at end of period	(8,912,224)	(4,509,601)
Cash paid for acquisition of property, plant and equipment	$ 12,520,849	$ 6,141,935
Investing and financing activities not affecting cash flows:		
Principal amount of exchangeable bonds exchanged by bondholders	$ 190,415	$
Book value of available-for-sale financial assets delivered for exchange	(51,878)	
Elimination of related balance sheet accounts	20,921	
Recognition of gain on disposal of investments	$ 159,458	$

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

UNITED MICROELECTRONICS CORPORATION

NOTES TO UNAUDITED FINANCIAL STATEMENTS

March 31, 2007 and 2006

(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 satisfy 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.

The numbers of employees as of March 31, 2007 and 2006 were 13,415 and 12,428, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in conformity with the Business Entity Accounting Law , 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 the Company s 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. Actual results may differ from those estimates.

Foreign Currency Transactions

Transactions denominated in foreign currencies are remeasured into the local functional currencies and recorded based on the exchange rates prevailing at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are remeasured into the local functional currencies at the exchange rates prevailing at the balance sheet date, with the related exchange gains or losses included in the statements of income. Translation gains or losses from investments in foreign entities are recognized as cumulative translation adjustment in stockholders equity.

Non-monetary assets and liabilities denominated in foreign currencies that are reported at fair value with changes in fair value charged to the statements of income, are remeasured at the exchange rate at the balance sheet date, with related exchange gains or losses recorded in the statements of income. Non-monetary assets and liabilities denominated in foreign currencies that are reported at fair value with changes in fair value charged to stockholders equity, are remeasured at the exchange rate at the balance sheet date, with related exchange gains or losses recorded as adjustment items to stockholders equity. Non-monetary assets and liabilities denominated in foreign currencies and reported at cost are remeasured at historical exchange rates.

Translation of Foreign Currency Financial Statements

The financial statements of the Company s Singapore branch (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.

Financial Instruments

In accordance with ROC Statement of Financial Accounting Standard (SFAS) No. 34, Financial Instruments: Recognition and Measurement and the Guidelines Governing the Preparation of Financial Reports by Securities Issuers , financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity financial assets, financial assets measured at cost, or available-for-sale financial assets. Financial liabilities are recorded at fair value through profit or loss.

The Company accounts for purchase or sale of financial instruments as of the trade date, which is the date the Company commits to purchasing or selling the asset or liability. Financial assets and financial liabilities are initially recognized at fair value plus acquisition or issuance costs.

a. Financial instruments at fair value through profit or loss

Financial instruments held for short-term sale or repurchase purposes, and derivative financial instruments not qualified for hedge accounting, are classified as financial assets or liabilities at fair value through profit or loss.

This category of financial instruments is measured at fair value, and changes in fair value are recognized in the statements of income. Stock of listed companies, convertible bonds, and close-end funds are measured at closing prices as of the balance sheet date. Open-end funds are measured at the unit price of the net assets as of the balance sheet date. The fair value of derivative financial instruments is determined by using valuation techniques commonly used by market participants.

b. Held-to-maturity financial assets

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity financial assets if the Company has both the positive intention and ability to hold the financial assets to maturity. Investments intended to be held to maturity are measured at amortized cost.

The Company recognizes an impairment loss if objective evidence of impairment loss exists. However, the impairment loss may be reversed if the value of asset recovers subsequently and the Company concludes the recovery is related to improvements in events or factors that originally caused the impairment loss. The new cost basis as a result of the reversal cannot exceed the amortized cost prior to the impairment.

c. Financial assets measured at cost

Unlisted stock, funds, and other securities without reliable market prices are measured at cost. When objective evidence of impairment exists, the Company recognizes an impairment loss, which cannot be reversed in subsequent periods.

d. Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial instruments not classified as financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables. Subsequent measurement is calculated at fair value. Investments in listed companies are measured at closing prices as of the balance sheet date. Any gain or loss arising from the change in fair value, excluding impairment loss and exchange gain or loss arising from monetary financial assets denominated in foreign currencies, is recognized as an adjustment to stockholders equity until such investment is reclassified or disposed of, upon which the cumulative gain or loss previously charged to stockholders equity will be recorded in the statement of income.

The Company recognizes an impairment loss when objective evidence of impairment exists. Any reduction in the impairment loss of equity investments in subsequent periods will be recognized as an adjustment to stockholders equity. The impairment loss of a debt security may be reversed and recognized in the current period s statement of income if the security recovers and the Company concludes the recovery is clearly related to improvements in the factors or events that originally caused the impairment.

Allowance for Doubtful Accounts

An allowance for doubtful accounts is provided based on management s judgment of the 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 individually by category at the lower of aggregate cost or market value as of the balance sheet date. The market values of raw materials and supplies are determined on the basis of replacement cost while the market values of work in process and finished goods are determined by net realizable values. An allowance for loss on decline in market value or obsolescence is provided, when necessary.

Long-term Investments Accounted for Under the Equity Method

Long-term investments are initially recorded at acquisition cost. Investments acquired by the 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 in which the Company has ownership of at least 20% or exercises significant influence on operating decisions are accounted for under the equity method. Prior to January 1, 2006, the difference of the acquisition cost and the underlying equity in the investee s net assets as of acquisition date was amortized over 5 years; however, effective January 1, 2006, goodwill arising from new acquisitions is analyzed and accounted for under the ROC SFAS No. 25, Business Combination Accounting Treatment under Purchase Method , where goodwill is no longer to be amortized.

The change in the Company s proportionate share in the net assets of an investee resulting from its acquisition of additional stock issued by the investee at a rate not proportionate to its existing equity ownership is charged to the additional paid-in capital and long-term investments accounts.

Unrealized intercompany gains and losses arising from sales from the Company to equity method investees are eliminated in proportion to the Company s ownership percentage at end of period until realized through transactions with third parties. Intercompany gains and losses arising from transactions between the Company and majority-owned (above 50%) subsidiaries are eliminated entirely until realized through transactions with third parties.

Unrealized intercompany gains and losses due to sales from equity method investees to the Company are eliminated in proportion to the Company s weighted-average ownership percentage of the investee until realized through transactions with third parties.

Unrealized intercompany gains and losses arising from transactions between two equity method investees are eliminated in proportion to the Company s multiplied weighted-average ownership percentage with the investees until realized through transactions with third parties. Those intercompany gains and losses arising from transactions between two majority-owned subsidiaries are eliminated in proportion to the Company s weighted-average ownership percentage in the subsidiary that incurred the gain or loss.

If the recoverable amount of investees accounted for under the equity method is less than its carrying amount, the difference is to be recognized as impairment loss in the current period.

The total value of an investment and related receivables cannot be negative. If, after the investment loss is recognized, the net book value of the investment is less than zero, the investment is reclassified to other liabilities-others on the balance sheet.

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 charged to expense as incurred. Significant renewals and improvements are treated as capital expenditures and are depreciated over their estimated useful lives. When property, plant and equipment are disposed, their original cost and accumulated depreciation are written off and the related gain or loss is classified as non-operating income or expense. Idle assets are classified as other assets at the lower of net book or net realizable value, with the difference charged to non-operating expenses.

Depreciation is recognized on a straight-line basis using the estimated economic life of the assets less salvage value, if any. 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.

Intangible Assets

Effective January 1, 2006, goodwill generated from business combinations is no longer subject t o amortization.

Technological know-how is stated at cost and amortized over its estimated economic life using the straight-line method.

An impairment loss will be recognized when the decreases in fair value of intangible assets are other than temporary. The book value after recognizing the impairment loss is recorded as the new cost.

Deferred Charges

Deferred charges are stated at cost and amortized on a straight-line basis as follows: intellectual property license fees-select the shorter term of contract or estimated economic life of the related technology; and software-3 years.

Prior to December 31, 2005, the issuance costs of convertible and exchangeable bonds were classified as deferred charges and amortized over the life of the bonds. Effective January 1, 2006, the unamortized amounts as of December 31, 2005 were reclassified as a bond discount and recorded as a deduction to bonds payable. The amounts are amortized using the effective interest method over the remaining life of the bonds. If the difference between the straight-line method and the effective interest method is immaterial, the amortization of the bond discount may be amortized using the straight-line method and recorded as the adjustment of interest expenses.

Convertible and Exchangeable Bonds

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

When convertible bondholders exercise their conversion rights, the book value of the bonds is credited to common stock at an amount equal to the par value of the common stock with the excess credited to additional paid-in capital. No gain or loss is recognized on bond conversion.

When exchangeable bondholders exercise their right to exchange their bonds for reference shares, the book value of the bonds is offset against the book value of the investments in reference shares and the related stockholders equity accounts, with the difference recognized as a gain or loss on disposal of investments.

In accordance with ROC SFAS No. 34, Financial Instruments: Recognition and Measurement, effective as of January 1, 2006, since the economic and risk characteristics of the embedded derivative instrument and the host contract are not clearly and closely related, derivative financial instruments embedded in exchangeable bonds shall be bifurcated and accounted as financial liabilities at fair value through profit or loss.

Pension Plan

All regular employees are entitled to a defined benefit pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited in the committee s name in the Central Trust of China and hence, not associated with the Company. Therefore, fund assets are not to be included in the Company s financial statements. Pension benefits for employees of the Branch are provided in accordance with the local regulations.

The Labor Pension Act of the ROC (the Act), which adopts a defined contribution plan, became effective on July 1, 2005. Employees subject to the Labor Standards Law, a defined benefit plan, were allowed to choose to either elect the pension calculation under the Act or continue to be subject to the pension calculation under the Labor Standards Law. Those employees that elected to be subject to the Act will have their seniority achieved under the Labor Standards Law retained upon election of the Act, and the Company will make monthly contributions of no less than 6% of these employees monthly wages to the employees individual pension accounts.

The accounting for the Company s pension liability is computed in accordance with ROC SFAS No.18. Net pension costs of the defined benefit plan are recorded based on an actuarial valuation. Pension cost components such as service cost, interest cost, expected return on plan assets, the amortization of net obligation at transition, pension gain or loss, and prior service cost, are all taken into consideration by the actuary. The Company recognizes expenses from the defined contribution pension plan in the period in which the contribution becomes due.

Employee Stock Option Plan

The Company uses intrinsic value method to recognize compensation cost for its employee stock options issued since January 1, 2004. Under the intrinsic value method, the Company recognizes the difference between the market price of the stock on date of grant and the exercise price of its employee stock option as compensation cost. The Company also discloses pro forma net income and earnings per share under the fair value method for options granted since January 1, 2004.

Treasury Stock

The Company adopted ROC SFAS No. 30, Accounting for Treasury Stocks which requires that treasury stock held by the Company to be accounted for under the cost method. The cost of treasury stock is shown as a deduction to stockholders equity, while any gain or loss from selling treasury stock is treated as an adjustment to additional paid-in capital. The Company s stock held by its subsidiaries is also treated as treasury stock. Cash dividends received by subsidiaries from the company are recorded as Additional paid-in capital treasury stock transactions.

Revenue Recognition

The Company recognizes revenue when persuasive evidence of an arrangement exists, the product or service has been delivered, the seller s price to the buyer is fixed or determinable and collectibility is reasonably assured. Most of the Company s sales transactions have shipping terms of Free on Board (FOB) or Free Carrier (FCA) shipment in which title and the risk of loss or damage is transferred to the customer upon delivery of the product to a carrier approved by the customer.

Allowance for sales returns and discounts are estimated taking into consideration customer complaints, historical experiences, management judgment and any other known factors that might significantly affect collectibility. Such allowances are recorded in the same period in which sales are made.

Research and Development Expenditures

Research and development expenditures are charged to expenses as incurred.

Capital Expenditures Versus Operating Expenditures

An expenditure is capitalized when it is probable that the Company will receive future economic benefits associated with the expenditure. Otherwise, the expenditure is expensed as incurred.

Income Tax

The Company adopted ROC SFAS No. 22, Accounting for Income Taxes for inter-period and intra-period income tax allocation. The provision for income taxes includes deferred income tax assets and liabilities that are a result of temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes, loss carry-forward and investment tax credits. A 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. A deferred tax asset or liability is classified as current or noncurrent in accordance with the classification of its related asset or liability. However, if a deferred tax asset or liability does not relate to an asset or liability in the financial statements, then it is classified as either current or noncurrent based on the expected reversal date of the temporary difference.

According to ROC SFAS No. 12, Accounting for Income Tax Credits , the Company recognizes the tax benefit from the purchase of equipment and technology, research and development expenditure, employee training, and certain equity investment by the flow-through method.

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

The Income Basic Tax Act of the R.O.C. (the IBTA) became effective on January 1, 2006. Set up by the Executive Yuan, the IBTA is a supplemental 10% tax that is payable if the income tax payable determined by the ROC Income Tax Act is below the minimum amount as prescribed by the IBTA. The IBTA is calculated based on taxable income as defined by the IBTA, which includes most income that is exempted from income tax under various legislations. The impact of the IBTA has been considered in the Company s income tax for the current reporting period.

Earnings per Share

Earnings per share is computed according to ROC SFAS No. 24, Earnings Per Share. Basic earnings per share is computed by dividing net income (loss) by the weighted-average number of common shares outstanding during the current reporting period. 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. Net income (loss) is also adjusted for interest and other income or expenses derived from any underlying dilutive share equivalents. The weighted-average of outstanding shares is adjusted retroactively for stock dividends and bonus share issues.

Asset Impairment

Pursuant to ROC SFAS No. 35, the Company assesses indicators of impairment for all its assets (except for goodwill) within the scope of the standard at each balance sheet date. If impairment is indicated, the Company compares the asset s carrying amount with the recoverable amount of the assets or the cash-generating unit (CGU) associated with the asset and writes down the carrying amount to the recoverable amount where applicable. The recoverable amount is defined as the higher of fair value less the costs to sell and the values in use. For previously recognized losses, the Company assesses at the balance sheet date any indication that the impairment loss no longer exists or may have diminished. If there is any such indication, the Company recalculates the recoverable amount of the asset, and if the recoverable amount has increased as a result of the increase in the estimated service potential of the assets, the Company reverses the impairment loss so that the resulting carrying amount of the asset does not exceed the amount (net of amortization or depreciation) that would otherwise result 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 an impairment test reveals that the carrying amount, including goodwill, of CGU or group of CGUs is greater than its recoverable amount, there is an impairment loss. The loss is first recorded against the CGU s goodwill, with any remaining loss allocated to other assets on a pro rata basis proportionate to their carrying amounts. The write-down of goodwill cannot be reversed in subsequent periods under any circumstances.

Impairment losses and reversals are classified as non-operating loss and income, respectively.

3. ACCOUNTING CHANGES

Goodwill

The Company adopted the amendments to ROC SFAS No. 1, Conceptual Framework of Financial Accounting and Preparation of Financial Statements, SFAS No. 5, Long-Term Investments in Equity Securities, and SFAS No. 25, Business Combinations-Accounting Treatment under Purchase Method, all of which have discontinued the amortization of goodwill effective January 1, 2006. As a result of adopting the revised SFAS No.1, revised SFAS No.5 and revised SFAS No.25 on January 1, 2006, the Company s total assets as of March 31, 2006 are NT$ 216 million higher than if it had continued to account for goodwill under the prior year s requirements. The net income and earnings per share for the three-month period ended March 31, 2006, are NT$216 million and NT$0.01 higher, respectively, than if the Company had continued to account for goodwill under the prior year s requirements.

Financial Instruments

(1) The Company adopted ROC SFAS No. 34, Financial Instruments: Recognition and Measurement and SFAS No. 36, Financial Instruments: Disclosure and Presentation to account for the financial instruments effective January 1, 2006. Some prior year items have been reclassified as required by ROC Guidelines Governing the Preparation of Financial Reports by Securities Issuers, SFAS No. 34 and No. 36 to conform with current year s presentation.

(2) The above changes in accounting principles increased the Company s total assets, total liabilities, and stockholders equity as of January 1, 2006 by NT$23,648 million, NT$1,326 million, and NT$22,322 million, respectively; and resulted in an unfavorable cumulative effect of changes in accounting principles of NT$1,189 million deducted from net income, thereby reducing earnings per share by NT$0.06 for the three-month period ended March 31, 2006.

4. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) CASH AND CASH EQUIVALENTS

	As of March 31, 2007	As of March 31, 2006
Cash:		
Cash on hand	$ 1,953	$ 1,741
Checking and savings accounts	1,740,435	3,283,271
Time deposits	75,224,676	80,196,910
Subtotal	76,967,064	83,481,922
Cash equivalents:	4,021,838	12,890,069
Total	$ 80,988,902	$ 96,371,991

(2) FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS, CURRENT

Held for trading	As of March 31, 2007	As of March 31, 2006
Listed stocks	$ 7,190,853	$ 1,259,147
Convertible bonds	363,111	233,796
Open-end fund		5,075
Total	$ 7,553,964	$ 1,498,018

During the three-month periods ended March 31, 2007 and 2006, net loss arising from the changes in fair value of financial assets at fair value through profit or loss, current, were NT$578 million and NT$123 million, respectively.

(3) HELD-TO-MATURITY FINANCIAL ASSETS

	As of March 31, 2007	As of March 31, 2006
Credit-linked deposits and repackage bonds	$ 200,000	$ 975,552
Less: Non-current portion		(200,000)
Total	$ 200,000	$ 775,552

(4) ACCOUNTS RECEIVABLE, NET

	As of March 31, 2007	2006
Accounts receivable	$ 6,861,345	$ 6,097,043
Less: Allowance for sales returns and discounts	(307,643)	(150,341)
Less: Allowance for doubtful accounts		(63,086)
Net	$ 6,553,702	$ 5,883,616

(5) INVENTORIES, NET

	As of March 31, 2007	2006
Raw materials	$ 1,069,920	$ 515,639
Supplies and spare parts	1,768,392	1,649,744
Work in process	7,293,416	7,246,956
Finished goods	1,080,850	751,555
Total	11,212,578	10,163,894
Less: Allowance for loss on decline in market value and obsolescence	(1,255,381)	(550,681)
Net	$ 9,957,197	$ 9,613,213

Inventories were not pledged.

(6) AVAILABLE-FOR-SALE FINANCIAL ASSETS, NONCURRENT

	As of March 31, 2007	2006
Common stock	$ 43,359,493	$ 48,962,566
Preferred stock		1,408,419
Total	$ 43,359,493	$ 50,370,985

During the three-month periods ended March 31, 2007 and 2006, the total unrecognized gain adjustment to stockholders equity due to changes in fair value of available-for-sale assets were NT$968 million and NT$12,159 million, respectively.

Additionally, the Company recognized a gain of NT$1,069 million and NT$566 million due to the disposal of available-for-sale assets during the three-month periods ending March 31, 2007 and 2006, respectively.

(7) FINANCIAL ASSETS MEASURED AT COST, NONCURRENT

	As of March 31, 2007	2006
Common stock	$ 1,495,556	$ 1,458,246

Preferred stock	385,080	300,000
Funds	442,000	518,767
Total	$ 2,322,636	$ 2,277,013

(8) LONG-TERM INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD

a. Details of long-term investments accounted for under the equity method are as follows:

	As of March 31,			
	2007		2006	
Investee Company	Amount	Percentage of Ownership or Voting Rights	Amount	Percentage of Ownership or Voting Rights
Listed companies				
UMC JAPAN	$ 6,010,932	50.09	$ 5,969,510	48.95
HOLTEK SEMICONDUCTOR INC.	884,521	23.24	879,126	24.81
ITE TECH. INC.	359,780	21.62	345,242	22.07
UNIMICRON TECHNOLOGY CORP.(UNIMICRON)(Note A)			4,282,188	20.40
Subtotal	7,255,233		11,476,066	
Unlisted companies				
UMC GROUP (USA)	977,029	100.00	780,741	100.00
UNITED MICROELECTRONICS (EUROPE) B.V.	289,562	100.00	274,361	100.00
UMC CAPITAL CORP.	3,682,961	100.00	2,087,983	100.00
UNITED MICROELECTRONICS CORP. (SAMOA)	7,034	100.00	13,489	100.00
UMCI LTD.	94	100.00	9,619	100.00
TLC CAPITAL CO., LTD.	7,727,434	100.00	2,947,999	100.00
FORTUNE VENTURE CAPITAL CORP. (Note B)	10,330,744	99.99	4,777,043	99.99
UNITED MICRODISPLAY OPTRONICS CORP. (UMO)(Note C)	126,674	81.76	285,275	86.72
PACIFIC VENTURE CAPITAL CO., LTD. (PACIFIC)(Note D)	127,379	49.99	298,422	49.99
MTIC HOLDINGS PTE LTD	82,153	49.94		
MEGA MISSION LIMITED PARTNERSHIP	2,355,815	45.00		
UNITECH CAPITAL INC.	1,026,305	42.00	673,981	42.00
NEXPOWER TECHNOLOGY CORP.	296,941	37.10		
HSUN CHIEH INVESTMENT CO., LTD. (HSUN CHIEH) (Note E)	4,550,816	36.49	4,485,473	36.49
XGI TECHNOLOGY INC. (Note F)	47,000	16.48	71,704	16.51
AMIC TECHNOLOGY CORP. (Note F)	52,765	11.84	58,166	11.86
THINTEK OPTRONICS CORP. (THINTEK) (Note C)			32,470	27.82
HIGHLINK TECHNOLOGY CORP. (HIGHLINK)(Note F, G)			283,063	18.99
Subtotal	31,680,706		17,079,789	
Total	$ 38,935,939		$ 28,555,855	

Note A: As the Company did not have significant influence after decreasing its percentage of ownership in UNIMICRON in 2006, the investee was classified as available-for-sale financial asset.

Note B: As of March 31, 2007 and 2006, the cost of the investment was NT$10,503 million and NT$4,949 million, respectively. After deducting the Company s stock held by the subsidiary (treated as treasury stock by the Company) of NT$172 million in both years, the residual book values totalled NT$10,331 million and NT$4,777 million as of March 31, 2007 and 2006, respectively.

Note C: THINTEK was merged into UMO on October 1, 2006. The exchange ratio was 2.31 to 1.

Note D: On June 27, 2006, PACIFIC set July 3, 2006 as its liquidation date through decision at its shareholders meeting. The liquidation has not been completed as of March 31, 2007

Note E: As of January 27, 2006, the Company sold 58.5 million shares of HSUN CHIEH. The Company s ownership percentage decreased from 99.97% to 36.49%. As HSUN CHIEH ceased to be a subsidiary, the Company s stock held by HSUN CHIEH was reclassified from treasury stock to long-term investments accounted for under the equity method. The reclassification increased long-term investments accounted for under the equity method and stockholders equity by NT$10,881 million.

Note F: The equity method was applied for investees, in which the total ownership held by the Company and its subsidiaries is over 20%.

Note G: As of March 1, 2007, HIGHLINK (an equity method investee) and EPITECH TECHNOLOGY CORP. (EPITECH) (accounted for as a noncurrent available-for-sale financial asset) merged into EPISTAR CORP. and was continued as EPISTAR CORP. (classified as a noncurrent available-for-sale financial asset after the merger).
During the transaction, 5.5 shares of the HIGHLINK were exchanged for 1 share of EPISTAR CORP. and 3.08 shares of the EPITECH were exchanged for 1 share of EPISTAR CORP.

b. Total gain and loss arising from investments accounted for under the equity method were NT$697 million and NT$2 million for the three-month periods ended March 31, 2007 and 2006, respectively. Among which, investment income amounted to NT$227 million and NT$293 million for the three-month periods ended March 31, 2007 and 2006, respectively, and the related long-term investment balances of NT$5,435 million and NT$5,161 million as of March 31, 2007 and 2006, respectively, were determined based on the investees financial statements audited by other auditors.

c. The long-term investments were not pledged.

(9) PROPERTY, PLANT AND EQUIPMENT

	As of March 31, 2007		
	Cost	Accumulated Depreciation	Book Value
Land	$ 1,132,576	$	$ 1,132,576
Buildings	16,319,736	(5,584,923)	10,734,813
Machinery and equipment	400,298,576	(295,139,002)	105,159,574
Transportation equipment	74,387	(55,909)	18,478
Furniture and fixtures	2,469,833	(1,896,853)	572,980
Construction in progress and prepayments	28,330,350		28,330,350
Total	$ 448,625,458	$ (302,676,687)	$ 145,948,771

	As of March 31, 2006		
	Cost	Accumulated Depreciation	Book Value
Land	$ 1,132,576	$	$ 1,132,576
Buildings	16,251,168	(4,846,656)	11,404,512
Machinery and equipment	375,349,360	(257,243,101)	118,106,259
Transportation equipment	81,815	(58,843)	22,972
Furniture and fixtures	2,286,096	(1,580,567)	705,529
Construction in progress and prepayments	11,555,578		11,555,578
Total	$ 406,656,593	$ (263,729,167)	$ 142,927,426

a. No interest was capitalized during the three-month periods ended March 31, 2007 and 2006.

b. Property, plant and equipment were not pledged.

(10) OTHER ASSETS OTHERS

	As of March 31,	
	2007	2006
Leased assets	$ 1,321,594	$ 1,365,667
Deposits-out	642,428	542,976
Others	59,118	59,118
Total	$ 2,023,140	$ 1,967,761

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

(11) FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS, CURRENT

As of March 31,

	2007	2006
Interest rate swaps	$ 627,002	$ 784,198
Derivatives embedded in exchangeable bonds	376,559	728,322
Total	$ 1,003,561	$ 1,512,520

During the three-month periods ended March 31, 2007 and 2006 net loss arising from the changes is fair value of financial liabilities at fair value through profit or loss, current were NT$36 million and NT$44 million, respectively.

(12) BONDS PAYABLE

	As of March 31, 2007	As of March 31, 2006
Unsecured domestic bonds payable	$ 20,250,000	$ 30,500,000
Convertible bonds payable	12,639,596	12,391,686
Exchangeable bonds payable	2,988,565	3,180,446
Less: discounts on bonds payable	(51,013)	(145,647)
Total	35,827,148	45,926,485
Less: Current portion	(17,833,831)	(10,250,000)
Net	$ 17,993,317	$ 35,676,485

a. 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 repaid starting from April 2004 to April 2006 and April 2006 to April 2008, respectively, both in three yearly installments at the rates of 30%, 30% and 40%. On April 27, 2006, the five-year bonds were fully repaid.

b. 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 was paid annually with stated interest rates of 3.3912% through 3.420% and 3.4896% through 3.520%, respectively. On October 15, 2006 and 2004, the five-year bonds and the three-year bonds were fully repaid, respectively.

c. On May 10, 2002, the Company issued zero coupon exchangeable bonds listed on the EuroMTF Market of the Luxembourg stock Exchange (LSE). The terms and conditions of the bonds are as follows:

(a) Issue Amount: US$235 million

(b) Period: May 10, 2002 ~ May 10, 2007

(c) Redemption

i. The Company may redeem the bonds, in whole or in part, after three months of the issuance and prior to the maturity date, at their principal amount if the closing price of the AU Optionics Corp. (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 NTD34.645=USD 1.00.

ii. The Company may 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.

iii. 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.

iv. The Company will, at the option of the bondholders, redeem such bonds on February 10, 2005 at its principal amount.

(d) Terms of Exchange

i. Underlying securities: ADSs or common shares of AUO.

ii. Exchange Period: The bonds are exchangeable at any time on or after June 19, 2002 and prior to April 10, 2007, into AUO common shares or AUO ADSs; 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.

iii. Exchange Price and Adjustment: The exchange price is NTD44.3 per share, determined on the basis of a fixed exchange rate of NTD34.645=USD1.00. The exchange price will be subject to adjustments upon the occurrence of certain events set out in the indenture.

(e) Exchange of the Bonds

As of March 31, 2007 and 2006, certain bondholders have exercised their rights to exchange their bonds with the total principal amount of US$145 million and US$137 million into AUO shares, respectively. Gains arising from the exercise of exchange rights during the three-month period ended March 31, 2007 amounted NT$159 million and was recognized as gain on disposal of investment. No exchange rights had been exercised for the three-month period ended March 31, 2006.

d. 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.

e. On October 5, 2005, the Company issued zero coupon convertible bonds on the LSE. The terms and conditions of the bonds are as follows:

(a) Issue Amount: US$381.4 million

(b) Period: October 5, 2006 ~ February 15, 2008 (Maturity date)

(c) Redemption:

i On or at any time after April 5, 2007, if the closing price of the ADSs listed on the NYSE has been at least 130% of either the conversion price or the last adjusted conversion price, for 20 out of 30 consecutive ADS trading days, the Company may redeem all, but not some only, of the bonds.

ii If at least 90% in principal amount of the bonds have already been redeemed, repurchased, cancelled or converted, the Company may redeem all, but not some only, of the bonds.

iii. In the event that the Company s ADSs or shares have officially cease to be listed or admitted for trading on the New York Stock Exchange or the Taiwan Stock Exchange, as the case may be, each bondholder shall have the right, at such bondholder s option, to require the Company to repurchase all, but not in part, of such bondholder s bonds at their principal amount.

iv. In the event of certain changes in taxation in the R.O.C. resulting in the Company becoming required to pay additional amounts, the Company may redeem all, but not part, of the bonds at their principal amount; bondholders may elect not to have their bonds redeemed by the Company in such event, in which case the bondholders shall not be entitled to receive payments of such additional amounts.

v. If a change of control occurs with respect to the Company, each bondholder shall have the right at such bondholder s option, to require the Company to repurchase all, but not in part, of such bondholder s bonds at their principal amount.

vi. The Company will pay the principal amount of the bonds at its maturity date, February 15, 2008.

(d) Conversion:

i Conversion Period: Except for the closed period, the bonds may be converted into the Company s ADSs on or after November 4, 2005 and on or prior to February 5, 2008.

ii Conversion Price and Adjustment: The conversion price is US$3.693 per ADS. The applicable conversion price will be subject to adjustments upon the occurrence of certain events set out in the indenture.

f. Repayments of the above-mentioned bonds in the future years are as follows:
(assuming the convertible bonds and exchangeable bonds are both paid off upon maturity)

Bonds repayable in	**Amount**
2007	$ 5,238,565
2008	23,139,596
2009	
2010	7,500,000
2011 and thereafter	
Total	$ 35,858,161

(13) PENSION PLAN

a. The Labor Pension Act of the R.O.C. (the Act), which adopts a defined contribution plan, became effective on July 1, 2005. Employees subject to the Labor Standards Law, a defined benefit plan, were allowed to choose to either elect the pension calculation under the Act or continue to be subject to the pension calculation under the Labor Standards Law. Those employees that elected to be subject to the Act will have their seniority achieved under the Labor Standards Law retained upon election of the Act, and the Company will make monthly contributions of no less than 6% of these employees monthly wages to the employees individual pension accounts. The Company has made monthly contributions based on each individual employee s salary or wage to employees pension accounts beginning July 1, 2005, and totaled NT$96 million and NT$89 million as of March 31, 2007 and 2006, respectively. Pension benefits for employees of the Branch are provided in accordance with the local regulations, and the Company has contributed the amount of both NT$31 million as of March 31, 2007 and 2006, respectively.

b. The defined benefit plan under the Labor Standards Law is disbursed based on the units of service years and the average salary in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the fifteenth year. The total units shall not exceed 45 units. In accordance to the plan, the Company contributes an amount equivalent to 2% of the employees total salaries and wages on a monthly basis to the pension fund deposited at the Central Trust of China in the name of an administered pension fund committee. Pension costs amounting to NT$47 million and NT$48 million were recognized for the three-month periods ended March 31, 2007 and 2006, respectively. The corresponding balances of the pension fund were NT$1,232 million and NT$1,113 million as of March 31, 2007 and 2006, respectively.

(14) CAPITAL STOCK

a. The Company had 26,000 million common shares authorized to be issued, and 19,845 million shares were issued as of March 31, 2006, each at a par value of NT$10.

b. The Company has issued a total of 277 million ADSs, which were traded on the NYSE as of March 31, 2006. The total number of common shares of the Company represented by all issued ADSs was 1,384 million shares as of March 31, 2006. One ADS represents five common shares.

c. Among the employee stock options issued by the Company on October 7, 2002 and January 3, 2003, 109 million shares were exercised during the year ended December 31, 2006. The issuance process through the authority had been completed.

d. On May 22, 2006 the Company cancelled 1,000 million shares of treasury stock, which were bought back during the period from February 16, 2006 to April 11, 2006 for retention of the Company s creditability and stockholders interests.

e. As recommended by the board of directors, and approved by the shareholders on the meeting held on June 12, 2006, the Company issued 225 million new shares from capitalization of retained earnings and additional paid-in capital that amounted to NT$2,249 million, of which NT$895 million was stock dividend, NT$459 million was employee bonus, and NT$895 million was additional paid-in capital. The issuance process through the authority had been completed.

f. The Company had 26,000 million common shares authorized to be issued, and 19,144 million shares was issued as of March 31, 2007, each at a par value of NT$10.

g. The Company had issued a total of 315 million ADSs, which were traded on the NYSE as of March 31, 2007. The total number of common shares of the Company represented by all issued ADSs was 1,576 million shares as of March 31, 2007. One ADS represents five common shares.

h. Among the employee stock options issued by the Company on October 7, 2002, January 3, 2003 and October 13, 2004, 12 million shares were exercised during the three-month period ended March 31, 2007. The issuance process through the authority had been completed.

(15) EMPLOYEE STOCK OPTIONS

On September 11, 2002, October 8, 2003, September 30, 2004, and December 22, 2005, the Company was authorized by the Securities and Futures Bureau of the Financial Supervisory Commission, Executive Yuan, to issue employee stock options with a total number of 1 billion, 150 million, 150 million, and 350 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 the options was set at the closing price of the Company s common stock on the date of grant. The contractual life is 6 years and an optionee may exercise the options in accordance with certain schedules as prescribed by the plan starting 2 years from the date of grant. Detailed information relevant to the employee stock options is disclosed as follows:

Date of grant	Total number of options granted (in thousands)	Total number of options outstanding (in thousands)	Exercise price (NTD)
October 7, 2002	939,000	531,986	$ 15.7
January 3, 2003	61,000	44,411	$ 17.7
November 26, 2003	57,330	45,073	$ 24.7
March 23, 2004	33,330	21,765	$ 22.9
July 1, 2004	56,590	44,130	$ 20.7
October 13, 2004	20,200	12,412	$ 17.8
April 29, 2005	23,460	17,510	$ 16.4
August 16, 2005	54,350	40,070	$ 21.6
September 29, 2005	51,990	45,919	$ 19.7
January 4, 2006	39,290	29,660	$ 17.7
May 22, 2006	42,058	36,210	$ 19.2
August 24, 2006	28,140	24,800	$ 18.4

a. A Summary of the Company s stock option plans, and related information for the three-month periods ended March 31, 2007 and 2006 are as follows:

	For the three-month period ended March 31, 2007		2006	
	Option (in thousands)	Weighted-average Exercise Price (NTD)	Option (in thousands)	Weighted-average Exercise Price (NTD)
Outstanding at beginning of period	913,958	$ 17.5	975,320	$ 17.3
Granted		$	39,290	$ 17.7
Exercised	(11,918)	$ 15.7	(50,531)	$ 15.7
Forfeited	(8,094)	$ 19.9	(16,515)	$ 18.9
Outstanding at end of period	893,946	$ 17.5	947,564	$ 17.3
Exercisable at end of period	654,015	$ 16.7	502,264	$ 16.5
Weighted-average fair value of options granted during the period (NTD)	$		$ 5.4	

26

b. The information of the Company s outstanding stock options as of March 31, 2007 is as follows:

		Outstanding Stock Options				Exercisable Stock Options			
Authorization Date	**Range of Exercise Price**	**Option (in thousands)**	**Weighted-average Expected Remaining Years**	**Weighted-average Exercise Price (NTD)**		**Option (in thousands)**	**Weighted-average Exercise Price (NTD)**	
2002.09.11	$ 15.7~$17.7	576,397	1.54	$	15.9	576,133	$	15.9
2003.10.08	$ 20.7~$24.7	110,968	2.95	$	22.8	72,405	$	23.1
2004.09.30	$ 16.4~$21.6	115,911	4.29	$	19.7	5,477	$	17.8
2005.12.22	$ 17.7~$19.2	90,670	5.09	$	18.5		$	
		893,946	2.43	$	17.5	654,015	$	16.7

c. The Company uses intrinsic value method to recognize compensation costs for its employee stock options issued since January 1, 2004. The compensation costs for the three-month periods ended March 31, 2007 and 2006 are nil because the Company grants options with the exercise price equal to the current market price. Pro forma information using the fair value method on net income and earnings per share is as follows:

	For the three-month period ended March 31, 2007			
	Basic earnings per share		**Diluted earnings per share**	
Net Income	$	1,458,690	$	1,458,690
Earnings per share (NTD)	$	0.08	$	0.08
Pro forma net income	$	1,345,283	$	1,345,283
Pro forma earnings per share (NTD)	$	0.08	$	0.08

	For the three-month period ended March 31, 2006 (retroactinty adjusted)			
	Basic earnings per share		**Diluted earnings per share**	
Net Income	$	12,286,260	$	12,146,008
Earnings per share (NTD)	$	0.66	$	0.63
Pro forma net income	$	12,194,544	$	12,054,292
Pro forma earnings per share (NTD)	$	0.65	$	0.62

The fair value of the options granted was estimated at the date of grant using the Black-Scholes options pricing model with the following weighted-average assumptions for the three-month period ended March 31, 2006: expected dividend yield of 1.37%; volatility of the expected market price of the Company s common stock of 38.38%~41.14%; risk-free interest rate of 1.88%; and expected life of the options of 4~5 years.

(16) TREASURY STOCK

a. The Company bought back its own shares from the open market during the three-month periods ended March 31, 2007 and 2006. Details of the treasury stock transactions are as follows:

For the three-month period ended March 31, 2007

(In thousands of shares)

Purpose	As of January 1, 2007	Increase	Decrease	As of March 31, 2007
For transfer to employees	842,067			842,067
For conversion of the convertible bonds into shares	500,000			500,000
Total shares	1,342,067			1,342,067

&