

HECLA MINING CO/DE/
Form 8-K
February 01, 2008

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(D) OF THE

SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): February 1, 2008

Hecla Mining Company

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of Incorporation)

1-8491

(Commission File Number)

6500 North Mineral Drive, Suite 200

Coeur d Alene, Idaho

(Address of Principal Executive Offices)

77-0664171

(IRS Employer Identification No.)

83815-9408

(Zip Code)

(208) 769-4100

(Registrant's Telephone Number, Including Area Code)

N/A

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

- Pre-commencement communications pursuant to Rule 14-d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 8.01. Other Events.

Effective as of February 1, 2008, Hecla Mining Company's 6.5% Mandatory Convertible Preferred Stock (Convertible Preferred) was approved for listing and began trading on the New York Stock Exchange (NYSE). Shares of our Convertible Preferred trade on the NYSE under the symbol HL-PC.

SIGNATURE

Edgar Filing: HECLA MINING CO/DE/ - Form 8-K

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 hereunto duly authorized.

HECLA MINING COMPANY

By: /s/ Philip C. Wolf
Name: Philip C. Wolf
Title: Senior Vice President

Dated: February 1, 2008

-2-

D>14,244,255 2,924,332

Exchange gain, net

2, 10 42,192

Gain on recovery of market value of inventories

2 45,260

Other income

223,728 205,234

Subtotal

14,892,410 3,420,650

Non-operating expenses

Edgar Filing: HECLA MINING CO/DE/ - Form 8-K

Interest expense

4(10), 5 (220,708) (215,313)

Loss on investments accounted for under the equity method, net

2, 4(9) (2,369) (1,705,272)

Loss on disposal of property, plant and equipment

2 (836) (61,845)

Exchange loss, net

2, 10 (171,646)

Loss on decline in market value and obsolescence of inventories

2 (33,233)

Financial expenses

(38,010) (45,836)

Loss on valuation of financial assets

2 (434,781)

Loss on valuation of financial liabilities

2 (52,644)

Other losses

2 (19,763) (4,077)

Subtotal

(802,344) (2,203,989)

Income from continuing operations before income tax

14,175,048 1,518,777

Income tax expense

2, 4(21) (700,273) (97)

Net income from continuing operations

13,474,775 1,518,680

Cumulative effect of changes in accounting principles
(net amount after deducting income tax expense \$0)

3 (1,188,515)

Net income

\$12,286,260 \$1,518,680

		Pre-tax	Post-tax	Pre-tax	Post-tax
Earnings per share-basic (NTD)	2, 4(22)				
Income from continuing operations		\$ 0.76	\$ 0.73	\$ 0.08	\$ 0.08
Cumulative effect of changes in accounting principles		(0.06)	(0.06)		
Net income		\$ 0.70	\$ 0.67	\$ 0.08	\$ 0.08
Earnings per share-diluted (NTD)	2, 4(22)				
Income from continuing operations		\$ 0.74	\$ 0.70	\$ 0.08	\$ 0.08
Cumulative effect of changes in accounting principles		(0.06)	(0.06)		
Net income		\$ 0.68	\$ 0.64	\$ 0.08	\$ 0.08
Pro forma information on earnings as if subsidiaries investment in the Company is not treated as treasury stock	2, 4(22)				
Net income		\$	12,286,260	\$	1,518,680
Earnings per share-basic (NTD)		\$	0.66	\$	0.08
Earnings per share-diluted (NTD)		\$	0.63	\$	0.08

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, 2006 and 2005

(Expressed in Thousands of New Taiwan Dollars)

	For the three-month period ended March 31,	
	2006	2005
Cash flows from operating activities:		
Net income	\$ 12,286,260	\$ 1,518,680
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	11,670,941	10,290,626
Amortization	417,147	407,223
Amortization of bond discounts	24,659	7,276
Reversal of bad debt expenses	(21,001)	(90,228)
Loss (gain) on decline (recovery) in market value and obsolescence of inventories	33,233	(45,260)
Loss on valuation of financial assets and liabilities	1,675,940	
Loss on investments accounted for under the equity method	2,369	1,705,272
Gain on sales of investments	(14,244,255)	(2,924,332)
Loss (gain) on disposal of property, plant and equipment	(23,283)	31,264
Exchange loss on financial assets and liabilities	10,742	2,472
Exchange gain on long-term liabilities	(186,923)	(11,747)
Amortization of deferred income	(33,129)	
Changes in assets and liabilities:		
Financial assets and liabilities held for trading	675,731	117,139
Notes and accounts receivable	559,562	1,469,762
Other receivables	108,494	(2,800)
Inventories	302,717	1,676,994
Prepaid expenses	(601,722)	(613,007)
Accounts payable	100,041	(632,990)
Accrued expenses	(835,642)	(2,523,984)
Other current liabilities	366,629	(156,765)
Capacity deposits	(7,800)	(154,283)
Accrued pension liabilities	19,853	136,370
Other liabilities - others	29,605	
Net cash provided by operating activities	12,330,168	10,207,682
Cash flows from investing activities:		
Acquisition of funds and long-term investments	(629,623)	(1,971,746)
Proceeds from sales of funds and long-term investments	8,383,916	3,610,084
Acquisition of property, plant and equipment	(6,141,935)	(3,564,479)
Proceeds from disposal of property, plant and equipment	39,120	52,544
Increase in deferred charges	(221,329)	(374,310)
Decrease (increase) in other assets - others	38,968	(63,327)
Increase in other receivables, net		(5,137,760)
Net cash provided by (used in) investing activities	1,469,117	(7,448,994)

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, 2006 and 2005

(Expressed in Thousands of New Taiwan Dollars)

	For the three-month period ended March 31,	
	2006	2005
(continued)		
Cash flows from financing activities:		
Increase in short-term loans, net	\$	\$ 1,953,240
Increase (decrease) in deposits-in, net	176	(310)
Purchase of treasury stock	(14,776,261)	
Exercise of employee stock options	745,575	640,243
Net cash provided by (used in) financing activities	(14,030,510)	2,593,173
Effect of exchange rate changes on cash and cash equivalents	6,593	
Increase (decrease) in cash and cash equivalents	(224,632)	5,351,861
Cash and cash equivalents at beginning of period	96,596,623	83,347,329
Cash and cash equivalents at end of period	\$ 96,371,991	\$ 88,699,190
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$ 517	\$ 3,936
Cash paid for income tax	\$ 51,513	\$ 16,245
Investing activities partially paid by cash:		
Acquisition of property, plant and equipment	\$ 5,373,673	\$ 1,873,596
Add: Payable at beginning of period	5,277,863	4,704,299
Less: Payable at end of period	(4,509,601)	(3,013,416)
Cash paid for acquisition of property, plant and equipment	\$ 6,141,935	\$ 3,564,479

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

UNITED MICROELECTRONICS CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2006 and 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 satisfy 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 LTD. had transferred its businesses, operations, and assets to its 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.).

Summaries of significant accounting policies are 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 a cumulative translation adjustment in stockholders' equity.

Non-currency assets and liabilities that are denominated in foreign currencies and marked to market with changes in market value charged to the statement of income, are valued at the spot exchange rate at the balance sheet date, with arising exchange gains or losses recognized in the current year. For similar assets and liabilities where the changes in market value are charged to stockholders' equity, the spot exchange rate at the balance sheet date is used and any resulting exchange gains or losses are recorded as adjustment items to stockholders' equity. The exchange rate at the date of transaction is used to record foreign currency-denominated non-currency assets and liabilities measured at cost.

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, and average exchange rates for profit and loss accounts. The cumulative translation effects from the Branch using functional currencies other than 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 Assets and Financial Liabilities

Based on the R.O.C. Statement of Financial Accounting Standard (SFAS) No. 34 Accounting for financial instruments and the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, financial assets are classified as financial assets held for trading, held-to-maturity financial assets, financial assets measured at cost, and available-for-sale financial assets. Financial liabilities are held for trading.

The Company's purchases and sales of financial assets and liabilities are recognized on the trade date (that is, the date on which the Company commits to purchase or sale the asset and liability). Financial assets and financial liabilities are initially recognized at fair value plus acquisition or issuance costs. Accounting policies prior to, and including, December 31, 2005 are described in Note 3.

a. Financial assets and financial liabilities held for trading

For financial assets and financial liabilities held for short-term sale or repurchase purposes and derivative financial instruments not held for hedging purposes are classified as either financial assets or financial liabilities held for trading.

Financial assets or financial liabilities are subsequently measured at fair value and changes in fair value are recognized in profit and loss. Stocks of listed companies, convertible bonds and close-end funds are measured at closing prices at balance sheet date. Open-end funds are measured at the unit price of the net assets at the balance sheet date.

b. Held-to-maturity financial assets

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

If there is any objective evidence of impairment, impairment loss is recognized by the Company. If subsequently the impairment loss has recovered, and such recovery is evidently related to improvements in events or factors that have originally caused the impairment loss, the Company shall reverse the amount, which will be recorded as profit in the current period. The new cost basis as a result of the reversal shall not exceed the amortized cost prior to the impairment.

c. Financial assets measured at cost

Equity investments without reliable market prices, including unlisted and emerging stocks, are measured at cost. Where objective evidence of impairment exists, the Company shall recognize impairment loss, which shall not be reversed in subsequent periods.

d. Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets neither classified as financial assets held for trading, nor held-to-maturity financial assets, loans and receivables. Subsequent measurement is measured at fair value. The gain or loss arising from the change in fair value, excluding impairment loss and exchange gain or loss, is recognized as a separate component of 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 income statement.

Stocks of listed companies are measured at closing prices at the balance sheet date.

The Company recognizes impairment loss when there is any objective evidence of impairment. Any reduction in the loss of equity investments in subsequent periods will be recognized as adjustment to stockholders' equity. For debt instruments, if the reduction is clearly related to improvements in the factors or events that have originally caused the impairment, the amount shall be reversed and recognized in the current period's statement of income.

Derivative financial instruments

- a. Trading purpose: At the date of trading, options are recognized at fair value, while trading derivatives other than options are recognized at a fair value of zero. The derivatives are recorded at fair value at the balance sheet date with changes in fair value charged to the statement of income in the current period.
- b. Hedging purpose: When the Company meets all requirements of hedge accounting, the Company recognizes net influence of hedge instruments and hedged items by different hedge relationships. The accounting procedures are as follows:

Fair value hedges

Hedge instruments are measured at fair value and recognized as profit or loss. The gains and losses attributable to the risk being hedged are adjusted to carrying amount of the hedged item, while concurrently recognized in statement of income.

Cash flow hedges

The gain or loss on the hedging instrument is recognized in stockholders' equity. Where the forecasted transaction is expected to result in financial assets or financial liabilities, the amounts previously recognized in stockholders' equity shall be transferred to gain or loss in the same period in which the financial assets or liabilities are expected to affect earnings. If the net loss of the adjustment to stockholders' equity is considered to be irrecoverable in future periods, the Company shall immediately recognize the loss in the current period.

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 on decline in market value and obsolescence is provided, when necessary.

Long-term Investments Accounted for Under the Equity Method

Long-term investments are recorded at acquisition cost. 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.

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 rights of the investees or has significant influence on operating 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. However, effective from January 1, 2006, such a difference is no longer amortized. Arising differences from new acquisitions are analyzed and accounted for in the manner similar to the allocation of acquisition cost as provided in the R.O.C. SFAS No. 25, Business Combination Accounting Treatment under Purchase Method, where goodwill is not subject to amortization.

The change in the Company's proportionate share in the net assets of its investee resulting from its subscription to additional stock, issued by such investee, at a 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 Company's ownership percentage, while those arising from transactions between majority-owned subsidiaries are eliminated in proportion to the Company's ownership percentage in the subsidiary incurred with a 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.

In compliance with the 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 March 31, 2006 in proportion to the Company's share ownership in the investees.

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 expenditure and are depreciated accordingly. When property, plant and equipment are disposed, their original cost and accumulated depreciation are to 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 charged to non-operating expenses. The corresponding depreciation expenses provided are also classified as non-operating expenses.

Depreciation is provided on a straight-line basis using the estimated economic life of the assets less salvage value, if any. When the estimated economic life expires, property, plant and equipment which are still in use, are depreciated over the newly estimated remaining 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

Effective from January 1, 2006, goodwill generated from consolidation is no longer subject to amortization.

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

The Company assesses whether there is any indication of impairment other than temporary. If any such indication exists, the recoverable amount is estimated and impairment loss is recognized accordingly. 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: patent license fees - the term of contract or estimated economic life of the related technology, and software - 3 years.

Prior to, and including December 31, 2005, the issuance costs of convertible and exchangeable bonds were classified as deferred charges and amortized over the life of the bonds. Since January 1, 2006, the amortized amounts as of December 31, 2005 were reclassified as discount of bonds as a contra account to bonds payable. The amounts are amortized based on interest method during remaining life of the bonds. Where the difference between straight-line method and interest method is slight, the bond discounts shall be amortized based on the straight-line method.

The Company assesses whether there is any indication of other than temporary impairment. If any such indication exists, the recoverable amount is estimated and impairment loss is recognized accordingly. The book value after recognizing the impairment loss is recorded as the new cost basis.

Convertible and Exchangeable 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 is 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 is to 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.

Based on the R.O.C. SFAS No. 34, *Accounting for financial instruments*, as of January 1, 2006, derivative financial instruments embedded in convertible bonds shall be bifurcated and accounted as financial liabilities with changes in market value recognized in earnings if the economic and risk characteristics of the embedded derivative instrument and the host contract are not clearly and closely related.

Pension Plan

All regular employees are entitled to a defined benefit pension plan that is managed by an independently administered pension fund committee within the Company. The fund is deposited under the committee's name in the Central Trust of China and hence, not associated with the Company. Therefore the fund shall not 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 R.O.C. (the Act), which adopts a defined contribution plan, became effective on July 1, 2005. In accordance with the Act, employees may choose to elect either the Act, by retaining their seniority before the enforcement of the Act, or the pension mechanism of the Labor Standards Law. For employees who elect the Act, the Company will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts.

The accounting for pension is computed in accordance with the R.O.C. SFAS No. 18. For the defined benefit pension, the net pension cost is calculated based on an actuarial valuation, and 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. For the defined contribution pension, the Company recognizes the pension amount as expense in the period in which the contribution becomes due.

Employee Stock Option Plan

The Company applies the 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 for only these 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 to 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 when 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 customer complaints and past experiences are accrued in the same year of sales.

Capital Expenditure versus Operating Expenditure

Expenditure shall be capitalized when 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 charged 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 when 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 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 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 common 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.

Asset Impairment

Pursuant to the R.O.C. 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 carrying amount with the recoverable amount of the assets or the cash-generating unit (CGU) 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, whether there is any indication that the impairment loss may no longer exist or may have diminished. If there is any such indication, the Company recalculates 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 reverses the impairment loss such that the resulting carrying amount of the asset shall 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. In allocating impairment losses, the portion of goodwill allocated is to be written down first. After goodwill has been written off, the remaining impairment loss, if any, is to be shared among other assets pro rata to their carrying amount. The write-down in goodwill cannot be reversed under any circumstance in subsequent periods.

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

3. ACCOUNTING CHANGE

Asset Impairment

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 did not have any influence on the Company's net income, basic earnings per share after tax, and total assets.

Goodwill

The Company had adopted the R.O.C. 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 which have all discontinued the amortization of goodwill.

The above changes in accounting principles increased the Company's total assets by NT\$216 million as of March 31, 2006, and increased the Company's net income and earnings per share by NT\$216 million and NT\$0.01, respectively, for the three-month period ended March 31, 2006.

Financial instruments

- (1) The Company had adopted the R.O.C. SFAS No. 34, Accounting for Financial Instruments and No. 36, Disclosure and Presentation of Financial Instruments to account for the financial instruments in its financial statements beginning on and after January 1, 2006. Some items have already been reclassified according to the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, R.O.C. SFAS No. 34 and No. 36 for the three-month period ended March 31, 2006.

- (2) The accounting policies prior to, and including, December 31, 2005 are as follows:

Marketable Securities

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

Long-Term Investment – Cost Method or Lower of Cost or Market Value Method

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 Company, are 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 the purpose of long-term investment 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 an other than temporary impairment is evident and the book value after recognizing the losses shall be treated as the new cost basis of such investment.

Derivative Financial Instruments

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

- (3) The above changes in accounting principles increased the Company's total assets, total liabilities, and stockholders' equity by NT\$23,648 million, NT\$1,326 million, and NT\$22,322 million, respectively, as of January 1, 2006 and resulted in a 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,	
	2006	2005
Cash:		
Cash on hand	\$ 1,741	\$ 1,401
Checking and savings accounts	5,232,180	751,419
Time deposits	80,196,910	76,975,842
Subtotal	85,430,831	77,728,662
Cash equivalents:		
Government bonds acquired under repurchase agreements	10,941,160	10,970,528
Total	\$ 96,371,991	\$ 88,699,190

(2) FINANCIAL ASSETS HELD FOR TRADING, CURRENT

	As of March 31,	
	2006	2005
Listed equity securities	\$ 1,259,147	\$ 529,822
Convertible bonds	233,796	1,756,248
Open-end fund	5,075	
Interest rate swaps		51,001
Total	\$ 1,498,018	\$ 2,337,071

During the three-month period ended March 31, 2006 net loss arising from financial assets held for trading was NT\$273 million.

(3) HELD-TO-MATURITY FINANCIAL ASSETS

	As of March 31,	
	2006	2005
Credit-linked deposits and repackage bonds	\$ 975,552	\$ 1,383,712
Less: Non-current portion	(200,000)	(1,163,072)
Total	\$ 775,552	\$ 220,640

(4) NOTES RECEIVABLE

	As of March 31,	
	2006	2005
Notes receivable	\$ 2,207	\$ 434

(5) ACCOUNTS RECEIVABLE, NET

	As of March 31,	
	2006	2005
Accounts receivable	\$ 6,060,675	\$ 4,602,467
Less: Allowance for sales returns and discounts	(149,437)	(131,603)
Less: Allowance for doubtful accounts	(62,714)	(81,978)
Net	\$ 5,848,524	\$ 4,388,886

(6) INVENTORIES, NET

	As of March 31,	
	2006	2005
Raw materials	\$ 515,639	\$ 152,485

Edgar Filing: HECLA MINING CO/DE/ - Form 8-K

Supplies and spare parts	1,649,744	1,780,534
Work in process	7,246,956	5,561,108
Finished goods	751,555	534,324
Total	10,163,894	8,028,451
Less: Allowance for loss on decline in market value and obsolescence	(550,681)	(1,116,724)
Net	\$ 9,613,213	\$ 6,911,727

a. The insurance coverage for inventories was sufficient as of March 31, 2006 and 2005, respectively.

b. Inventories were not pledged.

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

a. Details of available-for-sale financial assets are as follows:

	As of March 31,	
	2006	2005
<u>Common Stock</u>		
MEDIATEK INC.	\$ 19,682,310	\$ 843,392
NOVATEK MICROELECTRONICS CORP.	12,475,819	
SILICON INTEGRATED SYSTEMS CORP.	4,075,111	
AU OPTRONICS CORP. (Note)	3,788,076	959,082
FARADAY TECHNOLOGY CORP.	2,733,796	
MEGA FINANCIAL HOLDING COMPANY	2,336,853	3,108,656
EPITECH TECHNOLOGY CORP.	1,153,864	6,977
KING YUAN ELECTRONICS CO., LTD.	1,069,069	356,781
CHIPBOND TECHNOLOGY CORP.	591,515	174,735
SPRINGSOFT, INC.	445,804	415,728
RECHI PRECISION CO., LTD.	255,687	
PREMIER IMAGE TECHNOLOGY CORP.	152,644	27,964
UNITED FU SHEN CHEN TECHNOLOGY CORP.	147,312	
BILLIONTON SYSTEMS INC.	30,316	30,948
C-COM CORP.	23,430	
PIXTECH, INC.	960	
Subtotal	48,962,566	5,924,263
<u>Preferred Stock</u>		
TAIWAN CEMENT CORP.	1,202,310	
CHINATRUST FINANCIAL HOLDING COMPANY	206,109	
Subtotal	1,408,419	
Total	\$ 50,370,985	\$ 5,924,263

Note : As of March 31, 2006 and 2005, the Company held 77,625 thousand and 71,215 thousand AU Optronics Corp. shares, of which 73,566 thousand and 66,109 thousand shares, respectively, were designated as reference shares for the Company's zero coupon exchangeable bonds.

b. The Company recognized net profit of NT\$35,658 million as the adjustment of stockholder's equity.

(8) FINANCIAL ASSETS MEASURED AT COST, NONCURRENT

	As of March 31,	
	2006	2005
<u>Common Stock</u>		
INDUSTRIAL BANK OF TAIWAN CORP.	\$ 1,139,196	\$ 1,139,196
SUBTRON TECHNOLOGY CO., LTD.	172,800	172,800
UNITED INDUSTRIAL GASES CO., LTD.	146,250	146,250
EPITECH TECHNOLOGY CORP. (Note)		114,153
Subtotal	1,458,246	1,572,399
<u>Preferred Stock</u>		
TAIWAN HIGH SPEED RAIL CORP.	300,000	300,000
<u>Others</u>		
PACIFIC TECHNOLOGY PARTNERS, L.P.	349,607	336,099
PACIFIC UNITED TECHNOLOGY, L.P.	169,160	126,560
Subtotal	518,767	462,659
Total	\$ 2,277,013	\$ 2,335,058

Note: As of August 1, 2005, the Company's former investee, EPITECH TECHNOLOGY CORP. (accounted for as financial asset measured at cost) merged into SOUTH EPITAXY CO., LTD. (accounted for as an available-for-sale financial asset) and was retained as EPITECH TECHNOLOGY CORP. One share of the former investee, EPITECH TECHNOLOGY CORP. was exchanged for 1.36 shares of EPITECH TECHNOLOGY CORP.

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

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

Investee Company	As of March 31,			
	2006 Amount	Percentage of Ownership or Voting Rights	2005 Amount	Percentage of Ownership or Voting Rights
<u>Listed companies</u>				
UMC JAPAN	\$ 5,969,510	48.95	\$ 7,880,422	47.42
HOLTEK SEMICONDUCTOR INC.	879,126	24.81	761,265	25.23
ITE TECH. INC.	345,242	22.07	286,580	22.23
UNIMICRON TECHNOLOGY CORP.	4,282,188	20.40	3,568,006	21.29
FARADAY TECHNOLOGY CORP. (Note A)			844,510	18.38
SILICON INTEGRATED SYSTEMS CORP.				
(Note A, B)			2,820,144	16.16
NOVATEK MICROELECTRONICS CORP.				
(Note A)			1,552,825	15.74
APTOS (TAIWAN) CORP. (Note C)			135,017	9.72

Edgar Filing: HECLA MINING CO/DE/ - Form 8-K

Subtotal	11,476,066	17,848,769
----------	------------	------------

Investee Company	As of March 31,			
	2006 Amount	Percentage of Ownership or Voting Rights	2005 Amount	Percentage of Ownership or Voting Rights
<u>Unlisted companies</u>				
UMC GROUP (USA)	780,741	100.00	723,335	100.00
UNITED MICROELECTRONICS (EUROPE) B.V.	274,361	100.00	287,742	100.00
UMC CAPITAL CORP.	2,087,983	100.00	1,297,834	100.00
UNITED MICROELECTRONICS CORP. (SAMOA)	13,489	100.00	5,793	100.00
UMCI LTD. (Note D)	9,619	100.00	21,871,510	100.00
TLC CAPITAL CO., LTD.	2,947,999	100.00		
FORTUNE VENTURE CAPITAL CORP. (Note E)	4,777,043	99.99	3,802,525	99.99
UNITED MICRODISPLAY OPTRONICS CORP.	285,275	86.72	387,136	83.48
PACIFIC VENTURE CAPITAL CO., LTD.	298,422	49.99	302,971	49.99
UNITECH CAPITAL INC.	673,981	42.00	711,437	42.00
HSUN CHIEH INVESTMENT CO., LTD. (Note F)	4,485,473	36.49	10,398,269	99.97
THINTEK OPTRONICS CORP. (Note G)	32,470	27.82	35,650	14.26
HIGHLINK TECHNOLOGY CORP. (Note G)	283,063	18.99		
XGI TECHNOLOGY INC. (Note G)	71,704	16.51		
AMIC TECHNOLOGY CORP. (Note G)	58,166	11.86	66,932	11.83
UNITED FOUNDRY SERVICE, INC. (Note H)			106,190	100.00
TOPPAN PHOTOMASKS TAIWAN LTD. (formerly DUPONT PHOTOMASKS TAIWAN LTD.)			1,032,450	45.35
Subtotal	17,079,789		41,029,774	
Total	\$ 28,555,855		\$ 58,878,543	

Note A: In the first quarter of 2006 as the Company determined it did not have significant influence over the investee, as well as in compliance with the R.O.C. SFAS No. 34, the investee was classified as available-for-sale financial asset.

Note B: The ending balance as of March 31, 2005 of NT\$2,820 million was computed by deducting the Company's stock held by the investee (treated as treasury stock by the Company), amounting NT\$1,299 million from the cost of investment balance at period-end of NT\$4,119 million.

Note C: As of September 1, 2005 the Company's former investee, Aptos (Taiwan) Corp. (accounted for under the equity method), merged into Chipbond Technology Corp. (accounted for as an available-for-sale financial asset) Three shares of Aptos (Taiwan) Corp. were exchanged for one share of Chipbond Technology Corp.

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

Note E: As of March 31, 2006 and 2005 the cost of investment was NT\$4,949 million and NT\$3,974 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\$4,777 million and NT\$3,803 million as of March 31, 2006 and 2005, respectively.

Note F: As of January 27, 2006, the Company sold 58,500 thousand shares of HSUN CHIEH INVESTMENT CO., LTD. The share ownership decreased from 99.97% to 36.49%. As the company ceased to be a subsidiary, the Company's stock held by HSUN CHIEH INVESTMENT CO., LTD. was no longer treated as treasury stock. Consequently, the effect on the Company's long-term equity investment and stockholders' equity are simultaneously amounted to NT\$10,881 million.

The ending balance as of March 31, 2005 of NT\$10,398 million was computed by deducting the Company's stock held by the investee (treated as treasury stock by the Company), amounting NT\$20,137 million from the cost of investment balance at period-end of NT\$30,535 million.

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

Note H: UNITED FOUNDRY SERVICE, INC. was liquidated in April 2005. All businesses, operations, and assets of the company were transferred to UMC GROUP (USA).

b. Total loss arising from investments accounted for under the equity method, which were based on the reviewed financial statements of the investees, were NT\$2 million and NT\$1,705 million for the three-month period ended March 31, 2006 and 2005, respectively. Among which, investment income amounting to NT\$293 million and NT\$113 million from the respective long-term investment balances of NT\$5,161 million and NT\$4,329 million for the three-month period ended March 31, 2006 and 2005, respectively, were determined based on the investees' financial statements reviewed by other auditors.

c. The long-term investments were not pledged.

d. The difference between investment cost and net assets were accrued from goodwill. The changes in the first quarter of 2006 are as follows:

	As of January 1, 2006	Increase	Decrease	As of March 31, 2006
Goodwill	\$ 32,967	\$ 7,774	\$	\$ 40,741

(10) PROPERTY, PLANT AND EQUIPMENT

	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

	As of March 31, 2005		
	Cost	Accumulated Depreciation	Book Value
Land	\$ 1,132,576	\$	1,132,576
Buildings	13,138,338	(4,004,891)	9,133,447
Machinery and equipment	309,472,488	(207,287,021)	102,185,467
Transportation equipment	82,267	(53,976)	28,291
Furniture and fixtures	1,993,757	(1,296,137)	697,620
Construction in progress and prepayments	15,706,283		15,706,283
Total	\$ 341,525,709	\$ (212,642,025)	\$ 128,883,684

a. Total interest expense before capitalization amounted to NT\$284 million for the three-month period ended March 31, 2005. Details of capitalized interest are as follows:

	For the three-month period ended March 31,	
	2006	2005
Machinery and equipment	\$	\$ 67,044
Other property, plant and equipment		1,191
Total interest capitalized	\$	\$ 68,235
Interest rates applied		2.96%~2.99%

b. The insurance coverage for property, plant and equipment was sufficient as of March 31, 2006 and 2005.

c. Please refer to Note 6 for property, plant and equipment pledged as collateral.

(11) OTHER ASSETS OTHERS

	As of March 31,	
	2006	2005
Leased assets	1,365,667	\$ 1,373,621
Deposits-out	542,976	571,583
Others	59,118	122,159
 Total	 \$ 1,967,761	 \$ 2,067,363

- a. The insurance coverage for leased assets was sufficient as of March 31, 2006 and 2005.
- b. Please refer to Note 6 for deposits-out pledged as collateral.

(12) SHORT-TERM LOANS

	As of March 31,	
	2006	2005
Unsecured bank loans	\$	\$ 3,857,640
 Interest rates		 2.98%~3.54%

The Company's unused short-term lines of credits amounted to NT\$7,974 million and NT\$6,528 million as of March 31, 2006 and 2005, respectively.

(13) FINANCIAL LIABILITIES HELD FOR TRADING, CURRENT

	As of March 31,	
	2006	2005
Interest rate swaps	\$ 784,198	\$
Derivatives embedded in exchangeable bonds	728,322	
Derivatives embedded in credit-linked deposits and repackage bonds	18,951	
Forward contracts		93,975
 Total	 \$ 1,531,471	 \$ 93,975

During the three-month period ended March 31, 2006 net loss arising from financial liabilities held for trading was NT\$48 million.

(14) BONDS PAYABLE

	As of March 31,	
	2006	2005
Secured domestic bonds payable	\$	\$ 570,003
Unsecured domestic bonds payable	30,500,000	32,750,000
Convertible bonds payable	12,391,686	
Exchangeable bonds payable	3,180,446	3,095,282
Less: discounts on bonds payable	(145,647)	
 Total	 45,926,485	 36,415,285
Less: Current portion	(10,250,000)	(2,820,003)
 Net	 \$ 35,676,485	 \$ 33,595,282

- 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 yearly 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. 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 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: ADS or Common Share of AU OPTRONICS CORP.
- 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 NTD46.10 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, 2006 and 2005, certain bondholders have exercised their rights to exchange their bonds with the total principal amount of both US\$137 million into AUO shares. However, no bonds were exchanged during three-month periods ended March 31, 2006 and 2005, respectively.

- 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 October 5, 2005, the Company issued zero coupon convertible bonds on the EuroMTF Market of Luxembourg Stock Exchange (LSE). The terms and conditions of the bonds are as follows:
- (a) Issue Amount: US\$381.4 million
 - (b) Period: October 5, 2005 ~ 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\$3.814 per ADS. The applicable conversion price will be subject to adjustments upon the occurrence of certain events set out in the indenture.

g. 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)

Bonds repayable in	Amount
2006	\$ 10,250,000
2007	5,430,446
2008	22,891,686
2009	
2010 and thereafter	7,500,000
 Total	 \$ 46,072,132

(15) PENSION FUND

The pension cost was NT\$167 million and NT\$165 million for the three-month period ended March 31, 2006 and 2005, respectively. The remaining balance of pension fund deposited at the Central Trust of China was NT\$1,113 million and NT\$986 million as of March 31, 2006 and 2005, respectively.

(16) CAPITAL STOCK

- a. As of March 31, 2005 22,000,000 thousand common shares were authorized to be issued and 17,828,545 thousand common shares were issued, each at a par value of NT\$10.

- b. The Company has issued a total of 250,987 thousand ADSs which were traded on the NYSE as of March 31, 2005. The total number of common shares of the Company represented by all issued ADSs was 1,254,936 thousand shares (one ADS represents five common shares).
- c. On April 26, 2005 the Company cancelled 49,114 thousand shares of treasury stocks, which were bought back during the period from February 20 to April 19, 2002 for transfer to employees.
- d. As recommended by the board of directors, and amended and approved by the shareholders on the meeting held 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. Among the employee stock options issued by the Company on October 7, 2002 and January 3, 2003, 95,814 thousand shares were exercised during 2005. The effective dates of capitalization were March 15, September 28 and December 26, 2005.
- f. Among the employee stock options issued by the Company on October 7, 2002 and January 3, 2003, 50,531 thousand shares were exercised during the first quarter of 2006.
- g. As of March 31, 2006, 26,000,000 thousand common shares were authorized to be issued and 19,845,234 thousand common shares were issued, each at a par value of NT\$10.
- h. The Company has issued a total of 276,820 thousand 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 1,384,102 thousand shares (one ADS represents five common shares).

(17) 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 grant period for the options is 6 years and an optionee may

exercise the options in accordance with certain schedules as prescribed by the plan starting 2 years from the date of grant. Detailed information relevant to the employee stock options is disclosed as follows:

Date of grant	Total number of options granted (in thousands)	Total number of options outstanding (in thousands)	Exercise price (NTD)
October 7, 2002	939,000	610,359	\$ 15.9
January 3, 2003	61,000	48,737	\$ 17.9
November 26, 2003	57,330	47,640	\$ 25.0
March 23, 2004	33,330	24,160	\$ 23.2
July 1, 2004	56,590	47,080	\$ 20.9
October 13, 2004	20,200	15,690	\$ 18.0
April 29, 2005	23,460	19,280	\$ 16.6
August 16, 2005	54,350	47,260	\$ 21.9
September 29, 2005	51,990	51,018	\$ 20.0
January 4, 2006	39,290	36,340	\$ 18.3

- a. Summary of the Company's stock option plan and related information for the three-month periods ended March 31, 2006 and 2005 are as follows:

	For the three-month period ended March 31,			
	2006		2005	
Option	Weighted-average Exercise Price	Option	Weighted-average Exercise Price	
(in thousands)	(NTD)	(in thousands)	(NTD)	
Outstanding at beginning of year	975,320	\$ 17.5	973,858	\$ 17.0
Granted	39,290	\$ 18.3		\$
Exercised	(50,531)	\$ 15.9	(36,563)	\$ 15.9
Forfeited	(16,515)	\$ 19.2	(7,314)	\$ 18.3
Outstanding at end of period	947,564	\$ 17.6	929,981	\$ 17.0
Exercisable at end of period	502,264		357,276	
Weighted-average fair value of options granted during the period (NTD)	\$ 5.4		\$	

b. The information of the Company's outstanding stock options as of March 31, 2006 is as follows:

Authorization Date	Range of Exercise Price	Outstanding Stock Options			Exercisable Stock Options		
		Option (in thousands)	Weighted-average Expected Remaining Years	Weighted-average Exercise Price (NTD)	Option (in thousands)	Weighted-average Exercise Price (NTD)	
2002.09.11	\$ 15.9~\$17.9	659,096	0.9	\$ 16.0	466,219	\$ 16.1	
12003.10.08	\$ 20.9~\$25.0	118,880	2.3	\$ 23.0	36,045	\$ 24.4	
2004.09.30	\$ 16.6~\$21.9	133,248	3.7	\$ 19.9			
2005.12.22	\$18.3	36,340	4.1	\$ 18.3			
		947,564		\$ 17.6	502,264	\$ 16.7	

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 costs for the three-month period ended March 31, 2006 and 2005 are both NT\$0. 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, 2006	
	Basic earnings per share	Diluted earnings per share
Net Income	\$ 12,286,260	\$ 12,201,315
Earnings per share (NTD)	\$ 0.67	\$ 0.64
Pro forma net income	\$ 12,194,544	\$ 12,109,599
Pro forma earnings per share (NTD)	\$ 0.66	\$ 0.64

	For the three-month period ended March 31, 2005	
	(Retroactively adjusted)	
	Basic earnings per share	Diluted earnings per share
Net Income	\$ 1,518,680	\$ 1,518,680
Earnings per share (NTD)	\$ 0.08	\$ 0.08
Pro forma net income	\$ 1,484,559	\$ 1,484,559
Pro forma earnings per share (NTD)	\$ 0.08	\$ 0.08

The fair value of the options granted after January 1, 2004, 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 1.88%; volatility of the expected market price of the Company's common stock of 39.68%; risk-free interest rate of 1.88%; and a weighted-average expected life of the options of 4.4 years.

(18) TREASURY STOCK

- a. The Company bought back its own shares from the open market during the three-month period ended March 31, 2006 and 2005. Details of the treasury stock transactions are as follows:

For the three-month period ended March 31, 2006*(In thousands of shares)*

Purpose	As of			As of
	January 1, 2006	Increase	Decrease	March 31, 2006
For transfer to employees	442,067			442,067
For conversion of the convertible bonds into shares	500,000			500,000
For retainment of the Company's creditability and stockholders' interests		815,747		815,747
Total shares	942,067	815,747		1,757,814

For the three-month period ended March 31, 2005*(In thousands of shares)*

Purpose	As of			As of
	January 1, 2005	Increase	Decrease	March 31, 2005
For transfer to employees	241,181			241,181

- b. According to the Securities and Exchange Law of the R.O.C., the total shares of treasury stock shall not exceed 10% of the Company's issued stock, and the total purchase amount shall not exceed the sum of the retained earnings, capital reserve premiums, and realized capital reserve. As such, the maximum shares of treasury stock that the Company could hold as of March 31, 2006 and 2005, was 1,984,523 thousand and 1,782,855 thousand, while the ceiling amount was NT\$84,700 million and NT\$86,573 million, respectively. As of March 31, 2006 and 2005, the shares of treasury stock held by the Company was 1,757,814 thousand and 241,181 thousand, amounting to NT\$37,281 million and NT\$7,376 million, respectively.
- c. Pursuant to the Securities and Exchange Law of the R.O.C., treasury stock shall not be pledged, nor shall it constitute voting rights and the right to receive dividend.
- d. As of March 31, 2006, the Company's subsidiaries, FORTUNE VENTURE CAPITAL CORP., held 21,846 thousand shares of the Company's stock, with a book value of NT\$20.5 per share. The closing price on March 31, 2006 was NT\$20.5.

As of March 31, 2005, the Company's subsidiaries, HSUN CHIEH INVESTMENT CO., LTD., FORTUNE VENTURE CAPITAL CORPORATION, and SILICON INTEGRATED SYSTEMS CORP. each held 543,732 thousand shares, 19,808 thousand shares and 388,522 thousand shares of the Company's stock, with a book value of NT\$19.49, NT\$8.68 and NT\$19.49 per share, respectively. The average closing price of the Company's stock during March 2005 was NT\$19.49.

(19) 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 is to be allocated as employees' bonus, which will be settled through issuance of new shares of the Company, 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 shall make the distribution proposal annually and present it 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.

The distribution of retained earnings for the year 2005 was approved by the board of directors on March 17, 2006 and the distribution of retained earnings for the year 2004 was approved at the shareholders' meeting held on June 13, 2005. The details of distribution are as follows:

	2005	2004
Cash Dividend	\$ 0.40 per share	\$ 0.10 per share
Stock Dividend	\$ 0.05 per share	\$ 1.03 per share
Employees bonus Cash Dividend (NTD thousands)	305,636	
Employees bonus Stock Dividend (NTD thousands)	458,454	1,972,855
Directors and Supervisors remuneration (NTD thousands)	6,324	27,006

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 unappropriated earnings from prior years for items that are accounted for as deductions to stockholders' equity, such as unrealized loss on financial instruments 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 its 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, when the market value of the Company's stock held by its subsidiaries at period-end is lower than the book value, the Company shall provide a special reserve 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.

(20) OPERATING COSTS AND EXPENSES

The Company's personnel, depreciation, and amortization expenses incurred in the first quarter ended March 31, 2006 and 2005 are summarized as follows:

	For the three-month period ended March 31,					
	Operating costs	2006 Operating expenses	Total	Operating costs	2005 Operating expenses	Total
Personnel expenses						
Salary	\$ 1,524,724	\$ 408,197	\$ 1,932,921	\$ 42,728	\$ 201,051	\$ 243,779
Labor and health insurance	105,676	29,659	135,335	101,281	27,096	128,377
Pension	130,153	37,067	167,220	121,102	43,713	164,815
Other personnel expenses	18,624	7,515	26,139	12,791	3,358	16,149
Depreciation	11,105,986	560,419	11,666,405	9,839,240	448,361	10,287,601
Amortization	49,652	367,495	417,147	19,025	388,198	407,223

The numbers of employees as of March 31, 2006 and 2005 were 12,428 and 10,763, respectively.

(21) 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 three-month period ended March 31,	
	2006	2005
Income tax on pre-tax income at statutory tax rate	\$ 3,803,548	\$ 379,684
Permanent differences	(3,866,913)	(8,223)
Change in investment tax credit	383,421	3,692,818
Change in valuation allowance	(320,056)	(4,064,279)
Tax accrual	700,000	
Income tax on interest revenue separately taxed	273	97
Income tax expense	\$ 700,273	\$ 97

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

	As of March 31,			
	2006		2005	
	Amount	Tax effect	Amount	Tax effect
Deferred income tax assets				
Investment tax credit		\$ 13,225,624		\$ 17,726,693
Loss carry-forward	\$ 13,372,060	3,343,015	\$ 16,861,498	4,215,375
Pension	3,021,968	755,492	2,709,998	677,500
Allowance on sales returns and discounts	752,659	188,165	334,102	83,525
Allowance for loss on decline in market value and obsolescence of inventories	174,550	43,637	1,116,724	279,181
Others	240,510	60,127	73,539	18,385
Total deferred income tax assets		17,616,060		23,000,659
Valuation allowance		(8,355,306)		(11,496,931)
Net deferred income tax assets		9,260,754		11,503,728
Deferred income tax liabilities				
Unrealized exchange gain	(159,969)	(39,992)	(578,490)	(144,622)
Depreciation	(7,539,435)	(1,884,859)	(16,092,806)	(4,023,202)
Total deferred income tax liabilities		(1,924,851)		(4,167,824)
Total net deferred income tax assets		\$ 7,335,903		\$ 7,335,904
Deferred income tax assets current				
Deferred income tax assets current		\$ 7,552,307		\$ 6,578,384
Deferred income tax liabilities current		(39,992)		(144,622)
Valuation allowance		(2,960,145)		(3,954,865)
Net		4,552,170		2,478,897
Deferred income tax assets noncurrent				
Deferred income tax assets noncurrent		10,063,753		16,422,275
Deferred income tax liabilities noncurrent		(1,884,859)		(4,023,202)
Valuation allowance		(5,395,161)		(7,542,066)
Net		2,783,733		4,857,007
Total deferred income tax asset		\$ 7,335,903		\$ 7,335,904

c. The Company's income tax returns for all fiscal years up to 2003 have been assessed and approved by the R.O.C. Tax Authority.

- d. Pursuant to the R.O.C. Statute for the Establishment and Administration of Science Park, the Company was granted several four-year income tax exemption periods with respect to income derived from the expansion of operations. The starting date of the exemption period attributable to the expansion in 2001 had not yet been decided. The income tax exemption for other periods will expire on December 31, 2010.
- e. The Company earns investment tax credits for the investments in production equipment, research and development, and employee training.

As of March 31, 2006, the Company's unused investment tax credits are as follows:

Year of expiration	Investment tax credits earned	Balance of unused investment tax credits
2006	\$ 3,040,945	\$ 3,040,945
2007	1,619,395	1,619,395
2008	6,281,807	6,281,807
2009	1,709,075	1,709,075
2010	574,402	574,402
Total	\$ 13,225,624	\$ 13,225,624

- 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 March 31, 2006, the unutilized accumulated loss is as follows:

Year of expiration	Accumulated loss	Unutilized accumulated loss
2006	\$ 10,856,896	\$ 9,557,026
2007	3,773,826	3,773,826
2008 (Transferred in from merger with SiSMC)	2,283	2,283
2009 (Transferred in from merger with SiSMC)	38,925	38,925
Total	\$ 14,671,930	\$ 13,372,060

- g. The expected creditable ratio for 2005 and the actual creditable ratio for 2004 was 0.61% and 0.35%, respectively.
- h. The Company's earnings generated in the year ended December 31, 1997 and prior years have been fully appropriated.

(22) EARNINGS PER SHARE

- a. The Company's capital structure is composed mainly of zero coupon convertible bonds and employee stock options. Therefore, under consideration of such complex structure, the calculated basic and diluted earnings per share for the three-month period ended March 31, 2006 and 2005, are disclosed as follows:

	For the three-month period ended March 31, 2006				
	Amount		Shares expressed in thousands	Earnings per share (NTD)	
	Income			Income before income tax	Net income
	before income tax	Net income			
Earning per share-basic (NTD)					
Income from continuing operations	\$ 14,175,048	\$ 13,474,775	18,454,530	\$ 0.76	\$ 0.73
Cumulative effect of changes in accounting principles	(1,188,515)	(1,188,515)		(0.06)	(0.06)
Net income	\$ 12,986,533	\$ 12,286,260		\$ 0.70	\$ 0.67
Effect of dilution					
Employee stock options	\$	\$	98,695		
Convertible bonds payable	\$ (84,945)	\$ (84,945)	500,000		
Earning per share-diluted:					
Income from continuing operations	\$ 14,090,103	\$ 13,389,830	19,053,225	\$ 0.74	\$ 0.70
Cumulative effect of changes in accounting principles	(1,188,515)	(1,188,515)		(0.06)	(0.06)
Net income	\$ 12,901,588	\$ 12,201,315		\$ 0.68	\$ 0.64

	For the three-month period ended March 31, 2005 (retroactively adjusted)				
	Amount		Shares expressed in thousands	Earnings per share (NTD)	
	Income			Income before income tax	Net income
	before income tax	Net income			
Earning per share-basic (NTD)					
Income from continuing operations	\$ 1,518,777	\$ 1,518,680	18,502,837	\$ 0.08	\$ 0.08
Cumulative effect of changes in accounting principles					
Net income	\$ 1,518,777	\$ 1,518,680		\$ 0.08	\$ 0.08
Effect of dilution					
Employee stock options	\$	\$	84,506		
Earning per share-diluted:					
Income from continuing operations	\$ 1,518,777	\$ 1,518,680	18,587,343	\$ 0.08	\$ 0.08
Cumulative effect of changes in accounting principles					
Net income	\$ 1,518,777	\$ 1,518,680		\$ 0.08	\$ 0.08

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

<i>(shares expressed in thousands)</i>	For the three-month period ended	
	March 31, 2006	
	Basic	Diluted
Net income	\$ 12,286,260	\$ 12,201,315
Weighted-average of shares outstanding:		
Beginning balance	18,852,636	18,852,636
Purchase of 815,747 thousand shares of treasury stock from January 1 to March 31, 2006	(207,319)	(207,319)
Exercise of 50,531 thousand units of employee stock options	10,968	10,968
Dilutive shares of employee stock options accounted for under treasury stock method		98,695
Dilutive shares issued assuming conversion of bonds		500,000
Ending balance	18,656,285	19,254,980
Earnings per share		
Net income (NTD)	\$ 0.66	\$ 0.63

<i>(shares expressed in thousands)</i>	For the three-month period ended	
	March 31, 2005	
	(retroactively adjusted)	
	Basic	Diluted
Net income	\$ 1,518,680	\$ 1,518,680
Weighted-average of shares outstanding:		
Beginning balance	17,550,801	17,550,801
Stock dividends and employees bonus at 11.4% in 2005	2,009,072	2,009,072
Exercise of 36,563 thousand units of employee stock options	4,010	4,010
Dilutive shares of employee stock options accounted for under treasury stock method		84,506
Ending balance	19,563,883	19,648,389
Earnings per share		
Net income (NTD)	\$ 0.08	\$ 0.08

5. RELATED PARTY TRANSACTIONS

(1) Name and Relationship of Related Parties

Name of related parties	Relationship with the Company
UMC GROUP (USA) (UMC-USA)	Equity Investee
UNITED FOUNDRY SERVICE, INC. (liquidated in April 2005)	Equity Investee
UNITED MICROELECTRONICS (EUROPE) B.V. (UMEBV)	Equity Investee
UMC CAPITAL CORP.	Equity Investee
UNITED MICROELECTRONICS CORP. (SAMOA)	Equity Investee
FORTUNE VENTURE CAPITAL CORP. (FORTUNE)	Equity Investee
HSUN CHIEH INVESTMENT CO., LTD. (HSUN CHIEH)	Equity Investee
UMCI LTD. (UMCI)	Equity Investee
UNITED MICRODISPLAY OPTRONICS CORP.	Equity Investee
UMC JAPAN (UMCJ)	Equity Investee
TOPPAN PHOTOMASKS TAIWAN LTD. (formerly DUPONT PHOTOMASKS TAIWAN LTD.) (TOPPAN) (Disposed in March 2006)	Equity Investee
HOLTEK SEMICONDUCTOR INC. (HOLTEK)	Equity Investee
UNITECH CAPITAL INC.	Equity Investee
ITE TECH. INC.	Equity Investee
UNIMICRON TECHNOLOGY CORP.	Equity Investee
AMIC TECHNOLOGY CORP.	Equity Investee
PACIFIC VENTURE CAPITAL CO., LTD.	Equity Investee
APTOS (TAIWAN) CORP. (APTOS) (merged into CHIPBOND TECHNOLOGY CORP. on September 1, 2005)	Equity Investee
THINTEK OPTRONICS CORP.	Equity Investee
XGI TECHNOLOGY INC.	Equity Investee
TLC CAPITAL CO., LTD.	Equity Investee
HIGHLINK TECHNOLOGY CORP.	Equity Investee
SILICON INTEGRATED SYSTEMS CORP. (SiS)	The Company's director
DAVICOM SEMICONDUCTOR, INC.	Subsidiary's equity investee
UNITRUTH INVESTMENT CORP. (UNITRUTH)	Subsidiary's equity investee

Name of related parties	Relationship with the Company
UWAVE TECHNOLOGY CORP. (formerly UNITED RADIOTEK INC.)	Subsidiary s equity investee
UCA TECHNOLOGY INC.	Subsidiary s equity investee
AFA TECHNOLOGY, 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
SMEDIA TECHNOLOGY CORP.	Subsidiary s equity investee
U-MEDIA COMMUNICATIONS, INC.	Subsidiary s equity investee
CHIP ADVANCED TECHNOLOGY INC.	Subsidiary s equity investee
CRYSTAL MEDIA INC.	Subsidiary s equity investee
ULI ELECTRONICS INC.	Subsidiary s equity investee
NEXPOWER TECHNOLOGY CORP.	Subsidiary s equity investee
MOBILE DEVICES INC.	Subsidiary s equity investee

(2) Significant Related Party Transactions

a. Operating revenues

	For the three-month period ended March 31, 2006		For the three-month period ended March 31, 2005	
	Amount	Percentage	Amount	Percentage
UMC-USA	\$ 11,147,820	46	\$ 9,527,488	47
UME BV	1,866,321	8	2,107,275	10
Others	2,280,522	9	1,350,803	7
Total	\$ 15,294,663	63	\$ 12,985,566	64

The sales price to the above related parties was determined through mutual agreement based on the market conditions. The collection period for related parties, overseas sales was net 30~60 days, while the terms for domestic sales were month-end 45~60 days. The collection period for third party overseas sales was net 30~60 days, while the terms for third party domestic sales were month-end 30~60 days.

b. Purchases

	For the three-month period ended March 31, 2006		For the three-month period ended March 31, 2005	
	Amount	Percentage	Amount	Percentage
UMCI	\$		\$ 1,185,373	23

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 were 60 days for related parties and net 30~90 days for third-party suppliers.

c. Notes receivable

	As of March 31,			
	2006		2005	
	Amount	Percentage	Amount	Percentage
HOLTEK	\$ 67,720	94	\$ 62,909	99
Others	2,045	3		
Total	\$ 69,765	97	\$ 62,909	99

d. Accounts receivable, net

	As of March 31,			
	2006		2005	
	Amount	Percentage	Amount	Percentage
UMC-USA	\$ 4,058,564	32	\$ 3,683,266	38
Others	2,547,227	20	1,492,363	15
Total	6,605,791	52	5,175,629	53
Less: Allowance for sales returns and discounts	(644,305)		(202,498)	
Less: Allowance for doubtful accounts	(78,593)		(113,832)	
Net	\$ 5,882,893		\$ 4,859,299	

e. Accounts payable

	March 31, 2006		March 31, 2005	
	Amount	Percentage	Amount	Percentage
UMCI	\$		\$ 850,131	23

f. Financial activities

The Company did not conduct any financial activities with related parties during the first quarter ended March 31, 2006.

Other receivables related parties

	For the three-month period ended March 31, 2005				
	Maximum balance Amount	Month	Ending balance	Interest rate	Interest revenue
UMCI	\$ 5,137,760	2005.03	\$ 5,137,760	2.74%~ 3.05%	\$ 7,669

g. Significant asset transactions

The Company did not undertake any significant asset transactions with related parties during the first quarter ended March 31, 2006.

For the three-month period ended March 31, 2005		
	Item	Amount
FORTUNE	Purchase of APTOS CORP. (TAIWAN) stock	\$ 140,231
HSUN CHIEH	Purchase of EPITECH TECHNOLOGY CORP. stock	97,658
UNITRUTH	Purchase of EPITECH TECHNOLOGY CORP. stock	16,495
Total		\$ 254,384

h. Notes provided for endorsements and guarantees

As of March 31, 2006 the amount of notes provided as endorsement and guarantee by the Company for its subsidiary, UMCJ, amounted NT\$2,894 million.

i. Other transactions

The Company has made several other transactions, including service charges, development expenses of intellectual property, and commission, totalling NT\$4 million and NT\$184 million for the three-month period ended March 31, 2006 and 2005, respectively.

The Company has purchased approximately NT\$104 million and NT\$100 million of masks from TOPPAN during the three-month period ended March 31, 2006 and 2005, respectively.

As of March 31, 2006 and 2005, other receivables arising from the usage of facilities and rental revenue from related parties were NT\$9 million and NT\$12 million, respectively.

6. ASSETS PLEDGED AS COLLATERAL

As of March 31, 2006

	Amount	Financial institution that assets were pledged to	Purpose of pledge
Deposit-out (Time deposit)	\$ 520,847	Customs	Customs duty guarantee

As of March 31, 2005

	Amount	Party to which asset(s) was pledged	Purpose of pledge
Deposit-out (Time deposit)	\$ 571,583	Customs	Customs duty guarantee
Machinery and equipment	2,336,069	The International Commercial Bank of China, etc.	Bonds payable
Total	\$ 2,907,652		

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\$20.2 billion. Royalties and development fees for the future years are set out as follows:

For the year ended December 31,	Amount
2006 (2 nd quarter and thereafter)	\$ 3,944,231
2007	1,878,276
2008	588,436
2009	379,273
2010	217,124
2011 and thereafter	
Total	\$ 7,007,340

- (2) The Company signed several construction contracts for the expansion of its factory space. As of March 31, 2006, these construction contracts have amounted to approximately NT\$1.2 billion and the unpaid portion of the contracts was approximately NT\$1 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 (the first Oak ITC case). 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. In connection with its breach of contract and other claims, Oak seeks damages in excess of US\$750 million. The Company 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 findings by the ITC that there had been 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 Company's declaratory judgment patent counterclaims were dismissed from the district court case. In November 2002, the Company filed motions for summary judgment on each of Oak Technology's claims against the Company. In that same period, Oak Technology filed motions seeking summary judgment on the Company's claims for fraudulent concealment and intentional interference with economic advantage, and on various defenses asserted by the Company. In May 2005, the Court issued the following orders: (i) granting the Company's motion for summary judgment on Oak Technology's claim for breach of the settlement agreement; (ii) granting in part and denying in part the Company's motion for summary judgment on Oak Technology's claim for breach of the implied covenant of good faith and fair dealing; (iii) denying a motion by the Company for summary judgment on Oak Technology's fraud claim based on alleged patent invalidity; (iv) granting Oak Technology's motion for summary judgment on the Company's fraudulent concealment claims; and (v) granting a motion by Oak Technology for summary judgment on certain of the Company's defenses. On February 9, 2006, the parties entered a settlement agreement in which the Company, Oak and Zoran (the successor to Oak) fully and finally released one another from any and all claims and liabilities arising out of the facts alleged in the district court case. The terms of settlement are confidential and, except for the obligation to keep the terms confidential, impose no obligation on the Company.

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

For the year ended December 31,	Amount
2006 (2 nd quarter and thereafter)	\$ 147,663
2007	183,026
2008	180,532
2009	180,877
2010	181,235
2011 and thereafter	1,876,730
Total	\$ 2,750,063

- (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 oblige 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. On February 18, 2005, the Company's former Chairman Mr. Robert H.C. Tsao, released a public statement, explaining that its assistance to Hejian Technology Corp. (Hejian) did not involve any investment or technology transfer. Furthermore, from the very beginning Hejian had a verbal indication that, at the proper time, the Company would be compensated appropriately for its assistance, and 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 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. Furthermore, the representative of Hejian is in the process of putting the shares in escrow 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.

In April 2005, the Company's former Chairman Mr. Robert H.C. Tsao was personally fined with in the aggregate amount of NT\$3 million by the Financial Supervisory Commission, Executive Yuan, R.O.C. (R.O.C. FSC) 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 former Chairman Mr. Robert H.C. Tsao have filed for administrative appeal and reconsideration with R.O.C. FSC and TSE, respectively. As of March 31, 2006, the result of such reconsideration and administrative appeal has not been finalized.

For the Company's assistance to Hejian Technology Corp., the Company's former Chairman Mr. Robert H.C. Tsao, former Vice Chairman Mr. John Hsuan, and Mr. Duen-Chian Cheng, the General Manager of Fortune Venture Capital Corp., which is 99.99% owned by the Company, were indicted on charges of breaking the Business Accounting Law and giving rise to breach of trust under the Criminal Law by Hsinchu District Court's Prosecutor's Office on January 9, 2006.

Mr. Robert H.C. Tsao and Mr. John Hsuan had officially resigned from their positions of the Company's Chairman, Vice Chairman and directors prior to the announcement of public prosecution; for this reason, at the time of public prosecution, Mr. Robert H.C. Tsao and Mr. John Hsuan no longer served as the Company's directors and had not executed their duties as the Company's Chairman and Vice Chairman. Any future consequences of the public prosecution would be Mr. Robert H.C. Tsao, Mr. John Hsuan and Mr. Duen-Chian Cheng's personal concerns; the Company would not be subject to the indictment regarding to such case.

On February 15, 2006, the Company was fined in the amount of NT\$5 million on the grounds of unauthorized investment activities in Mainland China, implicating the violation of Article 35 of the Act Governing Relations Between Peoples of the Taiwan Area and the Mainland Area by the R.O.C. Ministry of Economic Affairs. However, as the Company believes it was illegally and improperly fined, the Company had filed an administrative appeal against MOEA to the Executive Yuan on March 16, 2006. This case is waiting for the Executive Yuan's decision.

- (8) On February 13, 2006, Taiwan Hsinchu District Court delivered a notice to the Company and informed the Company that Taiwan Power Company (TPC) had filed a civil litigation case against the Company and the other Taiwan companies, TPC had claimed :(1) the Company and the other Taiwan companies should collectively pay NT\$ 13 million and the interests to TPC for the electric fees, and (2) the Company should pay NT\$ 21 million to TPC for the electric line's fees. The Company had provided the defense document and this case is waiting for Taiwan Hsinchu District Court's trial.

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 risk management objectives and policies

The Company's principal financial instruments, other than derivatives, comprise of cash and cash equivalents, common stock, preferred stock, convertible bonds, open-end funds, bank loans, and bonds payable. The main purpose of these financial instruments is to manage financing for the Company's operations. The Company also holds various other financial assets and liabilities such as accounts receivable and accounts payables, which arise directly from its operations.

The Company also enters into derivative transactions, including credit-link deposits, interest rate swaps and forward currency contracts. The purpose is to avoid the interest rate risk and foreign exchange risks arising from the Company's operations and financing activities.

The main risks arising from the Company's financial instruments are cash flow interest rate risk, foreign currency risk, commodity price risk, credit risk, and liquidity risk.

Cash flow interest rate risk

The Company utilized interest rate swap agreements to hedge its cash flow 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.

Foreign currency risk

The Company also has foreign currency risks arising from purchases or sales. The Company adopts spot or forward contracts to avoid foreign currency risk. The Company has to buy or sell the same amount of foreign currency with hedging items for forward contracts. In principal, the Company does not carry out any forward hedge for commitments of uncertain nature.

Commodity price risk

The Company's exposure to commodity price risk is minimal.

Credit risk

The Company trades only with established and creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis, which consequently minimizes the Company's exposure to bad debts.

With respect to credit risk arising from the other financial assets of the Company, which comprise of cash and cash equivalents, available-for-sale financial assets and certain derivative instruments, the Company's exposure to credit risk arising from the default of counter-parties is limited to the carrying amount of these instruments.

Although the Company trades only with established third parties, it will request collateral to be provided by third parties with less favorable financial positions.

Liquidity risk

The Company's objective is to maintain a balance of funding continuity and flexibility through the use of financial instruments such as cash and cash equivalents, bank loans and bonds.

(3) Information of financial instruments

a. Fair value of financial instruments

Financial Assets	As of March 31,			
	2006		2005	
	Book Value	Fair Value	Book Value	Fair Value
<u>Non-derivative</u>				
Cash and cash equivalents	\$ 96,371,991	\$ 96,371,991	\$ 88,699,190	\$ 88,699,190
Financial assets held for trading, current	1,498,018	1,498,018	2,286,070	2,077,636
Held-to-maturity financial assets, current	775,552	775,552	220,640	220,640
Notes and accounts receivables	12,455,591	12,455,591	14,963,541	14,963,541
Available-for-sale financial assets, noncurrent	50,370,985	50,370,985	5,924,263	22,162,309
Held-to-maturity financial assets, noncurrent	200,000	200,000	1,163,072	1,163,072
Financial assets measured at cost, noncurrent	2,277,013	2,277,013	2,335,058	2,335,058
Long-term investments accounted for under equity method	28,555,855	34,954,692	58,878,543	76,299,613
Deposits-out	542,976	542,976	571,583	571,583
<u>Derivative</u>				
Interest rate swaps			51,001	(649,898)

Financial Liabilities	As of March 31,			
	2006		2005	
	Book Value	Fair Value	Book Value	Fair Value
<u>Non-derivative</u>				
Short-term loans	\$	\$	\$ (3,857,640)	\$ (3,857,640)
Payables	(15,560,997)	(15,560,997)	(12,356,345)	(12,356,345)
Capacity deposits (current portion)	(894,685)	(894,685)	(696,566)	(696,566)
Bonds payable (current portion included)	(45,926,485)	(47,784,515)	(36,415,285)	(36,619,113)

Financial Liabilities	As of March 31,			
	2006		2005	
<u>Derivative</u>	Book Value	Fair Value	Book Value	Fair Value
Interest rate swaps	\$ (784,198)	\$ (784,198)	\$	\$
Derivatives embedded in exchangeable bonds	(728,322)	(728,322)		
Derivatives embedded in credit-linked deposits and repackage bonds	(18,951)	(18,951)		
Forward contracts			(93,975)	(93,975)

- b. The methods and assumptions used to measure the fair value of financial instruments are as follows:
- i. The book values of short-term financial instruments approximate to fair values due to their short maturities. Short-term financial instruments include cash and cash equivalents, notes receivable, accounts receivable, short-term loans, current portion of capacity deposits, and payables.
 - ii. The fair value of financial assets held for trading and available-for-sale financial assets are based on the quoted market value.
 - iii. The fair values of held-to-maturity financial assets are based on the market values. If the market values are unavailable, the Company estimates the fair values based on the book values as the held-to-maturity financial assets consist principally of credit-linked deposits agreements with maturity dates of less than two years, as well as bonds that can be easily liquidated in the secondary market.
 - iv. The fair values of deposits-out are based on the book values since the dates of collection cannot be ascertained.
 - v. The fair values of bonds payable are determined by the market values.
 - vi. 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 in advance at the balance sheet date.

- c. The Company's financial instruments are either valued at fair market value based on market quotations, or on appraisal value:

Non-derivative Financial Instruments	Fair Market Value		Appraisal Value	
	2006.03.31	2005.03.31	2006.03.31	2005.03.31
Financial assets				
Financial assets held for trading, current	\$ 1,498,018	\$ 2,077,636	\$	\$
Available-for-sale financial assets, noncurrent	50,370,985	22,162,309		
Long-term investments accounted for under the equity method	34,954,692	76,299,613		
Financial liabilities				
Bonds payable (current portion included)	47,784,515	36,619,113		
Derivative Financial Instruments	Fair Market Value		Appraisal Value	
	2006.03.31	2005.03.31	2006.03.31	2005.03.31
Financial assets				
Interest rate swaps	\$	\$	\$	\$ (649,898)
Financial liabilities				
Interest rate swaps			784,198	
Derivatives embedded in exchangeable bonds			728,322	
Derivatives embedded in credit-linked deposits and repackaged bonds			18,951	

- d. The Company recognized profit of NT\$1,374 million arising from the change in fair value of financial assets held for trading for the three-month period ended 2006.
- e. The financial liability from cash flow interest rate risk of the Company is NT\$784 million during the first quarter ended March 31, 2006.
- f. During the first quarter ended March 31, 2006 the interest revenue and interest expense of financial assets or liabilities valued at the appraisal value were NT\$358 million and NT\$221 million, while interest revenue and expense for the first quarter ended March 31, 2005 each amounted to NT\$215 million.

- (4) The Company and its subsidiary held credit-linked deposits and repackage bonds for the earning of interest income. The details are disclosed as follows:

a. Principal amount in original currency

As of March 31, 2006

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
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

As of March 31, 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
CHING FENG HOME FASHIONS CO., LTD. European Convertible Bonds	USD	2 million	2005.12.19
HANNSTAR DISPLAY CORP. European Convertible Bonds	USD	5 million	2005.10.19
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, UMCJ, may receive nil or less than full amount of these investments. The Company and its subsidiary, UMCJ, 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 either have matured within two years, 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.

- (5) The Company and its subsidiaries entered into interest rate swaps and 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. The relevant information on the derivative financial instruments entered into by the Company 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 March 31, 2006 and 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 21, 2003 to June 24, 2008	4.0% minus USD 12-Month LIBOR	1.52%
NT\$7,500 million	May 21, 2003 to June 24, 2010	4.3% minus USD 12-Month LIBOR	1.48%

b. The details of forward contracts entered into by the Company and its subsidiaries are summarized as follows:
The Company and its subsidiaries did not hold any forward contracts as of March 31, 2006.

As of March 31, 2005

The Company

Type	Notional Amount		Contract Period
Forward contracts	Sell USD	155 million	March 1, 2005 to April 28, 2005

UMC JAPAN

Type	Notional Amount		Contract Period
Forward contracts	Sell USD	1 million	March 14, 2005 to April 28, 2005
Forward contracts	Sell USD	0.5 million	March 22, 2005 to April 28, 2005
Forward contracts	Sell USD	0.15 million	March 28, 2005 to May 27, 2005

SILICON INTEGRATED SYSTEMS CORPORATION

Type	Notional Amount		Contract Period
Forward contracts	Sell USD	35 million	January 5, 2005 to July 5, 2005

c. Transaction risk

(a) Credit risk

There is no significant credit risk exposure with respect to the above transactions as the counter-parties 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

As of March 31, 2006 and 2005, the interest rate swaps were classified as current liabilities amounting NT\$784 million and current assets of NT\$51 million, respectively.

As of March 31, 2005, the balance of current liabilities arising from forward contracts was NT\$94 million and related exchange loss of NT\$170 million was recorded under non-operating expenses for the three-month period ended March 31, 2005.

11. ADDITIONAL DISCLOSURES

(1) The following are additional disclosures for the Company and its affiliates as required by the R.O.C. Securities and Futures Bureau:

- a. Financing provided to others for the three-month period ended March 31, 2006: please refer to Attachment 1.
- b. Endorsement/Guarantee provided to others for the three-month period ended March 31, 2006: please refer to Attachment 2.
- c. Securities held as of March 31, 2006: 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 three-month period ended March 31, 2006: 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 three-month period ended March 31, 2006: 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 three-month period ended March 31, 2006: 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 three-month period ended March 31, 2006: 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 March 31, 2006: please refer to Attachment 8.
- i. Names, locations and related information of investees as of March 31, 2006: please refer to Attachment 9.
- j. Financial instruments and derivative transactions: please refer to Note 10.

(2) Investment in Mainland China

None.

Edgar Filing: HECLA MINING CO/DE/ - Form 8-K

ATTACHMENT 1 (Financing provided to others for the three-month period ended March 31, 2006)

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

Counter-party	Financial statement account	Maximum balance for the period		Interest rate	Nature of financing	Amount of sales to (purchases from) counter-party	Reason for financing	Allowance for doubtful accounts	Collateral		Limit of financing amount for individual counter-party
		Ending balance							Item	Value	
Former Employees	Receivable from employees	USD 691	USD 691	7%	Note	None	Employee loan	Securities	Lower	N/A	

Note: Need for short-term financing.

ATTACHMENT 2 (Endorsement/Guarantee provided to others for the three-month period ended March 31, 2006)

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

No.	Endorsor/Guarantor	Receiving party	Relationship (Note 3)	Limit of guarantee /endorsement amount for receiving party (Note 2)	Maximum balance for the period	Ending balance	Amount of collateral guarantee/ endorsement	Percentage of accumulated guarantee amount to net assets value from the latest financial statement	Limit of total guarantee/ endorsement amount (Note 1)
0	UMC	UMC JAPAN	1	\$ 7,553,114	JPY 10,400,000	\$ 2,894,320		0.99%	\$ 79,380,936

Note 1: Limit of total guarantee/endorsement amount equals 40% of UMC's capital stock as of March 31, 2006.

Note 2: Limit of guarantee/endorsement amount for receiving party shall not exceed the lower of receiving party's capital stock or 10% of UMC's capital stock.

Note 3: According to the Guidelines Governing the Preparation of Financial Reports by Securities Issuers issued by the R.O.C. Securities and Futures Bureau, receiving parties should be disclosed as one of the following:

1. An investee company that has a business relationship with UMC.
2. A subsidiary in which UMC holds directly over 50% of equity interest.
3. An investee in which UMC and its subsidiaries hold over 50% of equity interest.
4. An investee in which UMC holds directly and indirectly over 50% of equity interest.
5. An investee that has provided guarantees to UMC, and vice versa, due to contractual requirements.
6. An investee in which UMC conjunctly invests with other shareholders, and for which UMC has provided endorsement/guarantee in proportion to its shareholding percentage.

Edgar Filing: HECLA MINING CO/DE/ - Form 8-K

ATTACHMENT 3 (Securities held as of March 31, 2006)

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

United Microelectronics Corporation

Type of securities	Name of securities	Relationship	Financial statement account	March 31, 2006			Market value/ Net assets value (thousand)	Shares as collateral (thousand)
				Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)		
Convertible bonds	EDOM TECHNOLOGY CO., LTD.		Financial assets held for trading, current	60	\$ 192,338		\$ 192,338	None
Convertible bonds	TOPOINT TECHNOLOGY, CO.,LTD.		Financial assets held for trading, current	380	41,458		41,458	None
Stock	SERCOMM CORP.		Financial assets held for trading, current	151	3,797		3,797	None
Stock	YANG MING MARINE TRANSPORT CORP.		Financial assets held for trading, current	3,254	64,432		64,432	None
Stock	L&K ENGINEERING CO., LTD.		Financial assets held for trading, current	1,605	97,593		97,593	None
Stock	MICRONAS SEMICONDUCTOR HOLDING AG		Financial assets held for trading, current	280	291,888		291,888	None
Stock	SILICONWARE PRECISION INDUSTRIES		Financial assets held for trading, current	10,532	444,965		444,965	None
Stock	ACTION ELECTRONICS CO., LTD.		Financial assets held for trading, current	14,791	356,472		356,472	None
Fund	FGIT ASIA PACIFIC GROWTH FUND		Financial assets held for trading, current	500	5,075		5,075	None
Stock	UMC GROUP (USA)	Investee company	Long-term investments accounted for under the equity method	16,438	780,741	100.00	780,741	None
Stock	UNITED MICROELECTRONICS (EUROPE) B.V.	Investee company	Long-term investments accounted for under the equity method	9	274,361	100.00	266,746	None
Stock	UMC CAPITAL CORP.	Investee company	Long-term investments accounted for under the equity method	74,000	2,087,983	100.00	2,087,983	None
Stock	UNITED MICROELECTRONICS CORP. (SAMOA)	Investee company	Long-term investments accounted for under the equity method	1,000	13,489	100.00	13,489	None
Stock	UMCI LTD.	Investee company	Long-term investments accounted for under the equity method	880,006	9,619	100.00	9,619	None
Stock	TLC CAPITAL CO., LTD.	Investee company	Long-term investments accounted for under the equity method	300,000	2,947,999	100.00	2,947,999	None
Stock	FORTUNE VENTURE CAPITAL CORP.	Investee company	Long-term investments accounted for under the equity method	499,994	4,777,043	99.99	5,391,911	None
Stock	UNITED MICRODISPLAY OPTRONICS CORP.	Investee company	Long-term investments accounted for under the equity method	60,701	285,275	86.72	285,275	None

ATTACHMENT 3 (Securities held as of March 31, 2006)

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

United Microelectronics Corporation

Type of securities	Name of securities	Relationship	Financial statement account	March 31, 2006			Market value/ Net assets value	Shares as collateral (thousand)
				Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)		
Stock	PACIFIC VENTURE CAPITAL CO., LTD.	Investee company	Long-term investments accounted for under the equity method	30,000	\$ 298,422	49.99	\$ 298,422	None
Stock	UMC JAPAN	Investee company	Long-term investments accounted for under the equity method	484	5,969,510	48.95	4,630,198	None
Stock	UNITECH CAPITAL INC.	Investee company	Long-term investments accounted for under the equity method	21,000	673,981	42.00	673,981	None
Stock	HSUN CHIEH INVESTMENT CO., LTD.	Investee company	Long-term investments accounted for under the equity method	33,624	4,485,473	36.49	4,327,782	None
Stock	THINTEK OPTRONICS CORP.	Investee company	Long-term investments accounted for under the equity method	8,345	32,470	27.82	18,436	None
Stock	HOLTEK SEMICONDUCTOR INC.	Investee company	Long-term investments accounted for under the equity method	51,428	879,126	24.81	2,890,226	None
Stock	ITE TECH. INC.	Investee company	Long-term investments accounted for under the equity method	24,229	345,242	22.07	627,541	None
Stock	UNIMICRON TECHNOLOGY CORP.	Investee company	Long-term investments accounted for under the equity method	196,472	4,282,188	20.40	9,273,496	None
Stock	HIGHLINK TECHNOLOGY CORP.	Investee company	Long-term investments accounted for under the equity method	28,500	283,063	18.99	275,289	None
Stock	XGI TECHNOLOGY INC.	Investee company	Long-term investments accounted for under the equity method	24,879	71,704	16.51	71,704	None
Stock	AMIC TECHNOLOGY CORP.	Investee company	Long-term investments accounted for under the equity method	16,200	58,166	11.86	83,854	None
Stock	FARADAY TECHNOLOGY CORP.		Available-for-sale financial assets, noncurrent	51,973	2,733,796	17.95	2,733,796	None
Stock	PIXTECH, INC.		Available-for-sale financial assets, noncurrent	9,883	960	17.63	960	None
Stock	UNITED FU SHEN CHEN TECHNOLOGY CORP.		Available-for-sale financial assets, noncurrent	18,460	147,312	16.60	147,312	None
Stock	SILICON INTEGRATED SYSTEMS CORP.	The Company's director	Available-for-sale financial assets, noncurrent	219,092	4,075,111	16.13	4,075,111	None
Stock	NOVATEK MICROELECTRONICS CORP.		Available-for-sale financial assets, noncurrent	54,125	12,475,819	11.74	12,475,819	None
Stock	EPITECH TECHNOLOGY CORP.		Available-for-sale financial assets, noncurrent	37,221	1,153,864	10.19	1,153,864	None

Edgar Filing: HECLA MINING CO/DE/ - Form 8-K

ATTACHMENT 3 (Securities held as of March 31, 2006)

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

United Microelectronics Corporation

Type of securities	Name of securities	Relationship	Financial statement account	March 31, 2006		Percentage of ownership (%)	Market value/ Net assets value	Shares as collateral (thousand)
				Units (thousand)/ bonds/ shares (thousand)	Book value			
Stock	MEDIATEK INC.		Available-for-sale financial assets, noncurrent	52,416	\$ 19,682,310	6.07	\$ 19,682,310	None
Stock	SPRINGSOFT, INC.		Available-for-sale financial assets, noncurrent	9,006	445,804	4.87	445,804	None
Stock	RECHI PRECISION CO., LTD.		Available-for-sale financial assets, noncurrent	12,412	255,687	4.50	255,687	None
Stock	C-COM CORP.		Available-for-sale financial assets, noncurrent	3,083	23,430	4.40	23,430	None
Stock	CHIPBOND TECHNOLOGY CORP.		Available-for-sale financial assets, noncurrent	11,807	591,515	4.38	591,515	None
Stock	KING YUAN ELECTRONICS CO., LTD.		Available-for-sale financial assets, noncurrent	32,693	1,069,069	3.57	1,069,069	None
Stock	BILLIONTON SYSTEMS INC.		Available-for-sale financial assets, noncurrent	2,008	30,316	2.67	30,316	None
Stock	AU Optronics Corp.		Available-for-sale financial assets, noncurrent	77,625	3,788,076	1.33	3,788,076	None
Stock	MEGA FINANCIAL HOLDING COMPANY		Available-for-sale financial assets, noncurrent	95,577	2,336,853	0.86	2,336,853	None
Stock	PREMIER IMAGE TECHNOLOGY CORP.		Available-for-sale financial assets, noncurrent	3,497	152,644	0.60	152,644	None
Stock-Preferred stock	CHINATRUST FINANCIAL HOLDING COMPANY		Available-for-sale financial assets, noncurrent	4,810	206,109		206,109	None
Stock-Preferred stock	TAIWAN CEMENT CORP.		Available-for-sale financial assets, noncurrent	44,530	1,202,310		1,202,310	None
Stock	UNITED INDUSTRIAL GASES CO., LTD.		Financial assets measured at cost, noncurrent	13,185	146,250	8.11	Note	None
Stock	INDUSTRIAL BANK OF TAIWAN CORP.		Financial assets measured at cost, noncurrent	118,303	1,139,196	4.95	Note	None
Stock	SUBTRON TECHNOLOGY CO., LTD.		Financial assets measured at cost, noncurrent	11,520	172,800	4.90	Note	None
Fund	PACIFIC TECHNOLOGY PARTNERS, L.P.		Financial assets measured at cost, noncurrent		349,607		N/A	None
Fund	PACIFIC UNITED TECHNOLOGY, L.P.		Financial assets measured at cost, noncurrent		169,160		N/A	None

Edgar Filing: HECLA MINING CO/DE/ - Form 8-K

Stock-Preferred stock	TAIWAN HIGH SPEED RAIL CORP.	Financial assets measured at cost, noncurrent	30,000	300,000	N/A	None
--------------------------	------------------------------------	--	--------	---------	-----	------

Edgar Filing: HECLA MINING CO/DE/ - Form 8-K

ATTACHMENT 3 (Securities held as of March 31, 2006)

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

Fortune Venture Capital Corporation

Type of securities	Name of securities	Relationship	Financial statement account	March 31, 2006			Market value/	
				Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	Net assets value	Shares as collateral (thousand)
Stock	UNITRUTH INVESTMENT CORP.	Investee company	Long-term investments accounted for under the equity method	50,000	\$ 461,372	100.00	\$ 461,372	None
Stock	UWAVE TECHNOLOGY CORP.	Investee company	Long-term investments accounted for under the equity method	10,187	56,945	44.29	52,296	None
Stock	UCA TECHNOLOGY INC.	Investee company	Long-term investments accounted for under the equity method	11,285	70,979	43.40	61,596	None
Stock	NEXPOWER TECHNOLOGY CORP.	Investee company	Long-term investments accounted for under the equity method	800	7,421	40.00	7,421	None
Stock	AEVOE INC.	Investee company	Long-term investments accounted for under the equity method	1,500	7,165	39.47	7,165	None
Stock	WALTOP INTERNATIONAL CORP.	Investee company	Long-term investments accounted for under the equity method	6,000	90,000	30.00	38,988	None
Stock	SMEDIA TECHNOLOGY CORP.	Investee company	Long-term investments accounted for under the equity method	9,045	43,828	29.79	42,262	None
Stock	USBEST TECHNOLOGY INC.	Investee company	Long-term investments accounted for under the equity method	4,746	57,326	27.92	55,033	None
Stock	STAR SEMICONDUCTOR CORP.	Investee company	Long-term investments accounted for under the equity method	6,592	20,004	27.86	14,527	None
Stock	CRYSTAL MEDIA INC.	Investee company	Long-term investments accounted for under the equity method	2,265	8,033	25.39	8,033	None
Stock	AFA TECHNOLOGY, INC.	Investee company	Long-term investments accounted for under the equity method	6,533	53,289	24.19	39,302	None
Stock	DAVICOM SEMICONDUCTOR, INC.	Investee company	Long-term investments accounted for under the equity method	13,798	148,866	21.56	148,866	None
Stock	MOBILE DEVICES INC.	Investee company	Long-term investments accounted for under the equity method	5,150	34,703	21.22	31,590	None
Stock	U-MEDIA COMMUNICATIONS, INC.	Investee company	Long-term investments accounted for under the equity method	5,000	24,937	21.01	24,937	None
Stock	AMIC TECHNOLOGY CORP.	Investee of UMC and Fortune	Long-term investments accounted for under the equity method	23,405	122,099	17.09	120,815	None
Stock	CHIP ADVANCED TECHNOLOGY INC.	Investee company	Long-term investments accounted for under the equity method	2,594	19,663	14.15	12,235	None
Stock	XGI TECHNOLOGY INC.	Investee of UMC and Fortune	Long-term investments accounted for under the equity method	17,844	43,397	11.85	51,247	None

ATTACHMENT 3 (Securities held as of March 31, 2006)

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

Fortune Venture Capital Corporation

Type of securities	Name of securities	Relationship	Financial statement account	March 31, 2006			Market value/ Net assets value	Shares as collateral (thousand)
				Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)		
Stock	BCOM ELECTRONICS INC.		Financial assets measured at cost, noncurrent	17,675	\$ 176,797	19.64	Note	None
Stock	CION TECHNOLOGY CORP.		Financial assets measured at cost, noncurrent	2,268	21,600	17.05	Note	None
Stock	HITOP COMMUNICATIONS CORP.		Financial assets measured at cost, noncurrent	4,340	60,848	16.07	Note	None
Stock	PIXART IMAGING INC.		Financial assets measured at cost, noncurrent	12,294	207,004	15.91	Note	None
Stock	LIGHTUNING TECH. INC.		Financial assets measured at cost, noncurrent	1,900	7,543	15.08	Note	None
Stock	VASTVIEW TECHNOLOGY INC.		Financial assets measured at cost, noncurrent	3,487	11,891	12.02	Note	None
Stock	ADVANCE MATERIALS CORP.		Financial assets measured at cost, noncurrent	10,994	113,017	11.57	Note	None
Stock	GOLDEN TECHNOLOGY VENTURE CAPITAL INVESTMENT CORP.		Financial assets measured at cost, noncurrent	5,600	54,880	10.67	Note	None
Stock	AMOD TECHNOLOGY CO., LTD.		Financial assets measured at cost, noncurrent	530	5,121	10.60	Note	None
Stock	EVERGLORY RESOURCE TECHNOLOGY CO., LTD.		Financial assets measured at cost, noncurrent	2,500	21,875	10.23	Note	None
Stock	NCTU SPRING I TECHNOLOGY VENTURE CAPITAL INVESTMENT CORP.		Financial assets measured at cost, noncurrent	4,284	27,160	10.06	Note	None
Stock	JMICRON TECHNOLOGY CORP.		Financial assets measured at cost, noncurrent	2,660	47,880	9.50	Note	None
Stock	CHINGIS TECHNOLOGY CORP.		Financial assets measured at cost, noncurrent	3,651	37,155	8.14	Note	None
Stock	ANDES TECHNOLOGY CORP.		Financial assets measured at cost, noncurrent	5,000	62,500	7.94	Note	None
Stock	SHIN-ETSU HOANDOTAI TAIWAN CO., LTD.		Financial assets measured at cost, noncurrent	10,500	105,000	7.00	Note	None
Stock	ACTI CORP.		Financial assets measured at cost, noncurrent	1,700	17,306	6.85	Note	None
Stock	RISELINK VENTURE CAPITAL CORP.		Financial assets measured at cost, noncurrent	8,000	76,640	6.67	Note	None

ATTACHMENT 3 (Securities held as of March 31, 2006)

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

Fortune Venture Capital Corporation

Type of securities	Name of securities	Relationship	Financial statement account	March 31, 2006			Market value/ Net assets value	Shares as collateral (thousand)
				Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)		
Stock	NCTU SPRING VENTURE CAPITAL CO., LTD.		Financial assets measured at cost, noncurrent	2,000	\$ 13,600	6.28	Note	None
Stock	SIMPAL ELECTRONICS CO., LTD.		Financial assets measured at cost, noncurrent	6,009	70,179	5.67	Note	None
Stock	COSMOS TECHNOLOGY VENTURE CAPITAL INVESTMENT CORP.		Financial assets measured at cost, noncurrent	2,600	24,544	5.03	Note	None
Stock	PARAWIN VENTURE CAPITAL CORP.		Financial assets measured at cost, noncurrent	5,000	41,900	5.00	Note	None
Stock	INTEGRANT TECHNOLOGIES, INC.		Financial assets measured at cost, noncurrent	120	34,413	4.95	Note	None
Stock	MEMOCOM CORP.		Financial assets measured at cost, noncurrent	2,450	16,391	4.90	Note	None
Stock	BEYOND INNOVATION TECHNOLOGY CO., LTD.		Financial assets measured at cost, noncurrent	1,045	14,165	4.86	Note	None
Stock	EE SOLUTIONS, INC.		Financial assets measured at cost, noncurrent	1,300	22,177	4.85	Note	None
Stock	TRENDCHIP TECHNOLOGIES CORP.		Financial assets measured at cost, noncurrent	1,975	12,425	4.84	Note	None
Stock	GIGA SOLUTION TECH. CO., LTD.		Financial assets measured at cost, noncurrent	6,000	35,220	4.74	Note	None
Stock	PROSYS TECHNOLOGY INTEGRATION, INC.		Financial assets measured at cost, noncurrent	372	4,224	4.13	Note	None
Stock	FORTUNE SEMICONDUCTOR CORP.		Financial assets measured at cost, noncurrent	1,356	24,931	4.04	Note	None
Stock	CHIPSENCE CORP.		Financial assets measured at cost, noncurrent	2,500	11,325	4.00	Note	None
Stock	WAVEPLUS TECHNOLOGY CO., LTD.		Financial assets measured at cost, noncurrent	1,200		4.00	Note	None
Stock	PRINTECH INTERNATIONAL INC.		Financial assets measured at cost, noncurrent	900	4,095	3.98	Note	None
Stock	SUBTRON TECHNOLOGY CO., LTD.		Financial assets measured at cost, noncurrent	9,317	102,459	3.97	Note	None
Stock	IBT VENTURE CO.		Financial assets measured at cost, noncurrent	7,614	76,142	3.81	Note	None

ATTACHMENT 3 (Securities held as of March 31, 2006)

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

Fortune Venture Capital Corporation

Type of securities	Name of securities	Relationship	Financial statement account	March 31, 2006			Market value/ Net assets value	Shares as collateral (thousand)
				Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)		
Stock	ADVANCED CHIP ENGINEERING TECHNOLOGY INC.		Financial assets measured at cost, noncurrent	2,290	\$ 24,419	3.56	Note	None
Fund	IGLOBE PARTNERS FUND, L.P.		Financial assets measured at cost, noncurrent		39,051	3.45	N/A	None
Stock	ZYDAS TECHNOLOGY CORP.		Financial assets measured at cost, noncurrent	1,000	7,250	3.33	Note	None
Stock	ANIMATION TECHNOLOGIES INC.		Financial assets measured at cost, noncurrent	1,480	22,200	3.16	Note	None
Stock	SHENG-HUA VENTURE CAPITAL CORP.		Financial assets measured at cost, noncurrent	5,000	47,450	2.50	Note	None
Stock	RALINK TECHNOLOGY CORP.		Financial assets measured at cost, noncurrent	1,105	16,100	1.84	Note	None
Stock	TAIMIDE TECH., INC.		Financial assets measured at cost, noncurrent	1,500	16,095	1.83	Note	None
Stock	HOLUX TECHNOLOGY INC.		Financial assets measured at cost, noncurrent	412	18,703	1.58	Note	None
Fund	CRYSTAL INTERNET VENTURE FUND II		Financial assets measured at cost, noncurrent		38,855	0.99	N/A	None
Stock	ARCADIA DESIGN SYSTEMS(TAIWAN), INC.		Financial assets measured at cost, noncurrent	162	1,620	0.83	Note	None
Stock-Preferred stock	AURORA SYSTEMS, INC.		Financial assets measured at cost, noncurrent	5,133	59,317		N/A	None
Stock-Preferred stock	ALPHA & OMEGA SEMICONDUCTOR, LTD.		Financial assets measured at cost, noncurrent	1,500	46,313		N/A	None
Stock	AVERLOGIC TECHNOLOGIES, INC.		Available-for-sale financial assets, noncurrent	1,051	19,767	3.76	19,767	None
Stock	AIMTRON TECHNOLOGY, INC.		Available-for-sale financial assets, noncurrent	1,320	48,632	3.33	48,632	None
Stock	RECHI PRECISION CO., LTD.		Available-for-sale financial assets, noncurrent	5,000	103,000	1.81	103,000	None
Stock	CHIPBOND TECHNOLOGY CORP.		Available-for-sale financial assets, noncurrent	3,813	191,048	1.42	191,048	None
Stock	EPITECH TECHNOLOGY CORP.		Available-for-sale financial assets, noncurrent	4,361	135,194	1.19	135,194	None

ATTACHMENT 3 (Securities held as of March 31, 2006)

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

Fortune Venture Capital Corporation

Type of securities	Name of securities	Relationship	Financial statement account	March 31, 2006				
				Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	Market value/ Net assets value	Shares as collateral (thousand)
Stock	AVERMEDIA TECHNOLOGIES, INC.		Available-for-sale financial assets, noncurrent	1,210	\$ 55,660	0.73	\$ 55,660	None
Stock	TRIDENT MICROSYSTEMS, INC.		Available-for-sale financial assets, noncurrent	255	240,187	0.47	240,187	None
Stock	SIRF TECHNOLOGY HOLDINGS, INC.		Available-for-sale financial assets, noncurrent	181	207,429	0.36	207,429	None
Stock	TOPOINT TECHNOLOGY CO., LTD.		Available-for-sale financial assets, noncurrent	100	5,900	0.18	5,900	None
Stock	UNITED MICROELECTRONICS CORPORATION	Investor company	Available-for-sale financial assets, noncurrent	21,847	447,851	0.11	447,851	None
Convertible bonds	ALPHA NETWORKS INC.		Financial assets held for trading, current	300	32,850		32,850	None
Convertible bonds	TOPOINT TECHNOLOGY CO., LTD.		Financial assets held for trading, current	380	41,458		41,458	None

TLC Capital Co., Ltd.

Type of securities	Name of securities	Relationship	Financial statement account	March 31, 2006				
				Units(thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership(%)	Market value/ Net assets value	Shares as collateral (thousand)
Stock	HIGHLINK TECHNOLOGY CORP.	Investee company	Long-term investments accounted for under the equity method	21,760	\$ 205,398	14.50	\$ 210,182	None
Stock	SERCOMM CORP.		Available-for-sale financial assets, noncurrent	7,944	200,189	6.55	200,189	None
Stock	RECHI PRECISION CO., LTD.		Available-for-sale financial assets, noncurrent	16,664	343,278	6.04	343,278	None
Stock	TOPOINT TECHNOLOGY CO., LTD.		Available-for-sale financial assets, noncurrent	2,340	138,060	4.10	138,060	None
Stock	HORIZON SECURITIES CO., LTD.		Available-for-sale financial assets, noncurrent	16,858	96,934	3.92	96,934	None
Stock	TECO ELECTRIC & MACHINERY CO., LTD.		Available-for-sale financial assets, noncurrent	3,350	33,500	0.17	33,500	None
Stock	CHINA DEVELOPMENT FINANCIAL HOLDING CORP.		Available-for-sale financial assets, noncurrent	6,825	81,900	0.06	81,900	None

Edgar Filing: HECLA MINING CO/DE/ - Form 8-K

ATTACHMENT 3 (Securities held as of March 31, 2006)

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

TLC Capital Co., Ltd.

Type of securities	Name of securities	Relationship	Financial statement account	Units(thousand)/bonds/ shares (thousand)	March 31, 2006		Market value/ Net assets value	Shares as collateral (thousand)
					Book value	Percentage of ownership(%)		
Convertible bonds	EPITECH TECHNOLOGY CORP.		Financial assets held for trading, current	2,500	\$ 270,000		\$ 270,000	None
Convertible bonds	TOPOINT TECHNOLOGY CO., LTD.		Financial assets held for trading, current	380	41,458		41,458	None

Unitruth Investment Corporation

Type of securities	Name of securities	Relationship	Financial statement account	Units (thousand)/bonds/ shares (thousand)	March 31, 2006		Market value/ Net assets value	Shares as collateral (thousand)
					Book value	Percentage of ownership (%)		
Stock	WALTOP INTERNATIONAL CORP.	Investee company	Long-term investments accounted for under the equity method	2,000	\$ 30,000	10.00	\$ 12,996	None
Stock	CRYSTAL MEDIA INC.	Investee company	Long-term investments accounted for under the equity method	800	2,837	8.97	2,837	None
Stock	SMEDIA TECHNOLOGY CORP.	Investee company	Long-term investments accounted for under the equity method	2,570	18,876	8.46	12,007	None
Stock	CHIP ADVANCED TECHNOLOGY INC.	Investee company	Long-term investments accounted for under the equity method	1,386	6,537	7.56	6,537	None
Stock	UCA TECHNOLOGY INC.	Investee company	Long-term investments accounted for under the equity method	1,585	11,870	6.10	8,651	None
Stock	USBEST TECHNOLOGY INC.	Investee company	Long-term investments accounted for under the equity method	1,000	11,595	5.88	11,595	None
Stock	STAR SEMICONDUCTOR CORP.	Investee company	Long-term investments accounted for under the equity method	1,300	2,865	5.49	2,865	None
Stock	U-MEDIA COMMUNICATIONS, INC.	Investee company	Long-term investments accounted for under the equity method	1,250	6,234	5.25	6,234	None

Edgar Filing: HECLA MINING CO/DE/ - Form 8-K

Stock	MOBILE DEVICES INC.	Investee company	method Long-term investments accounted for under the equity method	1,250	7,667	5.15	7,667	None
Stock	UWAVE TECHNOLOGY CORP.	Investee company	Long-term investments accounted for under the equity method	1,000	5,134	4.35	5,134	None
Stock	AFA TECHNOLOGY, INC.	Investee company	Long-term investments accounted for under the equity method	1,000	6,016	3.70	6,016	None

Edgar Filing: HECLA MINING CO/DE/ - Form 8-K

ATTACHMENT 3 (Securities held as of March 31, 2006)

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

Unitruth Investment Corporation

Type of securities	Name of securities	Relationship	Financial statement account	March 31, 2006				
				Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage ownership (%)	Market value/collateral (thousand)	
Stock	XGI TECHNOLOGY INC.	Investee of UMC and Unitruth	Long-term investments accounted for under the equity method	5,000	\$ 14,360	3.32	\$ 14,360	None
Stock	AMOD TECHNOLOGY CO., LTD.		Financial assets measured at cost, noncurrent	460	3,220	9.20	Note	None
Stock	VASTVIEW TECHNOLOGY INC.		Financial assets measured at cost, noncurrent	1,748	25,850	6.03	Note	None
Stock	ADVANCE MATERIALS CORP.		Financial assets measured at cost, noncurrent	5,420	62,427	5.71	Note	None
Stock	EVERGLORY RESOURCE TECHNOLOGY CO., LTD.		Financial assets measured at cost, noncurrent	1,200	10,500	4.91	Note	None
Stock	CHINGIS TECHNOLOGY CORP.		Financial assets measured at cost, noncurrent	2,189	31,218	4.88	Note	None
Stock	EE SOLUTIONS, INC.		Financial assets measured at cost, noncurrent	1,300	14,755	4.85	Note	None
Stock	JMICRON TECHNOLOGY CORP.		Financial assets measured at cost, noncurrent	1,340	8,844	4.79	Note	None
Stock	LIGHTUNING TECH. INC.		Financial assets measured at cost, noncurrent	600	2,382	4.76	Note	None
Stock	TRENDCHIP TECHNOLOGIES CORP.		Financial assets measured at cost, noncurrent	1,800	11,322	4.41	Note	None
Stock	MEMOCOM CORP.		Financial assets measured at cost, noncurrent	2,005	13,416	4.01	Note	None
Stock	PRINTECH INTERNATIONAL INC.		Financial assets measured at cost, noncurrent	900	4,095	3.98	Note	None
Stock	FORTUNE SEMICONDUCTOR CORP.		Financial assets measured at cost, noncurrent	1,226	17,747	3.66	Note	None
Stock	ACTI CORP.		Financial assets measured at cost, noncurrent	740	11,100	2.98	Note	None
Stock	GIGA SOLUTION TECH. CO., LTD.		Financial assets measured at cost, noncurrent	2,750	16,142	2.17	Note	None
Stock	CHIPSENCE CORP.		Financial assets measured at cost, noncurrent	1,300	5,889	2.08	Note	None
Stock	RALINK TECHNOLOGY CORP.		Financial assets measured at cost, noncurrent	1,000	14,570	1.67	Note	None
Convertible bonds	TOPOINT TECHNOLOGY CO., LTD.		Financial assets held for trading, current	380	41,458		41,458	None

Edgar Filing: HECLA MINING CO/DE/ - Form 8-K

ATTACHMENT 3 (Securities held as of March 31, 2006)

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

UMC Capital Corporation

Type of securities	Name of securities	Relationship	Financial statement account	Units (thousand)/ bonds/ shares (thousand)	March 31, 2006		Percentage of ownership (%)	Market value/ Net assets value		Shares as collateral (thousand)
					Book value			USD	USD	
Stock	UMC CAPITAL (USA)	Investee company	Long-term investments accounted for under the equity method	200	USD	303	100.00	USD	303	None
Stock	ECP VITA LTD.	Investee company	Long-term investments accounted for under the equity method	1,000	USD	1,327	100.00	USD	1,327	None
Fund	UC FUND II	Investee company	Long-term investments accounted for under the equity method	5,000	USD	4,135	35.45	USD	4,135	None
Stock	PARADE TECHNOLOGIES, LTD.	Investee company	Long-term investments accounted for under the equity method	3,125	USD	2,418	24.41	USD	1,515	None
Stock	PATENTOP, LTD.		Financial assets measured at cost, noncurrent	720	USD	38	18.00		N/A	None
Stock-Preferred stock	MAXXAN SYSTEMS, INC.		Financial assets measured at cost, noncurrent	2,317	USD	1,237			N/A	None
Stock-Preferred stock	AICENT, INC.		Financial assets measured at cost, noncurrent	2,000	USD	1,000			N/A	None
Stock-Preferred stock	SPREADTRUM COMMUNICATIONS, INC.		Financial assets measured at cost, noncurrent	1,581	USD	1,250			N/A	None
Stock-Preferred stock	SILICON 7, INC.		Financial assets measured at cost, noncurrent	1,203	USD	4,000			N/A	None
Stock-Preferred stock	MAGNACHIP SEMICONDUCTOR LLC		Financial assets measured at cost, noncurrent	31	USD	1,094			N/A	None

Edgar Filing: HECLA MINING CO/DE/ - Form 8-K

Stock-Preferred stock	GCT SEMICONDUCTOR, INC.	Financial assets measured at cost, noncurrent	1,571	USD	1,000	N/A	None
Stock-Preferred stock	INTELLON CORP.	Financial assets measured at cost, noncurrent	4,576	USD	3,500	N/A	None
Stock-Preferred stock	FORTEMEDIA, INC.	Financial assets measured at cost, noncurrent	10,066	USD	4,053	N/A	None
Stock-Preferred stock	ZYLOGIC SEMICONDUCTOR CORP.	Financial assets measured at cost, noncurrent	750	USD	500	N/A	None
Stock-Preferred stock	MAXLINEAR, INC.	Financial assets measured at cost, noncurrent	1,474	USD	2,580	N/A	None
Stock-Preferred stock	SMART VANGUARD LIMITED	Financial assets measured at cost, noncurrent	5,750	USD	6,500	N/A	None
Stock-Preferred stock	WISAIR, INC.	Financial assets measured at cost, noncurrent	153	USD	1,596	N/A	None
Stock-Preferred stock	AMALFI SEMICONDUCTOR, INC.	Financial assets measured at cost, noncurrent	1,471	USD	1,500	N/A	None

ATTACHMENT 3 (Securities held as of March 31, 2006)

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

UMC Capital Corporation

			March 31, 2006						
Type of securities	Name of securities	Relationship	Financial statement account	Units		Percentage of ownership (%)	Market value/ Net assets value	Shares as collateral (thousand)	
				(thousand)/ bonds/ shares (thousand)	Book value				
Stock-Preferred stock	PRAESAGUS, INC.		Financial assets measured at cost, noncurrent	550	USD 1,526		N/A	None	
Stock-Preferred stock	DIBCOM, INC.		Financial assets measured at cost, noncurrent	10	USD 1,186		N/A	None	
Stock-Preferred stock	EAST VISION TECHNOLOGY LTD.		Financial assets measured at cost, noncurrent	2,770	USD 4,820		N/A	None	
Stock-Preferred stock	ALPHA & OMEGA SEMICONDUCTOR, LTD.		Financial assets measured at cost, noncurrent	1,500	USD 3,375		N/A	None	
Stock-Preferred stock	AURORA SYSTEMS, INC.		Financial assets measured at cost, noncurrent	550	USD 242		N/A	None	
Stock-Preferred stock	VERIPRECISE TECHNOLOGY, INC.		Financial assets measured at cost, noncurrent	2,250	USD 2,250		N/A	None	
Stock-Preferred stock	PACTRUST COMMUNICATION, INC.		Financial assets measured at cost, noncurrent	2,850	USD 2,850		N/A	None	
Fund	TAIWAN ASIA PACIFIC VENTURE FUND		Financial assets measured at cost, noncurrent	66	USD 159		N/A	None	
Fund	VENGLOBAL CAPITAL FUND III, L.P.		Financial assets measured at cost, noncurrent	1,000	USD 712		N/A	None	

United Microdisplay Optronics Corporation

			March 31, 2006						
Type of securities	Name of securities	Relationship	Financial statement account	Units		Percentage of ownership (%)	Market value/ Net assets value	Shares as collateral (thousand)	
				(thousand)/ bonds/ shares (thousand)	Book value				
Stock	THINTEK OPTRONICS CORP.	Investee of UMC and UMO	Long-term investments accounted for under the equity method	9,999	\$ 22,090	33.33	\$ 22,090	None	

Note : The net assets values for unlisted investees classified as Financial assets measured at cost, noncurrent were not available as of March 31, 2006.

Edgar Filing: HECLA MINING CO/DE/ - Form 8-K

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 three-month period ended March 31, 2006)

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

United Microelectronics Corporation

the es N NICS	Financial statement account	Counter-party	Relationship	Beginning balance		Addition		Disposal		Gain (Loss) from disposal (Note 3)	
				Units (thousand)/ bonds/ shares (thousand)	Amount (Note1)	Units (thousand)/ bonds/ shares (thousand)	Amount	Units (thousand)/ bonds/ shares (thousand)	Amount (Note 2)		
	Financial assets held for trading, current	Open market		800	\$ 340,912		\$	800	\$ 309,884 (Note 4)	\$ 271,600	\$ 38,284
ARE N ES	Financial assets held for trading, current	Open market		8,000	310,099			8,000	291,714 (Note 4)	270,120	21,594
NICS	Financial assets held for trading, current	Open market		10,000	402,375			10,000	434,127 (Note 4)	322,200	111,927
INC.	Financial assets held for trading, current	Open market		4,500	144,191			4,500	144,342 (Note 5)	152,778	(8,436)
	Financial assets held for trading, current	Open market		37,872	565,344			37,872	581,041	456,571	124,470
ARE N ES	Financial assets held for trading, current	Open market		3,700	170,385	6,832	291,714 (Note 4)				
NICS	Financial assets held for trading, current	Open market				14,791	434,127 (Note 4)				
K	Available-for-sale financial assets, noncurrent	Open market		53,916	20,865,597			1,500	582,837	17,067	564,668 (Note 6)
N NICS	Available-for-sale financial assets, noncurrent	Open market		23,040	828,272	9,653	309,884 (Note 4)				
OGY	Available-for-sale financial assets, noncurrent	Open market		23,729	716,630	13,492	296,823				
EH ENT	Long-term investments accounted for under the equity method	HSIEH YONG CAPITAL CO.,LTD.		92,124	(3,169,837) (Note 7)			58,500	6,521,580	4,896,871	13,152,475 (Note 8)

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 three-month period ended March 31, 2006)

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

United Microelectronics Corporation

Name of the securities	Financial statement account	Counter-party	Relationship	Beginning balance		Addition		Disposal			Gain (Loss) from disposal (Note 3)	Ending Units (thousand)/ bonds/ shares (thousand)
				Units (thousand)/ bonds/ shares (thousand)	Amount (Note1)	Units (thousand)/ bonds/ shares (thousand)	Amount	Units (thousand)/ bonds/ shares (thousand)	Amount	Cost (Note 2)		
TOPPAN PHOTOMASKS TAIWAN LTD.	Long-term investments accounted for under the equity method	TAIWAN TOPPAN PHOTOMASKS GLOBAL INVESTMENT CO.,LTD.		106,621	\$ 1,063,671		\$	106,621	\$ 1,279,449	\$ 1,063,671	\$ 197,633 (Note 9)	
HIGHLINK TECHNOLOGY CORP.	Long-term investments accounted for under the equity method	Proceeds from new issues				28,500	285,000					28,500

- Note 1: The amounts of beginning and ending balances of financial assets held for trading and available for sale are recorded at the prevailing market prices.
- Note 2: The disposal cost represents historical cost .
- Note 3: Gain/Loss from disposal includes realized exchange gain/loss to which the R.O.C. SFAS No. 34 is applied.
- Note 4: Exercise of conversion rights of the Company's convertible bond classified as Financial asset held for trading on the balance sheet.
- Note 5: Exercise of call back rights of the Company's convertible bond classified as Financial asset held for trading on the balance sheet.
- Note 6: The gain/loss on disposal of investment includes adjustments to long-term investment capital reserve of NT\$(1,102) thousand.
- Note 7: The beginning balance of NT\$(3,169,837) is computed by deducting the Company's stock held by Hsun Chieh (therefore accounted for as treasury stock) of NT\$20,137,403 thousand from the Company's long-term investment beginning balance in Hsun Chieh of NT\$16,967,566 thousand.
- Note 8: The gain/loss on disposal includes long-term investment capital reserve adjustments of NT\$14,149,139 thousand, cumulative translation adjustments of NT\$(8,173) thousand, unrealized loss of available for sale NT\$(2,620,135) thousand, and long-term investment loss of NT\$6,935 thousand.
- Note 9: The gain/loss on disposal includes long-term investment capital reserve adjustments of NT\$(28,612) thousand, and long-term investment loss of NT\$10,467 thousand.
- Note 10: The ending balance includes long-term investment loss of NT\$1,937 thousand.

Edgar Filing: HECLA MINING CO/DE/ - Form 8-K

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 three-month period ended March 31, 2006)

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

Fortune Venture Capital Corporation

Name of the securities	Financial statement account	Counter-party	Relationship	Beginning balance		Addition		Disposal			Gain (Loss) from disposal	Ending balance
				Units (thousand)/bonds/shares	Amount	Units (thousand)/bonds/shares	Amount	Units (thousand)/bonds/shares	Amount	Cost		
ULI ELECTRONICS INC.	Long-term investments accounted for under the equity method	NVIDIA BVI HOLDINGS LTD.		12,655	\$ 252,307		\$	12,655	\$ 240,451	\$ 252,307	\$ (11,607)	(Note 1)
UNITRUTH INVESTMENT CORP.	Long-term investments accounted for under the equity method	Proceeds from new issues	Subsidiary	40,000	366,683	10,000	100,000					50,000

Note 1: The loss on disposal of investment includes cumulative translation adjustments of NT\$249 thousand.

Note 2: The ending balance includes long-term investment loss of NT\$(12,028) thousand, capital reserve adjustments of NT\$6,529 thousand due to disproportionate changes in shareholding, cumulative translation adjustments of NT\$(164) thousand, and retained earning adjustments of NT\$352 thousand.

TLC CAPITAL CO., LTD.

Type of securities	Name of the securities	Financial statement account	Counter-party	Relationship	Beginning balance		Addition		Disposal			Ending balance		
					Units (thousand)/bonds/shares	Amount (Note)	Units (thousand)/bonds/shares	Amount	Units (thousand)/bonds/shares	Amount	Cost	Gain (Loss) from disposal	Units (thousand)/bonds/shares	Amount (Note)
Stock	SERCOMM CORP.	Available-for-sale financial assets, noncurrent	Open market		2,867	\$ 75,499	5,077	\$ 126,954		\$	\$	\$	7,944	\$ 200,189
Convertible bonds	EPITECH TECHNOLOGY CORP.	Financial assets held for trading, current	Open market				2,500	250,000					2,500	270,000

Note: The amounts of beginning and ending balances of financial assets held for trading and available for sale are recorded at the prevailing market prices.

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 three-month period ended March 31, 2006)

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

United Microelectronics Corporation

Name of properties	Transaction date	Transaction amount	Payment status	Counter-party	Relationship	Where counter-party is a related party, details of prior transactions			Transaction amount	Price reference	Date of acquisition and status of utilization	Other commitments
						Former holder of property	Relationship between former holder and acquirer of property	Date of transaction				
None												

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 three-month period ended March 31, 2006)

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

United Microelectronics Corporation

Names of properties	Transaction date	Date of original acquisition	Book value	Transaction amount	Status of proceeds collection	Gain (Loss) from disposal	Counter-party	Relationship	Reason of disposal	Price reference	Other commitments
None											

ATTACHMENT 7 (Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of capital stock for the three-month period ended March 31, 2006)

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

United Microelectronics Corporation

Party	Relationship	Purchases (Sales)	Amount	Transactions		Details of non-arm's length transaction			Notes & accounts receivable (payables)	
				Percentage of total purchases (sales) (%)	Term	Unit price	Term	Balance	Percentage of total receivables (%)	
GROUP (USA)	Investee company	Sales	\$ 11,147,820	45.72	Net 60 Days	N/A	N/A	\$ 4,058,564	31.8	
UNITED MICROELECTRONICS CORP.	Investee company	Sales	1,866,321	7.65	Net 60 Days	N/A	N/A	1,176,648	9.2	
UNITED MICROELECTRONICS CORP. (U.S.) B.V.	The Company's director	Sales	1,239,776	5.08	Month-end 45 Days	N/A	N/A	785,834	6.1	
UNITED MICROELECTRONICS CORP. (U.S.)	Investee company	Sales	545,735	2.24	Net 60 Days	N/A	N/A	364,472	2.8	
UNITED MICROELECTRONICS CORP. (U.S.)	Investee company	Sales	185,013	0.76	Month-end 60 Days	N/A	N/A	141,847	1.1	

Group (USA)

Party	Relationship	Purchases (Sales)	Amount	Transactions		Transaction details for non-arm's length transaction			Notes & accounts receivable (payables)	
				Percentage of total purchases (sales) (%)	Term	Unit price	Term	Balance	Percentage of total receivables (%)	
UNITED MICROELECTRONICS CORPORATION	Investor company	Purchases	USD 343,880	100.00	Net 60 Days	N/A	N/A	USD 125,168	100.0	

Edgar Filing: HECLA MINING CO/DE/ - Form 8-K

ATTACHMENT 7 (Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of capital stock for the three-month period ended March 31, 2006)

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

United Microelectronics (Europe) B. V.

Transaction details for non-

Related party	Relationship	Purchases (Sales)	Amount	Transactions			arm s length transaction		Notes & accounts receivable (payable)		
				purchases (sales) (%)	Term	Unit price	Term	Balance	Percentage of total receivables (%)	Note	
UNITED MICROELECTRONICS CORPORATION	Investor company	Purchases	USD 57,932	100.00	Net 60 Days	N/A	N/A	USD 36,328	100.00		

UMC Japan

Transaction details for non-arm s length

Related party	Relationship	Purchases (Sales)	Amount	Transactions			Transaction details for non-arm s length transaction		Notes & accounts receivable (payable)		
				purchases (sales) (%)	Term	Unit price	Term	Balance	Percentage of total receivables (%)	Note	
UNITED MICROELECTRONICS CORPORATION	Investor company	Purchases	JPY 1,932,877	47.19	Net 60 Days	N/A	N/A	JPY 1,314,313	21.02		

ATTACHMENT 8 (Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of March 31, 2006)

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

United Microelectronics Corporation

Related party	Relationship	Notes receivable	Ending balance			Turnover rate (times)	Overdue receivables		Collection status	Amount received in subsequent period	Allowance for doubtful accounts
			Accounts receivable	Other receivables	Total		Amount				
UMC GROUP (USA)	Investee company	\$	\$ 4,058,564	\$ 30	\$ 4,058,594	10.35	\$ 1,090	Credit Collecting	\$ 1,361,066	\$ 44,297	
UNITED MICROELECTRONICS (EUROPE) B.V.	Investee company		1,176,648	23	1,176,671	8.67	3,267	Credit Collecting		16,709	
SILICON INTEGRATED SYSTEMS CORP.	The Company's director		785,834	689	786,523	4.91	71,834	Credit Collecting		8,514	
UMC JAPAN	Investee company		364,472	800	365,272	6.25				6,862	
HOLTEK SEMICONDUCTOR INC.	Investee company	67,720	74,127		141,847	5.69			60,659	741	

ATTACHMENT 9 (Names, locations and related information of investee companies as of March 31, 2006)

(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 March 31, 2006			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	\$ 780,741	\$ 34,498	\$ 34,498	
UNITED MICROELECTRONICS (EUROPE) B.V.	The Netherlands	IC Sales	USD	5,421	USD	5,421	9	100.00	274,361	(274)	(274)	
UMC CAPITAL CORP.	Cayman, Cayman Islands	Investment holding	USD	74,000	USD	74,000	74,000	100.00	2,087,983	60,893	60,893	
UNITED MICROELECTRONICS CORP. (SAMOA)	Apia, Samoa	Investment holding	USD	1,000	USD	1,000	1,000	100.00	13,489	(520)	(520)	
UMCI LTD.	Singapore	Sales and manufacturing of integrated circuits	USD	839,880	USD	839,880	880,006	100.00	9,619	254	254	Note
TLC CAPITAL CO., LTD.	Taipei, Taiwan	Consulting and planning for investment in new business		3,000,000		3,000,000	300,000	100.00	2,947,999	24,262	24,262	
FORTUNE VENTURE CAPITAL CORP.	Taipei, Taiwan	Consulting and planning for investment in new business		4,999,940		4,999,940	499,994	99.99	4,777,043	(63,905)	(63,904)	
UNITED MICRODISPLAY OPTRONICS CORP.	Hsinchu Science Park, Taiwan	Sales and manufacturing of LCOS		1,008,078		1,008,078	60,701	86.72	285,275	(51,725)	(44,854)	
PACIFIC VENTURE CAPITAL CO., LTD.	Taipei, Taiwan	Consulting and planning for investment in new business		300,000		300,000	30,000	49.99	298,422	4,381	2,191	
UMC JAPAN	Chiba, Japan	Sales and manufacturing of integrated circuits	JPY	20,537,634	JPY	20,537,634	484	48.95	5,969,510	(584,778)	(286,238)	
UNITECH CAPITAL INC.	British Virgin Islands	Investment holding	USD	21,000	USD	21,000	21,000	42.00	673,981	45,014	18,906	
HSUN CHIEH INVESTMENT CO., LTD.	Taipei, Taiwan	Investment holding		336,241		921,241	33,624	36.49	4,485,473	(32,775)	(18,939)	
THINKTEK OPTRONICS CORP.	Hsinchu, Taiwan	LCOS design, production and sales		83,451		35,650	8,345	27.82	32,470	(26,520)	(7,377)	
HOLTEK SEMICONDUCTOR INC.	Hsinchu Science Park, Taiwan	IC design and production		357,628		357,628	51,428	24.81	879,126	237,994	59,056	
ITE TECH INC.	Hsinchu Science Park, Taiwan	Sales and manufacturing of integrated circuits		186,898		186,898	24,229	22.07	345,242	48,178	10,823	

ATTACHMENT 9 (Names, locations and related information of investee companies as of March 31, 2006)

(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 March 31, 2006			Net income (loss) of investee company	Investment income (loss) recognized	Note
			Ending balance	Beginning balance	Number of shares (thousand)	Percentage of ownership (%)	Book value			
UNIMICRON TECHNOLOGY CORP.	Taoyuan, Taiwan	PCB production	2,592,013	2,592,013	196,472	20.40	4,282,188	1,148,034	234,424	
HIGHLINK TECHNOLOGY CORP.	Miao-Li County, Taiwan	Sales and manufacturing of electronic parts	285,000		28,500	18.99	283,063	(15,299)	(1,937)	
XGI TECHNOLOGY INC.	Hsinchu, Taiwan	Cartography chip design and production	248,795	248,795	24,879	16.51	71,704	(65,447)	(10,813)	
AMIC TECHNOLOGY CORP.	Hsinchu Science Park, Taiwan	IC design, production and sales	135,000	135,000	16,200	11.86	58,166	(60,001)	(2,353)	
TOPPAN PHOTOMASKS TAIWAN LTD.	Hsinchu Science Park, Taiwan	Manufacturing of photomasks		773,795				(35,855)	(10,467)	

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 as of April 1, 2005.

Fortune Venture Capital Corporation

Investee company	Address	Main businesses and products	Initial Investment		Investment as of March 31, 2006			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 CORP.	Taipei, Taiwan	Investment holding	\$ 500,000	\$ 400,000	50,000	100.00	\$ 461,372	\$ (12,028)	\$ (12,028)	
UWAVE TECHNOLOGY CORP.	Hsinchu, Taiwan	RF IC Design	85,471	85,471	10,187	44.29	56,945	(26,372)	(11,680)	
UCA TECHNOLOGY INC.	Taipei County, Taiwan	Design of MP3 player chip	99,311	49,311	11,285	43.40	70,979	(14,088)	(5,732)	
NEXPOWER TECHNOLOGY CORP.	Hsinchu, Taiwan	Sales and manufacturing of solar power batteries	8,000	8,000	800	40.00	7,421	(1,400)	(560)	
AEVOE INC.	Taipei, Taiwan	Design of VOIP Telephone	15,000	15,000	1,500	39.47	7,165	1,244	491	
WALTOP INTERNATIONAL CORP.	Hsinchu, Taiwan	Tablet PC module, Pen LCD Monitor/module	90,000		6,000	30.00	90,000	(7,160)		
SMEDIA TECHNOLOGY CORP.	Hsinchu, Taiwan	Multimedia association processor	93,478	90,240	9,045	29.79	43,828	(36,188)	(10,759)	

ATTACHMENT 9 (Names, locations and related information of investee companies as of March 31, 2006)

(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 March 31, 2006			Net income (loss) of investee company recognized	Investment income (loss)	Note
			Ending balance	Beginning balance	Number of shares (thousand)	Percentage of ownership (%)	Book value			
USBEST TECHNOLOGY INC.	Hsinchu, Taiwan	Design, manufacturing and sales of IC	54,208	54,208	4,746	27.92	57,326	(3,113)	(869)	
STAR SEMICONDUCTOR CORP.	Hsinchu, Taiwan	IC design, production and sales	44,129	44,129	6,592	27.86	20,004	(24,819)	(6,915)	
CRYSTAL MEDIA INC.	Hsinchu, Taiwan	Design of VOIP network phones	17,206	17,206	2,265	25.39	8,033	(5,623)	(1,428)	
AFA TECHNOLOGY, INC.	Taipei County, Taiwan	IC design	69,894	53,340	6,533	24.19	53,289	(20,603)	(5,038)	
DAVICOM SEMICONDUCTOR, INC.	Hsinchu Science Park, Taiwan	Design of communication IC	134,251	134,251	13,798	21.56	148,866	18,501	3,194	
MOBILE DEVICES INC.	Hsinchu County, Taiwan	PHS & GSM/PHS dual mode B/B Chip	51,500	50,000	5,150	21.22	34,703	(30,822)	(6,563)	
U-MEDIA COMMUNICATIONS, INC.	Hsinchu, Taiwan	WLAN, Broadband, Digital Home ODM	45,750	45,750	5,000	21.01	24,937	(18,838)	(4,282)	
AMIC TECHNOLOGY CORP.	Hsinchu Science Park, Taiwan	IC design, production and sales	291,621	291,621	23,405	17.09	122,099	(60,001)	(3,391)	
CHIP ADVANCED TECHNOLOGY INC.	Hsinchu, Taiwan	Design of ADC chip	32,128	32,128	2,594	14.15	19,663	(21,627)	(3,060)	
XGI TECHNOLOGY INC.	Hsinchu, Taiwan	Design and manufacturing of cartography chip	270,483	270,483	17,844	11.85	43,397	(65,447)	(7,247)	

TLC Capital Co., Ltd.

Investee company	Address	Main businesses and products	Initial Investment		Investment as of March 31, 2006			Net income (loss) of investee company recognized	Investment income (loss)	Note
			Ending balance	Beginning balance	Number of shares (thousand)	Percentage of ownership (%)	Book value			
HIGHLINK TECHNOLOGY CORP.	Miao-Li County, Taiwan	Sales and manufacturing of electronic parts	\$ 217,596	\$ 221,920	21,760	14.50	\$ 205,398	\$ (15,299)	\$ (2,464)	

ATTACHMENT 9 (Names, locations and related information of investee companies as of March 31, 2006)

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

Unitruth Investment Corporation

Investee company	Address	Main businesses and products	Initial Investment		Investment as of March 31, 2006 Number of shares (thousand)	Percentage of ownership (%)	Book value	Net income (loss) of investee company		Investment income (loss) recognized	Note
			Ending balance	Beginning balance							
WALTOP INTERNATIONAL CORP.	Hsinchu, Taiwan	Tablet PC module, Pen LCD Monitor/module	\$ 30,000	\$	2,000	10.00	\$ 30,000	\$ (7,160)	\$		
CRYSTAL MEDIA INC.	Hsinchu, Taiwan	Design of VOIP network phones	4,688	4,688	800	8.97	2,837	(5,623)		(504)	
SMEDIA TECHNOLOGY CORP.	Hsinchu, Taiwan	Multimedia co-processor	24,057	24,057	2,570	8.46	18,876	(36,188)		(3,090)	
CHIP ADVANCED TECHNOLOGY INC.	Hsinchu, Taiwan	Design of ADC chip	8,732	8,732	1,386	7.56	6,537	(21,627)		(1,635)	
UCA TECHNOLOGY INC.	Taipei County, Taiwan	Design of MP3 player chip	11,910	5,390	1,585	6.10	11,870	(14,088)		(873)	
USBEST TECHNOLOGY INC.	Hsinchu, Taiwan	Design, manufacturing and sales of IC	8,760	8,760	1,000	5.88	11,595	(3,113)		(183)	
STAR SEMICONDUCTOR CORP.	Hsinchu, Taiwan	IC design, production and sales	6,617	6,617	1,300	5.49	2,865	(24,819)		(1,364)	
U-MEDIA COMMUNICATIONS, INC.	Hsinchu, Taiwan	WLAN, Broadband, Digital Home ODM	13,800	13,800	1,250	5.25	6,234	(18,838)		(1,070)	
MOBILE DEVICES INC.	Hsinchu County, Taiwan	PHS & GSM/PHS dual mode B/B chip	11,463	11,463	1,250	5.15	7,667	(30,822)		(1,620)	
UWAVE TECHNOLOGY CORP.	Hsinchu, Taiwan	RF IC Design	6,950	6,950	1,000	4.35	5,134	(26,372)		(1,147)	
AFA TECHNOLOGY, INC.	Taipei County, Taiwan	IC design	5,600	5,600	1,000	3.70	6,016	(20,603)		(769)	
XGI TECHNOLOGY INC.	Hsinchu, Taiwan	Design and manufacturing of cartography chip	26,400	26,400	5,000	3.32	14,360	(65,447)		(2,174)	

Edgar Filing: HECLA MINING CO/DE/ - Form 8-K

ATTACHMENT 9 (Names, locations and related information of investee companies as of March 31, 2006)

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

UMC Capital Corporation

Investee company	Address	Main businesses and products	Initial Investment		Investment as of March 31, 2006			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 CAPITAL (USA)	Sunnyvale, California, U.S.A.	Investment holding	USD 200	USD 200	200	100.00	USD 303	USD 7	USD 7	
ECP VITA LTD.	British Virgin Islands	Insurance	USD 1,000	USD 1,000	1,000	100.00	USD 1,327	USD 63	USD 63	
UC FUND II	British Virgin Islands	Investment holding	USD 3,850	USD 3,850	5,000	35.45	USD 4,135	USD 203	USD 72	
PARADE TECHNOLOGIES, LTD.	U.S.A.	IC design	USD 2,500	USD 2,500	3,125	24.41	USD 2,418	USD (334)	USD (82)	

United Microdisplay Optronics Corporation

Investee company	Address	Main businesses and products	Initial Investment		Investment as of March 31, 2006			Net income (loss) of investee company	Investment income (loss) recognized	Note
			Ending balance	Beginning balance	Number of shares (thousand)	Percentage of ownership (%)	Book value			
THINTEK OPTRONICS CORP.	Hsinchu, Taiwan	LCOS design, manufacturing and sales	\$ 99,990	\$ 99,990	9,999	33.33	\$ 22,090	\$ (26,520)	\$ (8,839)	