

UNITED MICROELECTRONICS CORP  
Form 6-K  
May 19, 2005

1934 Act Registration No. 1-15128

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# SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

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## FORM 6-K

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REPORT OF FOREIGN PRIVATE ISSUER

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

THE SECURITIES EXCHANGE ACT OF 1934

Dated May 19, 2005

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## United Microelectronics Corporation

(Translation of Registrant's Name into English)

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No. 3 Li Hsin Road II

Science Park

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

(Address of Principal Executive Office)

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

Form 20-F  Form 40-F

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

Yes  No

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

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SIGNATURE

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

United Microelectronics Corporation

Date: 5/19/2005

By           /s/ Stan Hung          

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Stan Hung  
Chief Financial Officer

**Exhibit**

<b>Exhibit</b>	<b>Description</b>
99.1	UNITED MICROELECTRONICS CORPORATION UNAUDITED BALANCE SHEETS AS OF MARCH 31, 2005 AND 2004, AND THE UNAUDITED RELATED STATEMENTS OF INCOME AND CASH FLOWS FOR THE THREE-MONTH PERIODS THEN ENDED WITH REVIEW REPORT OF INDEPENDENT AUDITORS.

**REVIEW REPORT OF INDEPENDENT ACCOUNTANTS**

English Translation of a Report Originally Issued in Chinese

To the Board of Directors and Shareholders of

United Microelectronics Corporation

We have reviewed the accompanying balance sheets of United Microelectronics Corporation as of March 31, 2005 and 2004, and the related statements of income and cash flows for the three-month periods then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a review report on these financial statements based on our reviews. As described in Note 4(7) to the financial statements, certain long-term investments were accounted for under the equity method based on the financial statements of the investees for the three-month periods ended March 31, 2005 and 2004, which were reviewed by other independent accountants. Our reviews insofar as it relates to the investment income amounting to NT\$113 million and NT\$121 million for the three-month periods ended March 31, 2005 and 2004, respectively, and the related long-term investment balances of NT\$4,329 million and NT\$3,983 million as of March 31, 2005 and 2004, respectively, is based solely on the review reports of the other independent accountants.

We conducted our reviews in accordance with the Statements of Auditing Standards No. 36, "Review of Financial Statements", of the Republic of China. A review is limited primarily to applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of China and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our reviews, we are not aware of any material modifications or adjustments that should be made to the financial statements referred to above in order for them to be in conformity with accounting principles generally accepted in the Republic of China.

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

April 15, 2005

Taipei, Taiwan

Republic of China

**Notice to Readers**

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The accompanying unaudited financial statements are intended only to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such financial statements are those generally accepted and applied in the Republic of China.

English Translation of Financial Statements Originally Issued in Chinese

## UNITED MICROELECTRONICS CORPORATION

## UNAUDITED BALANCE SHEETS

March 31, 2005 and 2004

(Expressed in Thousands of New Taiwan Dollars)

	As of March 31,		As of March 31,	
	2005	2004	2005	2004
<b>Assets</b>			<b>Liabilities and Stockholders Equity</b>	
<b>Current assets</b>			<b>Current liabilities</b>	
Cash and cash equivalents	\$ 88,699,190	\$ 87,030,499	Short term loans	\$ 3,857,640 \$
Marketable securities, net	3,058,579	2,965,510	Accounts payable	2,548,590 3,714,939
Notes receivable	434	5,794	Accounts payable - related parties	1,261,647 937,176
Notes receivable - related parties	62,909	224,690	Income tax payable	60,389 60,389
Accounts receivable, net	2,179,960	3,749,813	Accrued expenses	5,472,303 5,453,576
Accounts receivable - related parties, net	7,068,225	11,585,115	Other payables	3,013,416 4,921,350
Other receivables	477,942	465,811	Current portion of long-term interest-bearing liabilities	2,820,003 9,685,892
Other receivables - related parties	5,174,071	25,430	Other current liabilities	848,048 1,425,513
Other financial assets, current	177,666	1,287,837	<b>Total current liabilities</b>	<b>19,882,036 26,198,835</b>
Inventories, net	6,911,727	8,405,611	<b>Long-term interest-bearing liabilities</b>	
Prepaid expenses	857,237	909,988	Bonds payable	33,595,282 44,448,758
Deferred income tax assets, current	2,478,897	3,323,150	Long-term loans	129,958
<b>Total current assets</b>	<b>117,146,837</b>	<b>119,979,248</b>	<b>Total long-term interest-bearing liabilities</b>	<b>33,595,282 44,578,716</b>
<b>Funds and long-term investments</b>			<b>Other liabilities</b>	
Long-term investments accounted for under the equity method	58,878,543	62,898,958	Accrued pension liabilities	2,826,881 2,360,689
Long-term investments accounted for under the cost method	7,486,812	10,992,888	Deposits-in	21,582 7,670
<b>Total funds and long-term investments</b>	<b>66,365,355</b>	<b>73,891,846</b>	Deferred credits - intercompany profits	156,057 4,296,610
<b>Other financial assets, non-current</b>	<b>1,163,072</b>	<b>1,026,960</b>	<b>Total other liabilities</b>	<b>3,004,520 6,664,969</b>
<b>Property, plant and equipment</b>			<b>Total liabilities</b>	<b>56,481,838 77,442,520</b>
Land	1,132,576	1,367,344	<b>Capital</b>	
Buildings	13,138,338	12,095,043	Common stock	178,285,454 161,407,435
Machinery and equipment	309,472,488	252,032,837	<b>Capital reserve</b>	
Transportation equipment	82,267	81,125	Premiums	47,395,875 41,729,589
Furniture and fixtures	1,993,757	1,925,896	Leased assets	20,874,775 21,090,567

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			Change in equities of long-term investments	
Total cost	325,819,426	267,550,028	Excess from merger	17,008,955
Less : Accumulated depreciation	(212,642,025)	(162,486,692)	<b>Retained earnings</b>	17,152,454
Add : Construction in progress and prepayments	15,706,283	9,494,746	Legal reserve	12,812,501
<b>Property, plant and equipment, net</b>	<b>128,883,684</b>	<b>114,558,082</b>	Special reserve	90,871
			Unappropriated earnings	31,017,010
<b>Intangible assets</b>			<b>Adjusting items in stockholders equity</b>	20,931,258
Patents		3,975	Unrealized loss on long-term investments	(9,748,953)
Goodwill	1,194,009		Cumulative translation adjustment	(1,862,726)
<b>Total intangible assets</b>	<b>1,194,009</b>	<b>3,975</b>	<b>Treasury stock</b>	(28,984,375)
				(27,410,626)
			<b>Total stockholders equity</b>	<b>266,889,387</b>
				238,888,869
<b>Other assets</b>				
Deferred charges	1,693,898	1,469,301		
Deferred income tax assets, non-current	4,857,007	3,887,754		
Other assets - others	2,067,363	1,514,223		
<b>Total other assets</b>	<b>8,618,268</b>	<b>6,871,278</b>		
<b>Total assets</b>	<b>\$ 323,371,225</b>	<b>\$ 316,331,389</b>	<b>Total liabilities and stockholders equity</b>	<b>\$ 323,371,225</b>
				<b>\$ 316,331,389</b>

English Translation of Financial Statements Originally Issued in Chinese

## UNITED MICROELECTRONICS CORPORATION

## UNAUDITED STATEMENTS OF INCOME

For the three-month periods ended March 31, 2005 and 2004

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

	For the three-month period ended March 31,	
	2005	2004
<b>Operating revenues</b>		
Sales revenues	\$ 20,168,548	\$ 24,692,341
Less : Sales returns and discounts	(238,381)	(166,401)
Net sales	19,930,167	24,525,940
Other operating revenues	355,552	799,587
<b>Net operating revenues</b>	<b>20,285,719</b>	<b>25,325,527</b>
<b>Operating costs</b>		
Cost of goods sold	(17,275,887)	(17,137,895)
Other operating costs	(40,852)	(537,935)
<b>Operating costs</b>	<b>(17,316,739)</b>	<b>(17,675,830)</b>
<b>Gross profit</b>	<b>2,968,980</b>	<b>7,649,697</b>
Unrealized intercompany profit	(66,196)	(144,140)
Realized intercompany profit	154,417	106,702
<b>Net</b>	<b>3,057,201</b>	<b>7,612,259</b>
<b>Operating expenses</b>		
Sales and marketing expenses	(521,401)	(477,603)
General and administrative expenses	(446,735)	(534,588)
Research and development expenses	(1,786,949)	(1,313,234)
Subtotal	(2,755,085)	(2,325,425)
<b>Operating income</b>	<b>302,116</b>	<b>5,286,834</b>
<b>Non-operating income</b>		
Interest revenue	215,243	309,323
Gain on disposal of property, plant and equipment	30,581	15,630
Gain on disposal of investments	2,924,332	2,507,308
Gain on recovery of decline in market value and obsolescence of inventories	45,260	
Other income	205,234	39,881
Subtotal	3,420,650	2,872,142

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<b>Non-operating expenses</b>		
Interest expense	(215,313)	(386,112)
Investment loss accounted for under the equity method, net	(1,705,272)	(582,269)
Loss on disposal of property, plant and equipment	(61,845)	(47,609)
Exchange loss, net	(171,646)	(41,750)
Loss on decline in market value and obsolescence of inventories		(97,724)
Financial expenses	(45,836)	(62,967)
Other losses	(4,077)	(14,385)
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Subtotal	(2,203,989)	(1,232,816)
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<b>Income before income tax</b>	1,518,777	6,926,160
<b>Income tax expense</b>	(97)	(31,724)
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<b>Net income</b>	\$ 1,518,680	\$ 6,894,436
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<b>Earnings per share-basic (NTD)</b>		
Income before income tax	\$ 0.09	\$ 0.41
	<hr/>	<hr/>
Net income	\$ 0.09	\$ 0.41
	<hr/>	<hr/>
<b>Earnings per share-diluted (NTD)</b>		
Income before income tax	\$ 0.09	\$ 0.40
	<hr/>	<hr/>
Net income	\$ 0.09	\$ 0.40
	<hr/>	<hr/>
<b>Pro forma information on earnings as if subsidiaries investment in the Company is not treated as treasury stock</b>		
Net income	\$ 1,518,680	\$ 6,894,436
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Earnings per share-basic (NTD)	\$ 0.09	\$ 0.40
	<hr/>	<hr/>
Earnings per share-diluted (NTD)	\$ 0.09	\$ 0.39
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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, 2005 and 2004

(Expressed in Thousands of New Taiwan Dollars)

	<b>For the three-month period ended March 31,</b>	
	<b>2005</b>	<b>2004</b>
Cash flows from operating activities:		
Net income	\$ 1,518,680	\$ 6,894,436
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	10,290,626	9,261,998
Amortization	414,499	273,371
Bad debt expenses (reversal on allowance for doubtful accounts)	(90,228)	59,402
Loss on decline in market value and obsolescence of inventories (gain on recovery of decline in market value and obsolescence of inventories)	(45,260)	97,724
Investment loss accounted for under the equity method	1,705,272	582,269
Gain on disposal of investments	(2,924,332)	(2,507,308)
Loss on disposal of property, plant and equipment	31,264	31,979
Exchange gain on long-term liabilities	(11,747)	(502,578)
Amortization of bond premiums		(9,151)
Loss on reacquisition of bonds		59
Changes in assets and liabilities:		
Notes receivable	(22,538)	(119,975)
Accounts receivable	1,492,300	(1,478,109)
Other receivables	(2,800)	43,554
Inventories	1,676,994	(1,135,576)
Prepaid expenses	(613,007)	(233,843)
Other financial assets	117,139	(124,798)
Accounts payable	(632,990)	536,438
Income tax payable		10,696
Accrued expenses	(2,523,984)	921,014
Other current liabilities	(156,765)	82,516
Compensation interest payable		(126,111)
Capacity deposits	(154,283)	(34,203)
Accrued pension liabilities	136,370	108,198
Net cash provided by operating activities	<u>10,205,210</u>	<u>12,632,002</u>
Cash flows from investing activities:		
Increase in marketable securities, net		(1,424,623)

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Decrease in other financial assets, net	299,612	1,125,844
Acquisition of long-term investments	(1,971,746)	(3,985,597)
Proceeds from disposal of long-term investments	3,312,944	347,610
Acquisition of property, plant and equipment	(3,564,479)	(5,890,524)
Proceeds from disposal of property, plant and equipment	52,544	58,167
Increase in deferred charges	(374,310)	(112,420)
Decrease (increase) in other assets, net	(63,327)	10,942
Increase in due from related parties	(5,137,760)	
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Net cash used in investing activities	(7,446,522)	(9,870,601)
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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, 2005 and 2004

(Expressed in Thousands of New Taiwan Dollars)

(continued)

	For the three-month period ended March 31,	
	2005	2004
Cash flows from financing activities:		
Increase in short-term loans, net	\$ 1,953,240	\$ (607,950)
Repayment of long-term loans		(7,946,942)
Redemption of bonds		(41,392)
Reacquisition of bonds		(175)
Decrease in deposits-in, net	(310)	(175)
Exercise of employees' stock options	640,243	
Net cash provided by (used in) financing activities	2,593,173	(8,596,459)
Net (decrease) increase in cash and cash equivalents	5,351,861	(5,835,058)
Cash and cash equivalents at beginning of period	83,347,329	92,865,557
Cash and cash equivalents at end of period	\$ 88,699,190	\$ 87,030,499
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$ 3,936	\$ 176,613
Cash paid for income tax	\$ 16,245	\$ 18,587
Investing activities partially paid by cash:		
Acquisition of property, plant and equipment	\$ 1,873,596	\$ 6,753,934
Add: Payable at beginning of period	4,704,299	4,057,940
Less: Payable at end of period	(3,013,416)	(4,921,350)

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Cash paid for acquiring property, plant and equipment	\$ 3,564,479	\$ 5,890,524
<b>Investing and financing activities not affecting cash flows:</b>		
Principal amount of exchangeable bonds exchanged by bondholders	\$	\$ 3,486,803
Book value of reference shares delivered for exchange		(1,355,001)
Elimination of related balance sheet accounts		71,808
Recognition of gain on disposal of investments	\$	\$ 2,203,610