

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549**

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**FORM 8-K**

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**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934**

**Date of report (Date of earliest event reported): October 28, 2010**

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**MAGNACHIP SEMICONDUCTOR LLC**

**(Exact name of Registrant as specified in its charter)**

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**Delaware**  
(State or Other Jurisdiction  
of Incorporation)

**333-168516-09**  
(Commission  
File Number)

**26-1815025**  
(IRS Employer  
Identification No.)

**c/o MagnaChip Semiconductor S.A., 74, rue de Merl,  
B.P. 709, L-2017 Luxembourg, Grand Duchy of Luxembourg**  
(Address of Principal Executive Offices)

**Not Applicable**  
(Zip Code)

**Registrant's telephone number, including area code: (352) 45-62-62**

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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:

- 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 14d-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))

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**Item 2.02. Results of Operations and Financial Condition.**

Attached hereto as Exhibit 99.1 and incorporated by reference herein is financial information for MagnaChip Semiconductor LLC and its consolidated subsidiaries for the third quarter ended September 30, 2010, as presented in a press release dated October 28, 2010.

The information disclosed under this Item 2.02, including Exhibit 99.1 hereto, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and shall not be deemed incorporated by reference into any filing made under the Securities Act of 1933, as amended, except as expressly set forth by specific reference in such filing.

**Item 9.01. Financial Statements and Exhibits.**

**(d) Exhibits.**

The following exhibits are furnished as part of this report:

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release for MagnaChip Semiconductor LLC dated October 28, 2010, announcing the results for the third quarter ended September 30, 2010.

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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 hereunto duly authorized.

MAGNACHIP SEMICONDUCTOR LLC

Dated: October 28, 2010

By:           /s/ Margaret Sakai          

Margaret Sakai  
Chief Financial Officer

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**Exhibit Index**

<b><u>Exhibit No.</u></b>	<b><u>Description</u></b>
99.1	Press release for MagnaChip Semiconductor LLC dated October 28, 2010, announcing the results for the third quarter ended September 30, 2010.



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## MagnaChip Reports Solid Third Quarter 2010

### Financial Results

**SEOUL, South Korea and CUPERTINO, Calif., October 28, 2010** — MagnaChip Semiconductor LLC (“MagnaChip Semiconductor”) today announced financial results for the quarter ended September 30, 2010.

Revenue for the third quarter of 2010 was \$209.4 million, a 7.6% increase compared to \$194.7 million for the second quarter of 2010, and a 33.7% increase compared to \$156.6 million for the third quarter ended September 27, 2009.

Gross profit was \$69.3 million or 33.1%, as a percent of revenue, for the third quarter of 2010. This compares to gross profit of \$64.5 million or 33.1% for the second quarter of 2010 and \$52.2 million or 33.3% for the year-ago quarter.

“We again delivered solid financial results with sequential revenue growth of nearly 8% this quarter driven by our Manufacturing Services and Power Solutions segments,” said Sang Park, MagnaChip Semiconductor’s Chairman and Chief Executive Officer. “While recent industry announcements indicate some uncertainty regarding the state of the global semiconductor market recovery, MagnaChip continues to be well-positioned for profitable growth with a strong product portfolio and pipeline of new products during this short-term inventory correction.”

Operating expense was \$39.8 million or 19.0% of revenue for the third quarter of 2010. This compares to \$36.8 million or 18.9% of revenue for the second quarter of 2010 and \$34.9 million or 22.3% of revenue for the third quarter of 2009.

Operating income was \$29.6 million for the third quarter of 2010 or 14.1% of revenue. This compares to operating income of \$27.8 million or 14.3% of revenue for the second quarter of 2010 and \$17.3 million or 11.0% of revenue for the third quarter of 2009.

Net income, on a GAAP basis, for the third quarter of 2010 totaled \$61.5 million or \$0.20 per diluted common unit. This compares to net loss of \$30.7 million or \$0.10 per diluted common unit for the second quarter of 2010 and net income of \$62.4 million or \$1.18 per diluted common unit for the third quarter of 2009. Net income, for the third

quarter of 2010, was impacted primarily by a foreign currency gain of \$41.4 million compared to a foreign currency loss of \$48.3 million for the second quarter of 2010 and a foreign currency gain of \$45.4 million for third quarter of 2009, respectively. The net foreign currency exposure is primarily related to non-cash translation gains or losses for intercompany borrowings at our Korean subsidiary that are denominated in U.S. dollars.

Adjusted net income, a non-GAAP measurement, for the third quarter of 2010 totaled \$26.2 million compared to \$25.7 million for the second quarter of 2010, and \$20.4 million for the third quarter of 2009.

Adjusted EBITDA, a non-GAAP measurement, for the third quarter of 2010 totaled \$45.7 million compared to \$43.8 million for the second quarter of 2010, and \$34.5 million for the third quarter of 2009.

Management believes that non-GAAP financial measures, when viewed in conjunction with GAAP results, can provide a more meaningful understanding of the factors and trends affecting MagnaChip Semiconductor's business and operations. However, such non-GAAP financial measures have limitations and should not be considered as a substitute for net income or as a better indicator of our operating performance than measures that are presented in accordance with GAAP.

Combined cash balances (cash and cash equivalents plus short-term investments) totaled \$161.4 million at the end of the third quarter of 2010, an increase of \$20.1 million from the end of the prior quarter. Cash provided from operations totaled approximately \$30.7 million for the third quarter of 2010. This compares to \$36.0 million for the second quarter of 2010 and \$4.6 million for the third quarter of 2009.

### Revenue by Segment

In thousands of US dollars

	Three Months Ended		
	Successor		Predecessor
	3Q 10	2Q 10	3Q 09
Semiconductor Manufacturing Services	\$ 113,171	\$ 101,564	\$ 76,354
Display Solutions	77,989	80,584	75,588
Power Solutions	17,801	12,040	3,812
Other	487	512	873
Total Revenue	\$ 209,448	\$ 194,700	\$ 156,627

### Non-GAAP Metrics

Adjusted EBITDA excludes charges related to depreciation and amortization associated with continuing operations, interest expense, income tax expense (benefit), restructuring and impairment activities, other restructuring charges, reorganization items, inventory step-up, equity-based compensation, foreign currency loss (gain) and derivative valuation loss (gain). Adjusted net income (loss) excludes charges related to restructuring and impairment, other restructuring charges, reorganization items, inventory step-up equity-based compensation, amortization of intangible assets associated with continuing operations, foreign currency loss (gain) and derivative valuation loss (gain). A reconciliation of GAAP results to non-GAAP results is included following the financial statements below.

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## **Conference Call**

MagnaChip Semiconductor will host a teleconference at 11 a.m. PDT today to discuss the third quarter 2010 financial results. The conference call will be webcast live and can also be monitored by dialing 1-866-776-2061 in the U.S. or 1-706-679-0298 for all other locations. The conference ID number is 17066059 and participants are encouraged to initiate their calls at least 10 minutes in advance of the 11 a.m. PDT start time to ensure a timely connection. The webcast can be accessed at [www.magnachip.com](http://www.magnachip.com) and will be archived for one year.

A replay of the conference call will be available the same day and will run for 72 hours. The replay access numbers are 1-800-642-1687 and 1-706-645-9291. The access code is 17066059.

## **About MagnaChip Semiconductor**

Headquartered in South Korea, MagnaChip Semiconductor is a Korea-based designer and manufacturer of analog and mixed-signal semiconductor products for high volume consumer applications. MagnaChip Semiconductor believes it has one of the broadest and deepest range of analog and mixed-signal semiconductor platforms in the industry, supported by its 30-year operating history, a large portfolio of registered and pending patents and extensive engineering and manufacturing process expertise. For more information, please visit [www.magnachip.com](http://www.magnachip.com). Information on or accessible through, MagnaChip Semiconductor's website is not a part of, and is not incorporated into, this release.

## **Safe Harbor for Forward-Looking Statements**

Information in this release regarding MagnaChip Semiconductor's forecasts, business outlook, expectations and beliefs are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties. These statements include statements about our ability to capitalize on improving market dynamics and future operating and financial performance including fourth quarter 2010 revenues. All forward-looking statements included in this release are based upon information available to MagnaChip Semiconductor as of the date of this release, which may change, and we assume no obligation to update any such forward-looking statements. These statements are not guarantees of future performance and actual results could differ materially from our current expectations. Factors that could cause or contribute to such differences include general economic conditions, the impact of competitive products and pricing, timely design acceptance by our customers, timely introduction of new products and technologies, ability to ramp new products into volume production, industry wide shifts in supply and demand for semiconductor products, industry and/or company overcapacity, effective and cost efficient utilization of manufacturing capacity, financial stability in foreign markets and the impact of foreign exchange rates, unanticipated costs and expenses or the inability to identify expenses which can be eliminated, compliance with U.S. and international trade and export laws and regulations by us and our distributors, and other risks detailed from time to time in MagnaChip Semiconductor's filings with the SEC, including our Form 10-Q filed on September 3, 2010, and subsequent registration statements, amendments or other reports that we may file from time to time with the SEC and/or make available on our website. MagnaChip Semiconductor assumes no obligation and does not intend to update the forward-looking statements provided, whether as a result of new information, future events or otherwise.

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**MAGNACHIP SEMICONDUCTOR LLC AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(In thousands of US dollars, except unit data)  
(Unaudited)

	Three Months Ended		
	Successor	Predecessor	
	September 30, 2010	June 30, 2010	September 27, 2009
Net sales	\$ 209,448	\$ 194,700	\$ 156,627
Cost of sales	140,133	130,166	104,465
Gross profit	69,315	64,534	52,162
Gross profit %	33.1%	33.1%	33.3%
Selling, general and administrative expenses	16,202	15,964	17,175
Research and development expenses	23,119	20,543	17,704
Restructuring and impairment charges	442	267	—
Operating income from continuing operations	29,552	27,760	17,283
Other income (expenses)			
Interest expense, net	(7,312)	(6,557)	(2,642)
Foreign currency gain (loss), net	41,400	(48,273)	45,449
Reorganization items, net	—	—	(4,135)
Others	312	(950)	—
	34,400	(55,780)	38,672
Income (loss) from continuing operations before income taxes	63,952	(28,020)	55,955
Income tax expenses	2,457	2,727	2,434
Income (loss) from continuing operations	61,495	(30,747)	53,521
Income from discontinued operations, net of taxes	—	—	8,916
Net income (loss)	\$ 61,495	\$ (30,747)	\$ 62,437
Income (loss) from continuing operations attributable to common units	\$ 61,495	\$ (30,747)	\$ 53,521
Net income (loss) attributable to common units	\$ 61,495	\$ (30,747)	\$ 62,437
Earnings (loss) per common unit from continuing operations—Basic and diluted	\$ 0.20	\$ (0.10)	\$ 1.01
Earnings (loss) per common unit from discontinued operations—Basic and diluted	\$ —	\$ —	\$ 0.17
Earnings (loss) per common unit—Basic and diluted	\$ 0.20	\$ (0.10)	\$ 1.18
Weighted average number of units—Basic	302,558,556	302,558,556	52,923,483
Weighted average number of units—Diluted	313,604,679	302,558,556	52,923,483

**MAGNACHIP SEMICONDUCTOR LLC AND SUBSIDIARIES**  
**RECONCILIATION OF NET INCOME (LOSS) TO ADJUSTED EBITDA AND ADJUSTED NET INCOME (LOSS)**  
(In thousands of US dollars, except unit data)  
(Unaudited)

	Three Months Ended		
	Successor		Predecessor
	September 30, 2010	June 30, 2010	September 27, 2009
Net income (loss)	\$ 61,495	\$(30,747)	\$ 62,437
Less: Income from discontinued operations, net of taxes	—	—	8,916
Income (loss) from continuing operations	61,495	(30,747)	53,521
Adjustments:			
Depreciation and amortization associated with continuing operations	14,347	14,508	11,887
Interest expense, net	7,312	6,557	2,642
Income tax expenses	2,457	2,727	2,434
Restructuring and impairment charges	442	267	—
Other restructuring charges	—	—	5,306
Reorganization items, net	—	—	4,135
Equity-based compensation expense	1,320	1,279	51
Foreign currency (gain) loss, net	(41,400)	48,273	(45,449)
Derivative valuation (gain) loss, net	(312)	950	—
Adjusted EBITDA	<u>\$ 45,661</u>	<u>\$ 43,814</u>	<u>\$ 34,527</u>
Adjusted EBITDA per Common Unit:			
- Basic and diluted	0.15	0.14	0.65
Net income (loss)	\$ 61,495	\$(30,747)	\$ 62,437
Less: Income from discontinued operations, net of taxes	—	—	8,916
Income (loss) from continuing operations	61,495	\$(30,747)	53,521
Adjustments:			
Restructuring and impairment charges	442	267	—
Other restructuring charges	—	—	5,306
Reorganization items, net	—	—	4,135
Equity based compensation expense	1,320	1,279	51
Amortization of intangibles associated with continuing operations	4,681	5,718	2,817
Foreign currency (gain) loss, net	(41,400)	48,273	(45,449)
Derivative valuation (gain) loss, net	(312)	950	—
Adjusted Net Income	<u>\$ 26,226</u>	<u>\$ 25,740</u>	<u>\$ 20,381</u>
Adjusted Net Income per Common Unit:			
- Basic	\$ 0.09	\$ 0.09	\$ 0.39
- Diluted	0.08	0.08	0.39

We define Adjusted EBITDA as net income (loss) less income (loss) from discontinued operations, net of taxes, adjusted to exclude (i) depreciation and amortization associated with continuing operations, (ii) interest expense, net, (iii) income tax expense, (iv) restructuring and impairment charges, (v) other restructuring charges, (vi) abandoned IPO expenses, (vii) subcontractor claim settlement, (viii) reorganization items, net, (ix) the increase in cost of sales resulting from the fresh-start accounting inventory step-up, (x) equity-based compensation expense, (xi) foreign currency gain (loss), net, and (xii) derivative valuation loss(gain), net.

We present Adjusted Net Income as a further supplemental measure of our performance. We prepare Adjusted Net Income by adjusting net income (loss) to eliminate the impact of a number of non-cash expenses and other items that may be either one time or recurring that we do not consider to be indicative of our core ongoing operating performance. We believe that Adjusted Net Income is particularly useful because it reflects the impact of our asset base and capital structure on our operating performance.

**MAGNACHIP SEMICONDUCTOR LLC AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(In thousands of US dollars, except unit data)  
(Unaudited)

	Successor	
	September 30, 2010	December 31, 2009
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 161,429	\$ 64,925
Accounts receivable, net	136,945	74,233
Inventories, net	65,029	63,407
Other receivables	4,476	3,433
Prepaid expenses	10,375	12,625
Other current assets	<u>17,327</u>	<u>3,433</u>
Total current assets	<u>395,581</u>	<u>222,056</u>
Property, plant and equipment, net	175,393	156,337
Intangible assets, net	31,500	50,158
Long-term prepaid expenses	9,685	10,542
Other non-current assets	<u>22,135</u>	<u>14,238</u>
Total assets	<u>\$ 634,294</u>	<u>\$ 453,331</u>
<b>Liabilities and Unitholders' Equity</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 71,958	\$ 59,705
Other accounts payable	12,987	7,190
Accrued expenses	48,012	22,114
Current portion of long-term debt	—	618
Obligation under capital lease	5,222	—
Other current liabilities	<u>5,235</u>	<u>3,937</u>
Total current liabilities	143,414	93,564
Long-term borrowings	246,814	61,132
Obligation under capital lease	4,270	—
Accrued severance benefits, net	84,943	72,409
Other non-current liabilities	<u>7,748</u>	<u>10,536</u>
Total liabilities	<u>487,189</u>	<u>237,641</u>
<b>Commitments and contingencies</b>		
<b>Unitholders' equity</b>		
Common units, no par value, 375,000,000 units authorized, 307,215,516 and 307,083,996 units issued and outstanding at September 30, 2010 and December 31, 2009, respectively	55,453	55,135
Additional paid-in capital	39,887	168,700
Retained earnings (accumulated deficit)	59,886	(1,963)
Accumulated other comprehensive loss	<u>(8,121)</u>	<u>(6,182)</u>
Total unitholders' equity	<u>147,105</u>	<u>215,690</u>
Total liabilities and unitholders' equity	<u>\$ 634,294</u>	<u>\$ 453,331</u>

**MAGNACHIP SEMICONDUCTOR LLC AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In thousands of US dollars)  
(Unaudited)

	Nine Months Ended	
	Successor September 30, 2010	Predecessor September 27, 2009
<b>Cash flows from operating activities</b>		
Net income	\$ 61,849	\$ 20,357
Adjustments to reconcile net income (loss) to net cash provided by operating activities		
Depreciation and amortization	44,332	34,608
Provision for severance benefits	15,123	7,831
Amortization of debt issuance costs	687	756
Gain on foreign currency translation, net	(16,704)	(36,182)
Loss (gain) on disposal of property, plant and equipment, net	(7)	84
Loss (gain) on disposal of intangible assets, net	9	(9,139)
Restructuring and impairment charges	1,045	—
Unit-based compensation	4,072	219
Cash used for reorganization items	1,573	2
Noncash reorganization items	—	4,473
Other	951	1,997
Changes in operating assets and liabilities		
Accounts receivable	(61,771)	(17,961)
Inventories	193	(1,878)
Other receivables	(1,229)	(455)
Deferred tax assets	1,133	1,874
Accounts payable	10,400	6,686
Other accounts payable	6,332	(11,534)
Accrued expenses	22,094	27,550
Long term other payable	(1,606)	454
Other current assets	(221)	4,873
Other current liabilities	516	60
Payment of severance benefits	(4,707)	(4,085)
Other	(864)	(476)
Net cash provided by operating activities before reorganization items	<u>83,200</u>	<u>30,114</u>
Cash used for reorganization items	<u>(1,573)</u>	<u>(2)</u>
Net cash provided by operating activities	<u>81,627</u>	<u>30,112</u>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of plant, property and equipment	10	299
Proceeds from disposal of intangible assets	—	9,283
Purchase of plant, property and equipment	(29,739)	(7,270)
Payment for intellectual property registration	(437)	(317)
Increase in restricted cash	—	(34,067)
Decrease (increase) in short-term financial instruments	329	(326)
Decrease in guarantee deposits	1,011	632
Other	(807)	(25)
Net cash used in investing activities	<u>(29,633)</u>	<u>(31,791)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of senior notes	246,685	—
Debt issuance costs paid	(8,313)	—
Repayment of long-term debt	(61,750)	—
Repayment of obligation under capital lease	(1,812)	—
Distribution to unitholders	(130,697)	—
Net cash provided by financing activities	<u>44,113</u>	<u>—</u>
Effect of exchange rates on cash and cash equivalents	397	3,047
Net increase in cash and cash equivalents	<u>96,504</u>	<u>1,368</u>
<b>Cash and cash equivalents</b>		
Beginning of the period	64,925	4,037
End of the period	<u>\$ 161,429</u>	<u>\$ 5,405</u>

