

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 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): July 18, 2008

MAGNACHIP SEMICONDUCTOR LLC

(Exact name of Registrant as specified in its charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

333-126019-09
(Commission
File Number)

83-0406195
(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

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))

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 quarter ended June 29, 2008, as presented in a press release dated July 18, 2008.

Item 9.01. Financial Statements and Exhibits.**(c) 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 July 18, 2008, announcing the results for the second quarter ended June 29, 2008. |

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: July 18, 2008

By: /s/ Robert Krakauer

Robert Krakauer
President and Chief Financial Officer

Exhibit Index

| <u>Exhibit No.</u> | <u>Description</u> |
|---------------------------|---|
| 99.1 | Press release for MagnaChip Semiconductor LLC dated July 18, 2008, announcing the results for the second quarter ended June 29, 2008. |



*MagnaChip Semiconductor Reports
Second Quarter Results*

Seoul, South Korea, July 18, 2008 – MagnaChip Semiconductor today announced results for the second quarter ended June 29, 2008.

Revenue for the three months ended June 29, 2008 was \$194.7 million, compared to \$194.1 million in the second quarter of 2007.

Sang Park, Chairman and CEO of MagnaChip Semiconductor, commented, “Despite challenging market conditions in Q2, revenue came in at \$194.7 million, a slight increase as compared to the second quarter of 2007. We achieved this result even though demand was lower than expected as our customers tightened their inventory control due to the current uncertain economic environment. We recorded our first revenues in our power solutions business, which we launched less than one year ago. In our display and imaging solutions business we continued to launch new products, such as display driver ICs for mid-sized panels, and in our SMS business, we added new accounts and specialty technologies. Overall, we are confident with our progress and trajectory as we enter the second half of 2008.”

Gross margin was \$49.2 million or 25.2% of revenue for the quarter ended June 29, 2008, compared to \$27.8 million or 14.3% of revenue for the second quarter of 2007.

Operating expenses for the second quarter of 2008 were \$58.5 million or 30.1% of revenue, compared to \$70.1 million or 36.1% of revenue for the second quarter of 2007 which included \$13.4 million special charges. Excluding special charges, operating expenses for the second quarter of 2007 were \$56.8 million or 29.3% of revenue.

Operating loss was \$9.4 million during the second quarter, compared to an operating loss of \$42.4 million in the prior year quarter.

Net interest expense for the second quarter of 2008 was \$15.8 million, compared to \$15.0 million in the second quarter of 2007.

Net loss for the three months ended June 29, 2008 was \$59.6 million, compared to a net loss of \$45.3 million in the second quarter of 2007. The net loss results were negatively impacted by a foreign currency loss of \$31.1 million in the second quarter of 2008, compared to a foreign currency gain of \$13.9 million in the second quarter of 2007. A substantial portion of this net foreign currency loss resulted from a non-cash translation loss recorded for intercompany borrowings at our Korea subsidiary that are denominated in U.S. dollars.

Robert Krakauer, President and CFO of MagnaChip Semiconductor, said, “We continued to make progress in the second quarter of 2008. In spite of the tough environment, we recorded a gross margin of over 25%, and we remain focused on improving profitability as a corporate priority. Though our markets continue to be slower than expected, we believe our new products and customer relationships position us well for performance improvement throughout 2008.”

Investor Conference Call / Webcast Details

MagnaChip will report full results for the second quarter 2008 on Friday, July 18, 2008 at 10:00 a.m. in New York (11:00 p.m., Friday, July 18, 2008 in Seoul). The conference call will be available at www.magnachip.com and by telephone at +1-201-689-8560. A replay of the call will be available in two hours after the call through 11.59pm on Thursday, July 24, 2008 in New York (1 p.m. on Friday, July 25, 2008 in Seoul) at www.magnachip.com and by telephone at +1-201-612-7415. The account number to access the replay is 3055 and the conference ID number is 289147, respectively.

About MagnaChip Semiconductor

Headquartered in Seoul, South Korea, MagnaChip Semiconductor is a leading, Asia-based designer and manufacturer of analog and mixed-signal semiconductor products for high volume consumer applications, such as mobile phones, digital televisions, flat panel displays, notebook computers, mobile multimedia devices and digital cameras. The Company has a broad range of analog and mixed-signal semiconductor technology, supported by its 29-year operating history, large portfolio of registered and pending patents and extensive engineering and manufacturing process expertise. For more information, visit www.magnachip.com.

Forward-Looking Statements:

Certain statements contained in this press release contain forward-looking statements regarding MagnaChip Semiconductor's operations, economic performance and financial condition. Although MagnaChip Semiconductor believes that the expectations reflected in these statements are reasonable, no assurance can be given that such expectations will prove to have been correct as a result of many factors, including those described in our annual report on Form 10-K for the year ended December 31, 2007, which was filed with the Securities and Exchange Commission on March 31, 2008.

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MagnaChip Semiconductor
Condensed Consolidated Statements of Operations
(In thousands of U.S. Dollars, except per unit data)
(Unaudited)

| | <u>Three months ended</u> | |
|--|---------------------------|-------------------------|
| | <u>June 29, 2008</u> | <u>July 1, 2007</u> |
| Net sales | \$194,676 | \$194,053 |
| Cost of sales | 145,522 | 166,299 |
| Gross profit | 49,154 | 27,754 |
| Operating expenses: | | |
| Selling, general and administrative | 23,010 | 25,531 |
| Research and development | 35,494 | 32,534 |
| Restructuring and impairment charges | — | 12,084 |
| Operating loss | (9,350) | (42,395) |
| Other income (expenses): | | |
| Interest expenses, net | (15,816) | (14,952) |
| Foreign currency gain (loss), net | (31,149) | 13,868 |
| Loss before income taxes | (56,315) | (43,479) |
| Income tax expenses | 3,278 | 1,845 |
| Net loss | <u>\$ (59,593)</u> | <u>\$ (45,324)</u> |
| Dividends accrued on preferred units | 3,281 | 2,983 |
| Net loss attributable to common units | <u>\$ (62,874)</u> | <u>\$ (48,307)</u> |
| Net loss per common unit Basic and Diluted | \$ (1.19) | \$ (0.92) |
| Common units used in per common unit calculation: Basic and Diluted (in thousands) | 52,737 | 52,773 |
| <u>Key Ratios & Information:</u> | | |
| Gross Margin | 25.2% | 14.3% |
| Operating Expenses as a % of Revenue | 30.1% | 36.1% |
| Operating Margin | (4.8%) | (21.8%) |
| Depreciation & Amortization Expense | 20,605 | 46,032 |
| Capital Expenditures | 11,121 | 16,612 |

MagnaChip Semiconductor
Condensed Consolidated Balance Sheets
(In thousands of US Dollars)
(Unaudited)

| | June 29, 2008 | December 31, 2007 |
|---|-------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 36,503 | \$ 64,345 |
| Accounts receivable, net | 149,212 | 123,789 |
| Inventories, net | 63,532 | 75,867 |
| Other current assets | 22,938 | 16,722 |
| Total current assets | 272,185 | 280,723 |
| Property, plant and equipment, net | 246,239 | 279,669 |
| Goodwill and intangible assets, net | 82,079 | 104,725 |
| Other non-current assets | 44,780 | 42,766 |
| Total assets | <u>\$ 645,283</u> | <u>\$ 707,883</u> |
| Liabilities & Unitholders' Equity | | |
| Current liabilities | | |
| Accounts and other payable | \$ 142,332 | \$ 120,638 |
| Short-term borrowings | 85,000 | 80,000 |
| Other current liabilities | 24,030 | 24,477 |
| Total current liabilities | 251,362 | 225,115 |
| Long-term borrowings | 750,000 | 750,000 |
| Other non-current liabilities | 83,568 | 80,842 |
| Total liabilities | 1,084,930 | 1,055,957 |
| Redeemable convertible preferred units | 135,804 | 129,405 |
| Unitholders' equity | (575,451) | (477,479) |
| Total liabilities, redeemable convertible preferred units and unitholders' equity | <u>\$ 645,283</u> | <u>\$ 707,883</u> |

MagnaChip Semiconductor
Condensed Consolidated Statements of Cash Flows
(In thousands of US Dollars)
(Unaudited)

| | Six Months Ended | |
|--|--------------------------|-------------------------|
| | June 29, 2008 | July 1, 2007 |
| Cash flows from operating activities | | |
| Net loss | \$(127,490) | \$(112,306) |
| Adjustments to reconcile net loss to net cash used in operating activities | | |
| Depreciation and amortization | 41,882 | 89,974 |
| Provision for severance benefits | 6,890 | 9,379 |
| (Gain) loss on foreign currency translation, net | 73,078 | (6,326) |
| Impairment of long-term assets | — | 10,106 |
| Changes in accounts and other receivable | (37,012) | (40,853) |
| Changes in inventories | 5,142 | (13,237) |
| Changes in accounts and other payable | 24,822 | 10,722 |
| Changes in accrued expenses | 3,658 | 392 |
| Other | (5,900) | 2,182 |
| Net cash used in operating activities | <u>(14,930)</u> | <u>(49,967)</u> |
| Cash flows from investing activities | | |
| Capital expenditures | (21,191) | (24,960) |
| Other | 3,256 | 834 |
| Net cash used in investing activities | <u>(17,935)</u> | <u>(24,126)</u> |
| Cash flows from financing activities | | |
| Exercise of unit options | 172 | 80 |
| Repurchase of common units | (496) | — |
| Proceeds from short-term borrowings | 155,000 | 40,000 |
| Repayment of short-term borrowings | (150,000) | — |
| Net cash provided by financing activities | <u>4,676</u> | <u>40,080</u> |
| Effect of exchange rates on cash and cash equivalents | 347 | (426) |
| Net decrease in cash and cash equivalents | <u>(27,842)</u> | <u>(34,439)</u> |
| Cash and cash equivalents | | |
| Beginning of the period | 64,345 | 89,173 |
| End of the period | <u>\$ 36,503</u> | <u>\$ 54,734</u> |