

MAGNACHIP SEMICONDUCTOR LLC

Form 10-Q

November 04, 2010

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2010

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____.

Commission File Number: 333-168516-09

MagnaChip Semiconductor LLC

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

26-1815025
(I.R.S. Employer
Identification No.)

c/o MagnaChip Semiconductor S.A.

74, rue de Merl, B.P. 709 L-2146

Luxembourg R.C.S.

Luxembourg B97483

(352) 45-62-62

(Address, zip code, and telephone number, including area code, of registrant's principal executive offices)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

As of October 31, 2010, the registrant had 307,215,516 common units outstanding.

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MAGNACHIP SEMICONDUCTOR LLC AND SUBSIDIARIES

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

	September 30, 2010	Successor December 31, 2009
Assets		
Current assets		
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	17,327	3,433
Total current assets	395,581	222,056
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	22,135	14,238
Total assets	\$ 634,294	\$ 453,331
Liabilities and Unitholders Equity		
Current liabilities		
Accounts payable	\$ 71,958	\$ 59,705
Other accounts payable	12,987	7,190
Accrued expenses	48,012	22,114
Current portion of long-term borrowings		618
Current portion of capital lease obligations	5,222	
Other current liabilities	5,235	3,937
Total current liabilities	143,414	93,564
Long-term borrowings, net	246,814	61,132
Long-term obligations under capital lease	4,270	
Accrued severance benefits, net	84,943	72,409
Other non-current liabilities	7,748	10,536
Total liabilities	487,189	237,641
Commitments and contingencies		
Unitholders equity		

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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	(8,121)	(6,182)
Total unitholders' equity	147,105	215,690
Total liabilities and unitholders' equity	\$ 634,294	\$ 453,331

The accompanying notes are an integral part of these consolidated financial statements

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	Successor		Predecessor	
	Three Months Ended September 30, 2010	Nine Months Ended	Three Months Ended September 27, 2009	Nine Months Ended
Net sales	\$ 209,448	\$ 583,633	\$ 156,627	\$ 397,779
Cost of sales	140,133	400,426	104,465	276,387
Gross profit	69,315	183,207	52,162	121,392
Selling, general and administrative expenses	16,202	50,074	17,175	50,811
Research and development expenses	23,119	64,193	17,704	50,932
Restructuring and impairment charges	442	1,045		439
Operating income from continuing operations	29,552	67,895	17,283	19,210
Other income (expenses)				
Interest expense, net	(7,312)	(15,918)	(2,642)	(30,133)
Foreign currency gain, net	41,400	14,743	45,449	36,029
Reorganization items, net			(4,135)	(4,475)
Others	312	(690)		
	34,400	(1,865)	38,672	1,421
Income from continuing operations before income taxes	63,952	66,030	55,955	20,631
Income tax expenses	2,457	4,181	2,434	7,439
Income from continuing operations	61,495	61,849	53,521	13,192
Income from discontinued operations, net of taxes			8,916	7,165
Net income	\$ 61,495	\$ 61,849	\$ 62,437	\$ 20,357
Dividends accrued on preferred units				6,317
Income from continuing operations attributable to common units	\$ 61,495	\$ 61,849	\$ 53,521	\$ 6,875
Net income attributable to common units	\$ 61,495	\$ 61,849	\$ 62,437	\$ 14,040
Earnings per common unit from continuing operations				
- Basic and diluted	\$ 0.20	\$ 0.20	\$ 1.01	\$ 0.13
Earnings per common unit from discontinued operation				
- Basic and diluted	\$	\$	\$ 0.17	\$ 0.14

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Earnings per common unit Basic and diluted	\$	0.20	\$	0.20	\$	1.18	\$	0.27
Weighted average number of units Basic		302,558,556		302,520,644		52,923,483		52,923,483
Weighted average number of units Diluted								