

MagnaChip Semiconductor, Inc. (California)
Form POS AM
February 18, 2011
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As filed with the Securities and Exchange Commission on February 18, 2011

Registration No. 333-168790

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Post-Effective Amendment No. 1 to
Form S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

MAGNACHIP SEMICONDUCTOR S.A.

(Exact name of Registrant as specified in its charter)

Luxembourg
(State or other jurisdiction of
incorporation or organization)

3674
(Primary Standard Industrial
Classification Code Number)
74, rue de Merl

Not Applicable
(I.R.S. Employer
Identification No.)

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B.P. 709 L-2146 Luxembourg R.C.S.

Luxembourg, B97483

(352) 45-62-62

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

MAGNACHIP SEMICONDUCTOR FINANCE COMPANY

(Exact name of Registrant as specified in its charter)

| | | |
|--|--|--|
| Delaware (State or other jurisdiction of incorporation or organization) | 3674 (Primary Standard Industrial Classification Code Number) c/o MagnaChip Semiconductor S.A. | 84-1664144 (I.R.S. Employer Identification No.) |
| | 74, rue de Merl | |
| | B.P. 709 L-2146 Luxembourg R.C.S. | |
| | Luxembourg, B97483 | |
| | (352) 45-62-62 | |

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

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See Table of Additional Registrants Below

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Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after this registration statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

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EXPLANATORY NOTE

This post-effective amendment is being prepared in anticipation of our corporate conversion, which will require this post-effective amendment be filed and declared effective pursuant to Rule 414 under the Securities Act. This post-effective amendment includes our financial statements for the year ended December 31, 2010 and updates the registration statement and the disclosure in the prospectus included therein as of December 31, 2010 or the most current date practicable, as appropriate. Following the corporate conversion described below, we plan to file a pre-effective amendment to this post-effective amendment, with any necessary updates for our parent's successor, MagnaChip Semiconductor Corporation, to expressly adopt these financial statements as its own in compliance with Rule 414(d).

MagnaChip Semiconductor LLC, one of the registrants in this offering, filed a registration statement on Form S-1 with the SEC on March 15, 2010, as amended, with respect to the initial public offering of the common stock of MagnaChip Semiconductor Corporation, successor corporation to MagnaChip Semiconductor LLC, which we refer to as the MagnaChip Corporation IPO. Prior to the effectiveness of the registration statement filed with the SEC for the MagnaChip Corporation IPO, we will complete a number of transactions pursuant to which MagnaChip Semiconductor Corporation will succeed to the business of MagnaChip Semiconductor LLC and its consolidated subsidiaries, the members of MagnaChip Semiconductor LLC will become stockholders of MagnaChip Semiconductor Corporation and all of the outstanding options and warrants to purchase common units of MagnaChip Semiconductor LLC will be automatically converted into options and warrants to purchase shares of MagnaChip Semiconductor Corporation's common stock. We refer to such transactions in the prospectus contained in this registration statement as the corporate conversion.

The prospectus contained in this registration statement is presented after giving effect to the corporate conversion, which will occur prior to the time we intend on filing a pre-effective amendment to this post-effective amendment whereby MagnaChip Semiconductor Corporation will adopt the filing in accordance with Rule 414.

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Subject to Completion, Dated February 18, 2011

PROSPECTUS

MagnaChip Semiconductor S.A.

MagnaChip Semiconductor Finance Company

10.500% Senior Notes due 2018 and related Guarantees

This prospectus covers resales by certain holders of up to \$35,000,000 in principal amount of the 10.500% Senior Notes due 2018 issued by MagnaChip Semiconductor S.A. and MagnaChip Semiconductor Finance Company on April 9, 2010, which may be offered from time to time by the selling noteholders. We refer to the 10.500% Senior Notes due 2018, together with the related guarantees, offered in this prospectus collectively as the notes.

The notes mature on April 15, 2018. Interest on the notes is payable on April 15 and October 15 of each year and accrues at a rate of 10.500% per annum. At any time prior to April 15, 2013, the issuers have the option on any one or more occasions to redeem up to 35% of the notes with proceeds of certain equity offerings at the redemption price set forth in this prospectus. In addition, at any time prior to April 15, 2014, the issuers have the option on any one or more occasions to redeem all or a portion of the notes at a price equal to 100% of the principal amount of the notes redeemed, plus a make whole premium and accrued and unpaid interest and Special Interest, if any. On or after April 15, 2014, the issuers have the option to redeem all or a portion of the notes at the redemption prices set forth in this prospectus. The issuers have the option to redeem all of the notes at the redemption price set forth in this prospectus if they become obligated to pay additional amounts in respect of withholding for taxes as a result of specified changes in relevant law, subject to certain limitations. Upon certain change of control events or asset sales, each holder of the notes may require the issuers to repurchase all or a part of their notes at the price set forth in this prospectus.

The issuers' obligations under the notes are fully and unconditionally guaranteed, jointly and severally by MagnaChip Semiconductor Corporation and certain of its current and future subsidiaries. The notes are unsecured obligations. The notes and the guarantees are effectively subordinated in right of payment to all secured obligations of the issuers and the guarantors to the extent of the value of the collateral securing such indebtedness. The notes are also effectively junior in right of payment to all obligations and other liabilities (including trade payables) of any subsidiaries of MagnaChip Semiconductor Corporation that are not guarantors of the notes. See Description of Notes The Note Guarantees.

The issuers have not, and do not intend to apply, for listing of the notes on any national securities exchange or automated quotation system.

We will not receive any proceeds from the resale of the notes hereunder. The selling noteholders may offer some or all of the notes through public or private transactions, at market prices prevailing at the time of the sale, at prices related to those prevailing prices, at negotiated prices or at fixed prices. We are contractually obligated to pay all registration expenses, with certain limitations, incurred in connection with this offering.

See Risk Factors beginning on page 18 for a discussion of risks that should be considered before buying the notes offered hereunder.

Neither the Securities and Exchange Commission nor any state securities commission nor any other regulatory body has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is _____, 2011.

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IF IT IS AGAINST THE LAW IN ANY STATE OR OTHER JURISDICTION TO MAKE AN OFFER TO SELL THE NOTES OR TO SOLICIT AN OFFER FROM SOMEONE TO BUY THE NOTES REGISTERED PURSUANT TO THE REGISTRATION STATEMENT OF WHICH THIS PROSPECTUS FORMS A PART, THEN THIS PROSPECTUS DOES NOT APPLY TO ANY PERSON IN THAT STATE OR OTHER JURISDICTION, AND NO OFFER OR SOLICITATION IS MADE BY THIS PROSPECTUS TO ANY SUCH PERSON.

NOTICE TO PROSPECTIVE PURCHASERS IN NEW HAMPSHIRE: Neither the fact that a registration statement or an application for a license has been filed under this chapter with the state of New Hampshire nor the fact that a security is effectively registered or a person is licensed in the state of New Hampshire constitutes a finding by the secretary of state that any document filed under RSA 421-B is true, complete and not misleading. Neither any such fact nor the fact that an exemption or exception is available for a security or a transaction means that the secretary of state has passed in any way upon the merits or qualifications of, or recommended or given approval to, any person, security, or transaction. It is unlawful to make, or cause to be made, to any prospective purchaser, customer, or client any representation inconsistent with the provisions of this paragraph.

Potential investors who reside in any jurisdiction within the United States should carefully read **Plan of Distribution-State Blue Sky Information** beginning on page 214 for details regarding the minimum suitability standards that must be met for a potential investor to make an investment in the notes in their state of residence.

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No dealer, salesperson or other person has been authorized to give any information or to represent anything not contained in this prospectus. You must not rely on any unauthorized information or representations. This prospectus is an offer to sell only the securities offered by this prospectus, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is current only as of its date.

This prospectus is part of a registration statement on Form S-1 filed with the Securities and Exchange Commission, or SEC, under the Securities Act and does not contain all of the information contained in the registration statement. This information is available without charge upon written or oral request. See [Where you can find more information](#).

MagnaChip is a registered trademark of us and our subsidiaries and MagnaChip Everywhere is our registered service mark. An application for United States trademark registration of MagnaChip Everywhere is pending. All other product, service and company names mentioned in this prospectus are the service marks or trademarks of their respective owners.

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PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. This summary does not contain all of the information that you should consider before deciding to purchase the notes offered hereunder. You should read this entire prospectus carefully, including the Risk Factors and Management's Discussion and Analysis of Financial Condition and Results of Operations sections contained in this prospectus and our consolidated financial statements before making an investment decision.

In this prospectus, unless the context otherwise requires:

MagnaChip, we, us, our and Our Company refer collectively to MagnaChip Semiconductor Corporation, the parent company of our consolidated group, MagnaChip Semiconductor S.A. and MagnaChip Semiconductor Finance Company, the co-issuers of the notes being offered hereby, and their respective subsidiaries on a consolidated basis.

MagnaChip Semiconductor LLC refers to the limited liability company that was converted into MagnaChip Semiconductor Corporation in the corporate conversion.

MagnaChip Korea refers to MagnaChip Semiconductor, Ltd., our principal operating subsidiary.

Korea refers to the Republic of Korea or South Korea.

Neither of the co-issuers has any material operations and the financial statements and other financial information, as well as Management's Discussion and Analysis of Financial Condition and Results of Operations, contained in this prospectus relate to the consolidated financial statements and other consolidated information of MagnaChip. For this reason, the description of our business operations elsewhere relates to the operations of our consolidated group.

Overview

MagnaChip is a Korea-based designer and manufacturer of analog and mixed-signal semiconductor products for high-volume consumer applications. We believe we have one of the broadest and deepest analog and mixed-signal semiconductor technology platforms in the industry, supported by our 30-year operating history, large portfolio of approximately 2,730 novel registered patents and 760 pending novel patent applications, and extensive engineering and manufacturing process expertise. Our business is comprised of three key segments: Display Solutions, Power Solutions and Semiconductor Manufacturing Services. Our Display Solutions products include display drivers that cover a wide range of flat panel displays and mobile multimedia devices. Our Power Solutions products include discrete and integrated circuit solutions for power management in high-volume consumer applications. Our Semiconductor Manufacturing Services segment provides specialty analog and mixed-signal foundry services for fabless semiconductor companies that serve the consumer, computing and wireless end markets.

Our wide variety of analog and mixed-signal semiconductor products and manufacturing services combined with our deep technology platform allows us to address multiple high-growth end markets and to rapidly develop and introduce new products and services in response to market demands. Our substantial manufacturing operations in Korea and design centers in Korea and Japan place us at the core of the global consumer electronics supply chain. We believe this enables us to quickly and efficiently respond to our customers' needs and allows us to better service and capture additional demand from existing and new customers.

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We have a long history of supplying and collaborating on product and technology development with leading innovators in the consumer electronics market. As a result, we have been able to strengthen our technology platform and develop products and services that are in high demand by our customers and end consumers. We sold over 2,400 and 2,300 distinct products to over 500 and 185 customers for the year ended December 31, 2010 and combined twelve-month period ended December 31, 2009, respectively, with a substantial portion of our revenues derived from a concentrated number of customers. The increase in number of customers is due to the continuing growth of our Power Solutions business. Our largest semiconductor manufacturing services customers include some of the fastest growing and leading semiconductor companies that design analog and mixed-signal products for the consumer, computing and wireless end markets.

Our business is largely driven by innovation in the consumer electronics markets and the growing adoption by consumers worldwide of electronic devices for use in their daily lives. The consumer electronics market is large and growing rapidly, largely due to consumers increasingly accessing a wide variety of available rich media content, such as high definition audio and video, mobile television and games on advanced consumer electronic devices. According to Gartner, production of liquid crystal display, or LCD televisions, smartphones, mobile personal computers, or PCs, and media tablets is expected to grow from 2010 to 2013 by a compound annual growth rate of 8%, 39%, 25%, and 99%, respectively. Electronics manufacturers are continuously implementing advanced technologies in new generations of electronic devices using analog and mixed-signal semiconductor components, such as display drivers that enable display of high resolution images, encoding and decoding devices that allow playback of high definition audio and video, and power management semiconductors that increase power efficiency, thereby reducing heat dissipation and extending battery life. According to iSuppli Corporation, in 2009, the display driver semiconductor market was \$6.2 billion and the power management semiconductor market was \$22.4 billion.

For the year ended December 31, 2010, we generated net sales of \$770.4 million, income from continuing operations of \$74.1 million, Adjusted EBITDA of \$157.9 million and Adjusted Net Income of \$89.2 million. See Prospectus Summary Summary Historical and Unaudited Pro Forma Consolidated Financial Data, beginning on page 48 for an explanation of our use of Adjusted EBITDA and Adjusted Net Income.

Our Products and Services

Our Display Solutions products include source and gate drivers and timing controllers that cover a wide range of flat panel displays used in LCD, light emitting diode, or LED, and 3D televisions and displays, mobile PCs and mobile communications and entertainment devices. Our display solutions support the industry's most advanced display technologies, such as low temperature polysilicon, or LTPS, and active matrix organic light emitting diode, or AMOLED, as well as high-volume display technologies such as thin film transistor, or TFT. Our Display Solutions business represented 39.7%, 50.5% and 50.5% of our net sales for the fiscal years ended December 31, 2010, 2009 (on a combined basis) and 2008, respectively.

We expanded our business and market opportunity by establishing our Power Solutions business in late 2007. We have introduced a number of products for power management applications, including metal oxide semiconductor field effect transistors, or MOSFETs, analog switches, LED drivers, DC-DC converters and linear regulators for a range of devices, including LCD and LED digital televisions, mobile phones, computers and other consumer electronics products. Our Power Solutions business represented 7.4%, 2.2% and 0.9% of our net sales for the fiscal years ended December 31, 2010, 2009 (on a combined basis) and 2008, respectively.

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We offer semiconductor manufacturing services to fabless analog and mixed-signal semiconductor companies that require differentiated, specialty analog and mixed-signal process technologies. We believe the majority of our top twenty semiconductor manufacturing services customers use us as their primary manufacturing source for the products that we manufacture for them. Our process technologies are optimized for analog and mixed-signal devices and include standard complementary metal-oxide semiconductor, or CMOS, high voltage CMOS, ultra-low leakage high voltage CMOS and bipolar complementary double-diffused metal oxide semiconductor, or BCDMOS, and electronically erasable programmable read only memory, or EEPROM. Our semiconductor manufacturing services customers use us to manufacture a wide range of products, including display drivers, LED drivers, audio encoding and decoding devices, microcontrollers, electronic tags and power management semiconductors. Our Semiconductor Manufacturing Services business represented 52.6%, 46.7% and 47.7% of our net sales for the fiscal years ended December 31, 2010, 2009 (on a combined basis) and 2008, respectively.

We manufacture all of our products at our three fabrication facilities located in Korea. We have approximately 240 proprietary process flows we can utilize for our products and offer to our semiconductor manufacturing services customers. Our manufacturing base serves both our display driver and power management businesses and semiconductor manufacturing services customers, allowing us to optimize our asset utilization and leverage our investments across our product and service offerings. Analog and mixed-signal manufacturing facilities and processes are typically distinguished by design and process implementation expertise rather than the use of the most advanced equipment. These processes also tend to migrate more slowly to smaller geometries due to technological barriers and increased costs. For example, some of our products use high-voltage technology that requires larger geometries and that may not migrate to smaller geometries for several years, if at all. As a result, our manufacturing base and strategy does not require substantial investment in leading edge process equipment, allowing us to utilize our facilities and equipment over an extended period of time with moderate required capital investments.

Our Competitive Strengths

We believe our strengths include:

Broad and advanced analog and mixed-signal semiconductor technology and intellectual property platform that allows us to develop new products and meet market demands quickly;

Established relationships and close collaboration with leading global consumer electronics companies, which enhance our visibility into new product opportunities, markets and technology trends;

Longstanding presence of our management, personnel and manufacturing base in Asia and proximity to our largest customers and to the core of the global consumer electronics supply chain, which allows us to respond rapidly and efficiently to our customers' needs;

Flexible, service-oriented culture and approach to customers;

Distinctive analog and mixed-signal process technology and manufacturing expertise; and

Manufacturing facilities with specialty processes and a low-cost operating structure, which allow us to maintain price competitiveness across our product and service offerings.

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Our Strategy

Our objective is to grow our business, our cash flow and profitability and to establish our position as a leading provider of analog and mixed-signal semiconductor products and services for high-volume markets. Our business strategy emphasizes the following key elements:

Leverage our advanced analog and mixed-signal technology platform to continuously innovate and deliver products with high levels of performance and integration, as well as to expand our technology offerings within our target markets, such as our power management products;

Increase business with our global customer base of leading consumer electronics original equipment manufacturers, or OEMs, and fabless companies by collaborating on critical design, product and manufacturing process development and leveraging our deep knowledge of customer needs;

Broaden our customer base by expanding our global design centers and local application engineering support and sales presence, particularly in China and other high-growth regions;

Aggressively grow our power management product portfolio business by introducing new products, expanding distribution and cross-selling products to our existing customers;

Drive execution excellence in new product development, manufacturing efficiency and quality, customer service and personnel development; and

Optimize asset utilization and return on capital investments by maintaining our focus on specialty process technologies that do not require substantial investment in leading edge process equipment and by utilizing our manufacturing facilities for both our display driver and power management businesses and manufacturing services customers.

Risks Related to Our Company

Investing in our company entails a high degree of risk, including those summarized below and those more fully described in the Risk Factors section beginning on page 18 of this prospectus.

We have a history of losses and may not be profitable in the future;

On June 12, 2009, we filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code and our plan of reorganization became effective on November 9, 2009;

The cyclical nature of the semiconductor industry may limit our ability to maintain or increase net sales and profit levels during industry downturns;

If we fail to develop new products and process technologies or enhance our existing products and services in order to react to rapid technological change and market demands, our business will suffer;

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A significant portion of our sales comes from a relatively limited number of customers and the loss of any of such customers or a significant decrease in sales to any of such customers would harm our revenue and gross profit; and

The average selling prices of our semiconductor products have at times declined rapidly and will likely do so in the future, which could harm our revenue and gross profit.

Corporate Information

MagnaChip Semiconductor Corporation is a Delaware corporation and parent guarantor of the notes. MagnaChip Semiconductor Corporation functions as a holding and financing company for other MagnaChip entities. On a stand-alone basis, MagnaChip Semiconductor Corporation does not have any independent operations.

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Prior to the effectiveness of the registration statement filed in connection with the MagnaChip Corporation IPO, MagnaChip Semiconductor Corporation converted from a Delaware limited liability company to a Delaware corporation. We refer to this as the corporate conversion. In connection with the corporate conversion, each common unit of MagnaChip Semiconductor LLC was converted into 0.125 shares of common stock of MagnaChip Semiconductor Corporation, the members of MagnaChip Semiconductor LLC became stockholders of MagnaChip Semiconductor Corporation and MagnaChip Semiconductor Corporation succeeded to the business of MagnaChip Semiconductor LLC and its consolidated subsidiaries. See [Corporate Conversion](#) for further information regarding the corporate conversion.

MagnaChip Semiconductor S.A., our Luxembourg subsidiary and one of the two co-issuers of the notes, is a Luxembourg public limited liability company (*société anonyme*). It functions as a financing company. On a stand-alone basis, MagnaChip Semiconductor S.A. does not have any independent operations. MagnaChip Semiconductor S.A. was organized on December 3, 2003.

MagnaChip Semiconductor Finance Company, a wholly-owned subsidiary of MagnaChip Semiconductor S.A. and one of the two co-issuers of the notes, is a Delaware corporation. On a stand-alone basis, MagnaChip Semiconductor Finance Company does not have any independent operations. MagnaChip Semiconductor Finance was organized on November 30, 2004.

Our principal executive offices are located at c/o MagnaChip Semiconductor S.A., 74, rue de Merl, B.P. 709 L-2146 Luxembourg R.C.S., Luxembourg B97483, and our telephone number is (352) 45-62-62. Our website address is www.magnachip.com. You should not consider the information contained on our website to be part of this prospectus.

Our business was named MagnaChip Semiconductor when it was acquired from Hynix Semiconductor, Inc., or Hynix, in October 2004. We refer to this acquisition as the Original Acquisition.

On June 12, 2009, MagnaChip Semiconductor LLC, along with certain of its subsidiaries, including MagnaChip Semiconductor S.A., filed a voluntary petition for relief in the United States Bankruptcy Court for the District of Delaware under Chapter 11 of the United States Bankruptcy Code, which we refer to as the reorganization proceedings. On November 9, 2009, our plan of reorganization became effective and we emerged from the reorganization proceedings with our management team remaining in place. Our Chapter 11 plan of reorganization implemented a comprehensive financial reorganization that significantly reduced our outstanding indebtedness. Additionally, on that date, a new board of directors of MagnaChip Semiconductor LLC was appointed, MagnaChip Semiconductor LLC's previously outstanding common and preferred units, and options were cancelled, MagnaChip Semiconductor LLC issued approximately 300 million common units (approximately 37.5 million shares of common stock following the corporate conversion) and warrants to purchase 15 million common units (approximately 1.9 million shares of common stock following the corporate conversion) to two classes of creditors and affiliated funds of Avenue Capital Management II, L.P. became the majority unitholder of MagnaChip Semiconductor LLC, which was subsequently converted to MagnaChip Semiconductor Corporation in the corporate conversion.

Avenue Capital Management II, L.P. is a global investment management firm, and it and its affiliated funds specialize in investing in high yield debt, debt of insolvent or financially distressed companies and equity of companies undergoing financial or operational turnarounds or reorganizations. In this prospectus, we refer to funds affiliated with Avenue Capital Management II, L.P. collectively as Avenue. Avenue generally does not manage or operate the companies in which it invests; however, in connection with some of its equity investments, Avenue will appoint one or more

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representatives to serve on the board of directors. Avenue was a holder of a significant portion of our indebtedness which was outstanding prior to our reorganization proceedings. In connection with our emergence from our reorganization proceedings, Avenue became our majority unitholder as a result of its participation in our rights offering and continued as a lender under our new term loan. In connection with our April 2010 senior notes offering, Avenue purchased notes in the aggregate principal amount of \$35.0 million, was repaid \$42.8 million in connection with the repayment of our new term loan and received \$91.2 million in connection with our distribution to unitholders. Avenue has the right to elect a majority of our board as long as Avenue continues to hold or control a majority of our outstanding shares. See Certain Relationships and Related Transactions for additional information.

Organizational Structure

The following chart shows a summary of our organizational structure. MagnaChip Semiconductor S.A. and MagnaChip Semiconductor Finance Company are the co-issuers of the senior notes offered hereby. MagnaChip Semiconductor Corporation and each of its subsidiaries (other than MagnaChip Korea, the MagnaChip China Subsidiaries and certain Immaterial Subsidiaries (each as defined under the caption Description of Notes)), guarantee the notes.

- (1) Does not guarantee the notes offered hereby.

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Summary of the Terms of the Notes

The following summary highlights certain material information regarding the notes contained elsewhere in this prospectus. We urge you to read this entire prospectus, including the Risk Factors section and the consolidated financial statements and related notes.

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| Issuers | MagnaChip Semiconductor S.A. a société anonyme with a registered office at 74, rue de Merl, B.P. 709 L-2146 Luxembourg registered with the register of commerce and companies of Luxembourg under number B97483 and MagnaChip Semiconductor Finance Company. |
| Notes | \$250 million in aggregate principal amount of 10.500% Senior Notes due 2018, of which \$35 million are offered hereby. |
| Maturity | April 15, 2018. |
| Interest Rate | Interest on the notes accrues at a rate of 10.500% per annum. Interest is computed on the basis of a 360-day year comprised of twelve 30-day months. |
| Interest Payment Dates | Interest on the notes is payable semi-annually on April 15 and October 15 of each year, beginning on October 15, 2010. |
| Guarantees | The notes are fully and unconditionally guaranteed by MagnaChip Semiconductor Corporation and each of its current and future subsidiaries (other than certain Immaterial Subsidiaries, MagnaChip Korea and the MagnaChip China Subsidiaries). See Description of Notes The Note Guarantees. |
| Ranking | <p>The notes are the issuers' general unsecured obligations. The notes rank pari passu in right of payment with all of the issuers' existing and future unsecured indebtedness and other liabilities (including trade payables) and senior in right of payment to all future debt of the issuers that is expressly subordinated in right of payment to the notes (if any).</p> <p>The notes are effectively subordinated in right of payment to all borrowings under future secured credit facilities (to the extent of the value of the collateral securing those facilities) and to all indebtedness and other liabilities (including trade payables) of any non-guarantor subsidiaries. Our non-guarantor subsidiaries generated approximately 98.8% and 69.2% of our aggregate consolidated revenues for the year ended December 31, 2010 and the combined twelve-month period ended December 31, 2009, respectively, and as of December 31, 2010 and December 31, 2009 held approximately 86.3% and 87.3% of our consolidated assets and had \$202.8 million and \$166.2 million in total outstanding indebtedness and other liabilities, excluding intercompany liabilities.</p> |

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The note guarantees are the guarantors' general unsecured obligations. Each guarantee is effectively subordinated in right of payment to all future secured debt of the guarantor, is pari passu in right of payment with all existing and future unsecured indebtedness and other liabilities (including trade payables) of the guarantor and senior in right of payment to any future subordinated indebtedness of the guarantor (if any).

Optional Redemption

On or after April 15, 2014, we may on one or more occasions redeem some or all of the notes at any time at the redemption prices set forth under "Description of Notes - Optional Redemption," plus accrued and unpaid interest and special interest, if any, to the applicable redemption date.

In addition, at any time prior to April 15, 2013, we may on one or more occasions redeem up to 35% of the aggregate principal amount of the notes with the net cash proceeds of certain qualified equity offerings, at a redemption price equal to 110.500% of the principal amount of the notes to be redeemed plus accrued and unpaid interest and special interest, if any, to the redemption date.

Also, at any time prior to April 15, 2014, we may, on one or more occasions, redeem some or all of the notes at a redemption price equal to 100% of the principal amount of the notes redeemed, plus accrued and unpaid interest and special interest, if any, to the redemption date and a "make-whole" premium.

See "Description of Notes - Optional Redemption."

Additional Amounts; Tax Redemption

Payments on the notes will be made without withholding or deduction for any current or future taxes, unless required by law. If withholding is required, we will pay such additional amounts as may be necessary in order that the net amounts received by holders of the notes will equal the amounts that would have been received if taxes had not been withheld, subject to the limitations set forth under "Description of Notes - Additional Amounts."

We may redeem the notes in whole but not in part, at our discretion, at a redemption price equal to the principal amount of the notes outstanding plus accrued and unpaid interest, special interest and additional amounts due, if any, to the redemption date, if we are or would be required to pay any such additional amounts as a result of specified changes in laws, treaties, regulations or rulings, or specified changes in application, administration or interpretation of such laws, treaties, regulations or rulings, subject to certain limitations. See "Description of Notes - Redemption Upon Changes in Withholding Taxes."

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| Change of Control Offer | If we experience certain change of control events, we must offer to repurchase the notes at 101% of their principal amount, plus accrued and unpaid interest and special interest, if any, to the applicable repurchase date. See Description of Notes Repurchase at the Option of Holders Change of Control. |
| Asset Sale Offer | Under certain circumstances, if we sell assets and do not use the proceeds from the sale as specified in the indenture, we must apply the proceeds therefrom to an offer to repurchase, prepay or redeem the notes at 100% of their principal amount, plus accrued and unpaid interest and special interest, if any, to the applicable repurchase date. See Description of Notes Repurchase at the Option of Holders Asset Sales. |
| Restrictive Covenants | <p>The notes were issued under an indenture containing covenants that, among other things, restrict the ability of MagnaChip Semiconductor Corporation and its restricted subsidiaries (including the issuers) to:</p> <ul style="list-style-type: none">pay dividends, redeem shares, make payments with respect to subordinated indebtedness, or make other restricted payments;incur additional indebtedness or issue preferred stock;create liens;make certain investments;consolidate, merge or dispose of all or substantially all of our assets, taken as a whole;sell or otherwise transfer or dispose of assets, including equity interests of subsidiaries;enter into sale-leaseback transactions;enter into transactions with our affiliates; anddesignate our subsidiaries as unrestricted subsidiaries. <p>These covenants are subject to a number of important exceptions and qualifications. See Description of Notes Certain Covenants. Certain of these restrictive covenants will terminate if the notes are rated investment-grade.</p> |
| Risk Factors | See Risk Factors for a description of certain risks you should consider before deciding to purchase the notes offered hereby. |

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Ratio of Earnings to Fixed Charges

The following table sets forth our ratio of earnings to fixed charges for each of the periods indicated:

| Year Ended | Successor | | Predecessor | | | |
|------------|-------------------|--|---|------|-------------------------------|------|
| | December 31, 2010 | Two-Month Period Ended December 31, 2009 | Ten-Month Period Ended October 25, 2009 | 2008 | Years Ended December 31, 2007 | 2006 |
| | 4.0x | | 21.2x | | | |

Where a dash appears, our earnings were negative and were insufficient to cover fixed charges during the period. Our deficiencies to cover fixed charges in each period presented were as follows: