



Pixelplus Announces Record Revenues for the Fourth Quarter 2005

Seoul, Korea, February 2, 2006 – Pixelplus Co., Ltd. (NASDAQ: PXPL), a leading fabless semiconductor company that designs, develops, and markets complementary metal oxide semiconductor (CMOS) image sensors for various imaging applications, today announced unaudited financial results for the fourth quarter of 2005.

Fourth Quarter 2005

Pixelplus reported total revenues of \$14.1 million for the fourth quarter of 2005, the highest total revenues for a fiscal quarter in its corporate history and 36% increase over the fourth quarter of 2004 and a 6% increase from the third quarter of 2005. This was the third consecutive quarter of revenue growth for the Company. Net income for the quarter was \$0.6 million, or \$0.06 per diluted ADS, based on 9,823,507 weighted average ADSs outstanding. This is compared to net income (loss) in the fourth quarter of 2004 of \$0.3 million, or (\$0.02) per diluted ADS, based on 5,208,000 weighted average ADSs outstanding. Net income in the third quarter of 2005 was \$2.1 million, or \$0.20 per diluted ADS, based on 7,267,926 weighted average ADSs outstanding. This included a significant one-time gain due to sales of reserved inventory.

On a Non-GAAP basis, which excludes stock-based compensation charges, net income for the fourth quarter of 2005 was \$1.2 million, or \$0.12 per diluted ADS, based on 9,823,507 weighted average ADSs outstanding, compared to net income of \$0.4 million, or \$0.005 per diluted ADS, based on 5,208,000 weighted average ADSs outstanding for the fourth quarter of 2004. In the third quarter of 2005, Non-GAAP net income was \$2.4 million, or \$0.17 per diluted ADS, based on 9,670,592 weighted average ADSs outstanding. This included a significant one-time gain due to sales of reserved inventory.

Fiscal Year Ended December 31, 2005

For the fiscal year ended December 31, 2005, Pixelplus reported total revenues of \$44.2 million, up 25% from \$35.4 million in fiscal year ended December 31, 2004. Net Income for the fiscal year was \$1.8 million, or \$0.19 per diluted ADS, based on 9,698,676 weighted average ADSs outstanding. This is a significant increase from fiscal year 2004 net loss of (\$4.0) million, or (\$1.16) per diluted ADS, based on 5,208,000 weighted average ADSs outstanding.

On a Non-GAAP basis, which excludes one time inventory and stock-based compensation charges, net income for the full year 2005 was \$2.9 million, or \$0.30 per diluted ADS, based on 9,698,676 weighted average ADSs outstanding, compared to a net income(loss) of \$0.3 million, or (\$0.33) per diluted ADS, based on 5,208,000 weighted average ADSs outstanding.

Commenting on the results, Dr. SK Lee, the CEO of Pixelplus said, "We are delighted to report record revenues for the fourth quarter. These strong financial results are further evidence that our focused strategy to become a worldwide leader in camera SoC technology and a total solution provider for imaging applications is taking hold. We continue to generate value from our broad range of high-quality image sensor products and from our strong base of existing customer relationships. Our flexible fabless operations are ideally suited to address the shifting needs of our customers. And our expert in-house R&D capabilities allow us to stay ahead of the global technology curve."

"Looking forward to 2006 and beyond, we will continue our strategic shift to focus on selling image sensor chips rather than camera modules. At the same time, we will leverage our leading-edge technological expertise to introduce next generation image sensor products for biometric and medical applications this year."

Fourth Quarter Highlights

- Pixelplus recognizes record revenues of \$14.1 million in the fourth quarter of 2005. This revenue increase also represents the third consecutive quarter of revenue growth.
 - Gross Profit was \$3.9 million in the fourth quarter of 2005, up 61.3% from \$2.4 million in the fourth quarter of 2004. This is a decrease of 19.7% from the previous quarter, mainly due to sales of reserved inventories during the third quarter of 2005.
 - Net Income of \$0.6 million compared to \$0.3 million in the fourth quarter of 2004.
 - Total units of chips sold during the fourth quarter of 2005 were approximately 4.8 million, a 10% increase from the previous quarter. Sales of modules were recorded at 0.4 million units, down approximately 50% from the previous quarter, as the company continues to shift its strategic focus from modules to chip business.
 - New customer acquisition: Logitech, a leading global manufacturer of PC peripherals, joins Pixelplus' expanding global customer list.
-

Teleconference

Pixelplus will host a conference call to review results for the fourth quarter and full year 2005 today, February 2, at 8:00AM New York/10:00PM Seoul. To ensure a line is reserved for you, please register for the call online at:

<http://invite.taylor-rafferty.com/pixelplus/conferencecall>

Alternatively, dial-in and replay numbers are below:

	Dial-in Numbers	Replay Numbers
	Passcode: 4631543	Passcode: 4631543
US:	+1 913 981 5509	+1 719 457 0820
UK:	+44 (0) 20 7365 1847	+44 (0) 20 7784 1024
Asia:	+81 (0) 3 3570 8232	+81 (0) 3 3570 8212

About Pixelplus Co., Ltd.

Pixelplus is a South Korea-based developer of high-performance, high-resolution and cost-effective CMOS image sensors for use primarily in mobile camera phones. In addition to mobile phones, Pixelplus provides CMOS image sensors for use in personal computer cameras and security and surveillance system applications.

As a fabless semiconductor company, Pixelplus is focused on creating proprietary design technologies to develop image sensors with sharp, colorful and enhanced image quality, size efficiency and low power consumption. For more information, please visit the Company's Web site at www.pixelplus.com.

Forward Looking Statement

This earnings release contains certain statements that are not historical in nature but are "forward-looking statements" within the meaning of the "safe-harbor" provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements generally can be identified by the use of forward-looking terminology, such as "may," "will," "expect," "intend," "estimate," "anticipate," "believe," "project," or "continue" or the negative of such words or other similar words. Pixelplus cautions readers that forward-looking statements are based on the Company's current expectations, estimates and assumptions about our company and our industry, and are subject to a number of risks and uncertainties. Actual results may differ materially from those contained in such forward-looking statements. Investors are directed to Pixelplus's reports and documents filed from time to time with the US Securities and Exchange Commission for a description of various factors that should be considered before investing in Pixelplus securities. These factors may cause Pixelplus' results to differ materially from the forward-looking statements made in this release. The forward-looking statements speak only as of the date of this press release and Pixelplus assumes no duty or obligation to update them to reflect new, changing or unanticipated events or circumstances. The financial results for the fourth quarter of 2005 contained in this document have not been audited by Pixelplus' independent registered public accountants.

Contact Details:

Moon Sung (Ryan) Kim
Pixelplus Co., Ltd.
5th Floor, Intellige I, KINS Tower
25-1 Jeongja-dong, Bundang-gu, Seongnam-si
Gyeonggi-do 463-811, The Republic of Korea
+82-31-600-5300

OR

Taylor Rafferty:
London – Mark Walter at +44 (0)20 7614 2900
New York – Luis Severiano at +1 212 889 4350
Seoul – Min Kim at +82 (0)2 2000 5753
Tokyo – Yuhau Lin at +81 (0)3 5733 2620
Email pixelplus@taylor-rafferty.com

(Financial Tables Follow)

Pixelplus Co., Ltd.
Consolidated Income Statements
(in thousands, except per ADS data)
(unaudited)

	THREE MONTHS ENDED			TWELVE MONTHS ENDED	
	Dec. 31, 2005	Dec. 31, 2004	Sep. 30, 2005	Dec. 31, 2005	Dec. 31, 2004
Revenues	\$14,053	\$10,306	\$13,235	\$44,170	\$35,442
Products	13,427	9,061	12,516	41,272	31,046
Services	626	1,245	719	2,897	4,397
Cost of revenues	10,203	7,920	8,438	32,947	31,969
Products	10,045	7,668	8,345	32,406	31,146
Services	158	252	93	540	823
Gross profit	<u>3,850</u>	<u>2,386</u>	<u>4,797</u>	<u>11,223</u>	<u>3,473</u>
Operating expenses	2,751	2,034	2,402	8,738	7,105
Selling, general and administrative	1,834	899	1,337	5,348	3,926
Research and development, net of government grants	917	1,136	1,065	3,390	3,179
Gain (loss) from operations	1,099	352	2,395	2,485	(3,632)
Net interest income(expense) and other	10	16	(214)	(323)	109
Gain (loss) before income taxes and gain (loss) from equity method investments	1,109	368	2,181	2,162	(3,523)
Income tax expenses	0	(24)	0	0	232
Gain (loss) before gain (loss) from equity method investments	1,109	392	2,181	2,162	(3,755)
Loss from equity method investments, net	(514)	(82)	(90)	(730)	(269)
Dilution gain from equity method investments	0	0	0	407	0
Net income (loss)	<u>\$595</u>	<u>\$310</u>	<u>\$2,091</u>	<u>\$1,839</u>	<u>(\$4,024)</u>
Net income (loss) per ADS					
Basic	\$0.08	(\$0.02)	\$0.27	\$0.24	(\$1.16)
Diluted	\$0.06	(\$0.02)	\$0.20	\$0.19	(\$1.16)
ADSs used in computing net income per ADS :					
Basic	7,855,231	5,208,000	5,208,000	7,672,310	5,208,000
Diluted	9,823,507	5,208,000	7,267,926	9,698,676	5,208,000

Non-GAAP net income	<u>\$1,163</u>	<u>\$443</u>	<u>\$2,355</u>	<u>\$2,927</u>	<u>\$336</u>
Non-GAAP net income (loss) per ADS					
Basic	\$0.15	\$0.005	\$0.32	\$0.38	(\$0.33)
Diluted	\$0.12	\$0.005	\$0.17	\$0.30	(\$0.33)
ADs used in computing non- GAAP net income per ADS :					
Basic	7,855,231	5,208,000	5,208,000	7,672,310	5,208,000
Diluted	9,823,507	5,208,000	9,670,592	9,698,676	5,208,000

Reconciliation of GAAP Net income to Non-GAAP Net Income

	THREE MONTHS ENDED			TWELVE MONTHS ENDED	
	Dec. 31, 2005	Dec. 31, 2004	Sep. 30, 2005	Dec. 31, 2005	Dec. 31, 2004
GAAP net income(loss)	\$595	\$310	\$2,091	\$1,839	(\$4,024)
One time inventory	0	0	0	0	3,876
Stock compensation expenses	569	133	264	1,088	483
Non-GAAP net income	\$1,163	\$443	\$2,355	\$2,927	\$336

Pixelplus Co., Ltd.
Consolidated Balance sheets
(in thousands, except per ADS data)
(unaudited)

	Dec. 31, 2005	Sep 30, 2005	Dec 31, 2004
Assets			
Cash and cash equivalents	30,518	708	1,182
Restricted cash	1,116	1,180	1,414
Accounts receivable, net	15,153	13,931	5,392
Inventories, net	4,248	3,805	6,750
Other current assets	1,029	2,400	680
Total current assets	52,064	22,024	15,418
Other non current assets	3,594	3,922	2,073
Total assets	<u>\$55,658</u>	<u>\$25,946</u>	<u>\$17,491</u>
Liabilities and Shareholders' equity (deficit)			
Trade accounts payable	9,898	9,772	6,316
Short-term borrowings	9,446	10,502	8,005
Other current liabilities	2,113	2,324	1,159
Total current liabilities	21,457	22,598	15,480
Long-term borrowings	640	722	1,247
Other non current liabilities	283	375	259
Total liabilities	22,380	23,695	16,986
Series A convertible redeemable preferred stock	0	8,152	6,708
Shareholders' equity(deficit)			
Common stock	2,998	1,289	1,289
Additional paid-in capital	36,841	0	0
Accumulated other comprehensive loss	(55)	(17)	(39)
Accumulated deficit	(6,506)	(7,173)	(7,453)
Total Shareholders' equity(deficit)	33,278	(5,901)	(6,203)
Total liabilities and Shareholders' equity(deficit)	<u>\$55,658</u>	<u>\$25,946</u>	<u>\$17,491</u>