



## **Pixelplus Reports Financial Results for Fiscal Third Quarter 2009**

### **Press Release**

SEOUL, South Korea, November [30], 2009 -- Pixelplus Co., Ltd. (PXPLY: PK), a fabless semiconductor company in Korea that designs, develops, and markets CMOS image sensors for various consumer electronics applications, today announced unaudited financial results for the third quarter of fiscal 2009, which ended on September 30, 2009.

Based on these unaudited results of operations which were prepared in accordance with Korean GAAP on a non-consolidated basis, revenue for the third quarter of fiscal 2009 was 3.6 billion Korean won (US\$3.0 million), compared to 4.4 billion Korean won (US\$3.8 million) in the second quarter of fiscal 2009, and 4.5 billion Korean won (US\$3.8 million) in the third quarter of fiscal 2008.

Net income in the third quarter of fiscal 2009 was 0.17 billion Korean won (US\$0.15 million), or a net income of 51 Korean won (US\$0.04) per diluted ADS, compared to a net income of 0.03 billion Korean won (US\$0.02 million), or a net income of 9 Korean won (US\$0.01) per diluted ADS, in the second quarter of fiscal 2009, and a net loss of 3.3 billion Korean won (US\$2.8 million), or a net loss of 974 Korean won (US\$0.8) per diluted ADS, in the third quarter of fiscal 2008.

The Company sold roughly 2.5 million image sensors in the third quarter of 2009, which represented a decrease of about 2.2 million from its sale of around 4.7 million units in the second quarter of 2009. Separately, the Company furnished approximately 0.3 million image sensors arising from its supply of services to a leading Japanese module maker in the third quarter of 2009, which represented a decrease of about 0.2 million units from its supply of around 0.5 million units in the second quarter of 2009. So, in terms of combined figures, the Company sold and supplied a total of roughly 2.8 million image sensors in the third quarter of 2009, which represented a decrease of approximately 2.4 million units from its sale and supply of about 5.2 million units in the second quarter of 2009.

Gross margin for the third quarter of fiscal 2009 was 32.2%, compared to 21.0% in the second quarter of fiscal 2009.

The Company's SG&A expenses in the third quarter of fiscal 2009 were about 0.6 billion Korean won (US\$0.5 million), compared to roughly 0.6 billion Korean won (US\$0.5 million) in the second quarter of fiscal 2009, and approximately 3.2 billion Korean won (US\$2.7 million) in the third quarter of fiscal 2008. Moreover, the Company's operating expenses in the third quarter of fiscal 2009 were around 1.0 billion Korean won (US\$0.8 million), compared to about 1.2 billion Korean won (US\$1.0 million) in the second quarter of fiscal 2009, and approximately 4.4 billion Korean won (US\$3.7 million) in the third quarter of fiscal 2008.

The U.S. dollar amounts disclosed in this earnings release are presented solely for the convenience of the reader, and have been converted at the rate of 1175.0 Korean won to one U.S. dollar, which is the noon buying rate of the U.S. Federal Reserve Bank of New York in effect on September 30, 2009. Such conversions should not be construed as representations that the Korean won amounts represent, have been, or could be, converted into, U.S. dollars at that or any other rate.

On or before March 31, 2010, the Company expects to issue a trading update reporting its audited results of operations for the full fiscal year 2009 prepared in accordance with Korean GAAP on a non-consolidated basis.

"We remain fully committed to achieving our long-term growth targets and business strategies through developing new products, penetrating new markets, and securing new design wins, and we are

confident that our 'System-on-a-Chip' ("SoC") image sensors based on PlusPixel2™ technology, including our PO8030 VGA SoC, POA030 VGA SoC, and PC1030 NTSC/PAL image sensors, as well as our PM1002, which is our SoC processor for various image recognition applications, will enable us to achieve our goals in the fourth quarter of 2009 and also in 2010," said Dr. S.K. Lee, CEO and Founder of Pixelplus. "Although we are not pleased with our revenues in the third quarter, we firmly believe that the Company will be able to improve our revenues in 2010 based on new design wins and business which we expect to acquire beginning in the fourth quarter of 2009. We are pleased to have more products in various stages of development and deployment than ever in our history. With these state-of-the-art products, we continue to develop our core strategic business with multiple mobile camera phone, automobile applications, and medical endoscope manufacturers in Korea, with key distributors as well as manufacturers of security and surveillance applications in China, Hong Kong, and Taiwan, and with a leading module maker in Japan through our co-development of image sensors. Moreover, we continue to design and introduce cutting-edge products, technologies and approaches to image sensor manufacturing and release to the market other innovative technologies currently in research and development, including our PO1150 1.5 megapixel image sensors which are designed for automotive black-box and security applications. In addition, we are encouraged that the Company continues to vigorously pursue cost-control measures and effectively manage our operating expenses, and believe this, coupled with the Company's net income recorded in the second and third quarters of fiscal 2009 and continuing focus to develop and sell high margin-driven products to the global market, demonstrates that we have significantly lowered our breakeven point over the course of the last few quarters."

#### Korean GAAP

The financial results mentioned in this earnings release were prepared and presented in accordance with Korean GAAP on a non-consolidated basis. Significant differences exist between Korean GAAP and U.S. GAAP, including accounting principles with respect to the consolidation of financial results of any subsidiary, which might be material to the non-consolidated financial information provided in this release.

#### 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 and SoC solutions for use in webcams and notebook embedded cameras, toys and games, and security and surveillance system applications.

As a fabless semiconductor company, Pixelplus is focused on creating proprietary design technologies to develop CMOS image sensors with sharp, colorful and enhanced image quality, size efficiency, and low power consumption.

#### 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' reports and documents filed from time to time with the U.S. 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 earnings 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 third quarter of 2009 contained in this document have not been audited by Pixelplus' independent registered public accountants.**

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Pixelplus Co., Ltd.

**Non-Consolidated Statements of Operations**  
(In millions of Korean won, except per ADS data)  
(Unaudited)

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	Sep.30 2009	Sep.30 2008	Sep.30 2009	Sep.30 2008
<b>Revenues</b>	<b>3,551</b>	<b>4,495</b>	<b>11,499</b>	<b>11,681</b>
Products	3,017	4,309	10,428	11,097
Services	534	186	1,071	584
<b>Cost of revenues</b>	<b>2,409</b>	<b>3,808</b>	<b>8,484</b>	<b>10,419</b>
Products	2,385	3,781	8,432	10,318
Services	24	27	52	101
<b>Gross profit</b>	<b>1,142</b>	<b>687</b>	<b>3,015</b>	<b>1,262</b>
<b>Operating expenses</b>	<b>991</b>	<b>4,392</b>	<b>3,891</b>	<b>9,913</b>
Selling, general and administrative	615	3,218	2,201	6,386
Research and development, net of government grants	376	1,174	1,690	3,527
<b>Income(loss) from operations</b>	<b>151</b>	<b>(3,705)</b>	<b>(876)</b>	<b>(8,651)</b>
Other income(expense)				
Interest income(expense), net	(82)	(65)	(306)	(87)
Foreign exchange gain (loss), net	(12)	(4)	24	(6)
Others, net	190	376	490	542
Income(loss) before income taxes	247	(3,398)	(668)	(8,202)
Income tax expenses	-	--	-	-
Income(loss) before gain(loss) from equity method investments, net and minority interest	247	(3,398)	(668)	(8,202)
Gain(loss) from equity method investments, net	(75)	84	(221)	84
Minority interest				
Before cumulative effect of change in accounting principle	172	(3,314)	(889)	(8,118)
Cumulative effect of change in accounting principle	0	0	-	-
<b>Net Income (loss)</b>	<b>172</b>	<b>(3,314)</b>	<b>(889)</b>	<b>(8,118)</b>
Accretion of preferred shares	-	--	-	-
<b>Net income(loss) attributable to common shareholders</b>	<b>172</b>	<b>(3,314)</b>	<b>(889)</b>	<b>(8,118)</b>
Income(Loss) per ADS				
- basic and diluted	51	(974)	(261)	(2,402)
ADSs used in computing Income(loss) per ADS				
- basic and diluted	3,403,433	3,403,433	3,403,433	3,379,731

**Pixelplus Co., Ltd.**

**Non-Consolidated Balance Sheets**  
(In millions of Korean won, except per ADS data)  
(Unaudited)

	<b>Sep. 30, 2009</b>	<b>Dec. 31, 2008</b>
<b>Assets</b>		
Cash and cash equivalents	117	93
Restricted cash	5,000	5,000
Accounts receivable, net	474	2,080
Inventories, net	719	2,225
Other current assets	728	905
<b>Total current assets</b>	<b>7,038</b>	<b>10,303</b>
Other non current assets	1,067	6,126
<b>Total assets</b>	<b><u>8,105</u></b>	<b><u>16,429</u></b>
<b>Liabilities, minority interest and Shareholders' equity</b>		
Trade accounts payable	2,165	3,574
Other accounts payable	672	2,029
Short-term borrowings	7,690	8,460
Other current liabilities	1,026	2,380
<b>Total current liabilities</b>	<b>11,553</b>	<b>16,443</b>
Long-term borrowings	0	2,272
Other non current liabilities	525	811
<b>Total liabilities</b>	<b>12,079</b>	<b>19,525</b>
<b>Shareholders' equity</b>		
Common stock	3,403	3,403
Additional paid-in capital	7,435	7,507
Accumulated other comprehensive gain(loss)	2	(81)
Accumulated deficit	(14,814)	(13,925)
<b>Total Shareholders' equity</b>	<b><u>(3,974)</u></b>	<b><u>(3,096)</u></b>
<b>Total liabilities, minority interest and Shareholders' equity</b>	<b><u>8,105</u></b>	<b><u>16,429</u></b>

The Company's functional currency on its financial statements is the Korean won. Please note that the above non-consolidated financial statements were prepared in accordance with Korean GAAP.