



## HIMAX REPORTS SECOND QUARTER 2008 FINANCIAL RESULTS

### Second Quarter 2008 Highlights:

- Net revenues increased 10.8% year-over-year and increased 6.6%, sequentially
- Non-driver products accounted for more than 5% of total revenues for the first time since inception
- Recently ranked worldwide number one display driver supplier for large-sized TFT-LCD panel applications by iSuppli

**Tainan, Taiwan, August 5, 2008** - Himax Technologies, Inc. ("Himax" or "Company") (NASDAQ: HIMX) today reported financial results for the second quarter ended June 30, 2008.

For the second quarter 2008, Himax reported net revenues of \$246.9 million, representing a 10.8% increase over \$222.9 million for the second quarter of 2007 and a 6.6% increase over the \$231.6 million for the first quarter of 2008.

Gross margin was 25.5% in the second quarter of 2008, up 510 basis points year-over-year and up 20 basis points, sequentially.

Operating income was \$34.8 million, up 39.9% from \$24.9 million in the same period last year, and up 9.9% from \$31.7 million in the previous quarter.

Net income for the second quarter of 2008 was \$37.7 million, up 40.5% from \$26.8 million in the same period last year, and up 10.5% from \$34.1 million in the previous quarter. This represents earnings per diluted share of \$0.20, compared to \$0.14 in the second quarter of 2007, and \$0.18 in the first quarter of 2008.

Excluding share-based compensation and acquisition-related charges, non-GAAP operating income was \$37.8 million, up from \$28.1 million in the same period last year, and up from \$34.6 million in the previous quarter.

Non-GAAP net income was \$39.8 million, up from \$30.0 million in the same period last year, and up from \$37.0 million in the previous quarter. This represents earnings per diluted share of \$0.21, compared to \$0.15 in the second quarter of 2007, and \$0.19 in the first quarter of 2008.

Reconciliation of gross margin, operating margin, net income and diluted EPS excluding share-based compensation and acquisition-related charges, a non-GAAP financial measure, to GAAP gross margin, GAAP operating margin, GAAP net income and diluted GAAP EPS, most comparable GAAP figure, is set out in the attached reconciliation schedule.

Jordan Wu, President and Chief Executive Officer of Himax, commented, "Our second quarter revenues came in-line with our guidance, while gross margin and EPS were both above our guidance. We are also pleased to report that, according to iSuppli, we've become the worldwide number one display driver supplier for large-sized TFT-LCD panel applications, with a market share of 20.4% in the first quarter of 2008. Furthermore, our non-driver products accounted for 5.4% of our total revenues in the second quarter, the first time in our history to exceed 5%. We are proud that we have built our

expertise from within and possess a great level of grasp on our intellectual properties and a top notch R&D team to capitalize potential business opportunities.”

Mr. Wu continued, “To be the world’s leading semiconductor solution provider for flat panel display industry has been our long-term goal since day one of our company. We have chosen our TFT-LCD driver IC to be the first entry into that market and we are proud to be where we are today in that segment. The success in the driver business has enabled us to invest aggressively in a number of other areas. We are happy to report that we are experiencing strong momentum in literally all of those areas. We are working hard to make sure these non-driver segments will continue to contribute more to our business in the long term. Needless to say, we remain fully committed to expanding our leadership position in the driver IC market, which will always be a core to our business for the foreseeable future.”

Looking forward, Mr. Wu added, “We feel that the current uncertainties in the worldwide economy and the reduced consumer spending are having a negative impact to our third quarter results. Since the end of the second quarter, we have seen many of our panel customers announcing measures to control inventory and reduce capacity utilization, which naturally result in downward revisions to their forecast demands on our display drivers. Customers’ turning conservative at a supposed high season has added complexity and further lowered our visibility in gauging our short-term business outlook. We expect third quarter revenues to decline by low-teen percent from the second quarter 2008 and expect gross margin to decline by 1% to 2%. We also expect GAAP EPS to be in the range of \$0.04 to \$0.06 and non-GAAP EPS to be in the range of \$0.11 to \$0.14.”

#### **Investor Conference Call / Webcast Details**

The Company’s management will review detailed second quarter 2008 results on Monday, August 4, 2008 at 7:00 PM EDT (7:00 AM, Tuesday, August 5, Taiwan time). The conference dial-in numbers are +1-201-689-8560 (international) and +1-877-407-0784 (U.S. domestic). A live webcast of the conference call will be available on the Company’s website at [www.himax.com.tw](http://www.himax.com.tw). The playback will be available beginning two hours after the conclusion of the conference call and will be accessible by dialing +1-201-612-7415 (international) and 1-877-660-6853 (U.S. domestic). The account number to access the replay is 3055 and the confirmation ID number is 291283.

#### **About Himax Technologies, Inc.**

Himax Technologies, Inc. designs, develops, and markets semiconductors that are critical components of flat panel displays. The Company’s principal products are display drivers for large-sized TFT-LCD panels, which are used in desktop monitors, notebook computers and televisions, and display drivers for small- and medium-sized TFT-LCD panels, which are used in mobile handsets and consumer electronics products such as digital cameras, mobile gaming devices and car navigation displays. In addition, the Company is expanding its product offering to include LCD TV chipset solution, power management ICs and LCOS microdisplays. Based in Tainan, Taiwan, the Company has regional offices in Hsinchu and Taipei, Taiwan; Ninbo, Foshan, Suzhou and Shenzhen, China; Yokohama, Japan; Anyangsi Kyungkido, and Matsusaka, South Korea; and Irvine California, USA.

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#### **Forward-Looking Statements:**

Certain statements in this press release, including statements regarding expected future financial results and industry growth, are forward-looking statements that involve a number of risks and uncertainties that could cause actual events or results to differ materially from those described in this press release. Factors that could cause actual results to differ include, but not limited to, general business and economic conditions and the state of the semiconductor industry; level of competition; demand for end-use applications products; reliance on a small group of principal customers; continued success in technological innovations; development of alternative flat panel display technologies; ability to develop and protect our

intellectual property; pricing pressures including declines in average selling prices; changes in customer order patterns; shortages in supply of key components; changes in environmental laws and regulations; exchange rate fluctuations; regulatory approvals for further investments in our subsidiaries; and other risks described from time to time in the Company's SEC filings, including those risks identified in the section entitled "Risk Factors" in its Form 20-F for the year ended December 31, 2007 filed with SEC on June 20, 2008, as amended. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

**– Tables Attached –**

**Himax Technologies, Inc.**  
**Unaudited Condensed Consolidated Statements of Income**  
(These interim financials do not fully comply with US GAAP because they omit all interim disclosure required by US GAAP.)

(Figures in Thousands of U.S. Dollars, Except Per Share Data)

	Three Months Ended June 30,	Three Months Ended June 30,	Three Months Ended March 31,
	2008	2007	2008
<b>Revenues</b>			
Revenues from third parties, net	\$92,430	\$102,276	\$77,461
Revenues from related parties, net	154,437	120,607	154,127
	<b>246,867</b>	<b>222,883</b>	<b>231,588</b>
<b>Costs and expenses:</b>			
Cost of revenues	183,797	177,452	172,949
Research and development	20,532	15,328	20,546
General and administrative	5,105	3,222	3,870
Sales and marketing	2,622	1,995	2,558
<b>Total costs and expenses</b>	<b>212,056</b>	<b>197,997</b>	<b>199,923</b>
<b>Operating income</b>	<b>34,811</b>	<b>24,886</b>	<b>31,665</b>
<b>Non operating income (loss):</b>			
Interest income	924	1,514	777
Foreign exchange gains (losses), net	(522)	36	1,370
Other income, net	762	159	92
	1,164	1,709	2,239
<b>Earnings before income taxes and minority interest</b>	35,975	26,595	33,904
Income tax expense (benefit)	(702)	---	702
<b>Income before minority interest</b>	36,677	26,595	33,202
Minority interest, net of tax	1,037	247	935
<b>Net income</b>	<b>\$37,714</b>	<b>\$26,842</b>	<b>\$34,137</b>
<b>Basic earnings per ordinary share and ADS</b>	<b>\$0.20</b>	<b>\$0.14</b>	<b>\$0.18</b>
<b>Diluted earnings per ordinary share and ADS</b>	<b>\$0.20</b>	<b>\$0.14</b>	<b>\$0.18</b>
<b>Basic Weighted Average Outstanding Shares</b>	<b>191,301</b>	<b>197,656</b>	<b>191,542</b>
<b>Diluted Weighted Average Outstanding Shares</b>	<b>192,552</b>	<b>198,013</b>	<b>192,429</b>

**Himax Technologies, Inc.**  
**Unaudited Supplemental Financial Information**  
**(Figures in Thousands of U.S. Dollars)**

<b>The amount of share-based compensation included in applicable costs and expenses categories is summarized as follows:</b>	<b>Three Months Ended June 30,</b>		<b>Three Months Ended March 31,</b>
	<b>2008</b>	<b>2007</b>	<b>2008</b>
Share-based compensation			
Cost of revenues	\$28	\$25	\$28
Research and development	1,935	1,201	1,872
General and administrative	232	151	233
Sales and marketing	244	156	241
Total	\$2,439	\$1,533	\$2,374

**The amount of acquisition-related charges included in applicable expenses categories is summarized as follows:**

Research and development	\$239	\$1,234	\$240
Sales and marketing	289	408	289
Income tax benefit	(920)	---	---
Total	\$(392)	\$1,642	\$529

**Himax Technologies, Inc.**  
**Unaudited Condensed Consolidated Statements of Income**  
**(Figures in Thousands of U.S. Dollars, Except Per Share Data)**

	<b>Six Months Ended</b>	
	<b>June 30,</b>	
	<u>2008</u>	<u>2007</u>
<b>Revenues</b>		
Revenues from third parties, net	<b>\$169,891</b>	<b>\$178,112</b>
Revenues from related parties, net	<b>308,564</b>	<b>229,662</b>
	<u><b>478,455</b></u>	<u><b>407,774</b></u>
<b>Costs and expenses:</b>		
Cost of revenues	356,746	326,282
Research and development	41,078	30,128
General and administrative	8,975	6,222
Sales and marketing	5,180	3,496
<b>Total costs and expenses</b>	<u><b>411,979</b></u>	<u><b>366,128</b></u>
<b>Operating income</b>	<u><b>66,476</b></u>	<u><b>41,646</b></u>
<b>Non operating income (loss):</b>		
Interest income	1,701	2,896
Foreign exchange gains (losses), net	848	(454)
Other income, net	854	201
	<u>3,403</u>	<u>2,643</u>
<b>Earnings before income taxes and minority interest</b>	<u><b>69,879</b></u>	<u><b>44,289</b></u>
Income tax expense	---	---
<b>Income before minority interest</b>	<u><b>69,879</b></u>	<u><b>44,289</b></u>
Minority interest, net of tax	<u>1,972</u>	<u>572</u>
<b>Net income</b>	<u><u><b>\$71,851</b></u></u>	<u><u><b>\$44,861</b></u></u>
<b>Basic earnings per ordinary share and ADS</b>	<u><u><b>\$0.38</b></u></u>	<u><u><b>\$0.23</b></u></u>
<b>Diluted earnings per ordinary share and ADS</b>	<u><u><b>\$0.37</b></u></u>	<u><u><b>\$0.23</b></u></u>
<b>Basic Weighted Average Outstanding Shares</b>	<b>191,422</b>	<b>196,714</b>
<b>Diluted Weighted Average Outstanding Shares</b>	<b>192,518</b>	<b>197,134</b>

**Himax Technologies, Inc.**  
**Unaudited Supplemental Financial Information**  
**(Figures in Thousands of U.S. Dollars)**

**The amount of share-based compensation included in applicable costs and expenses categories is summarized as follows:**

	<b>Six Months Ended June 30,</b>	
	<b>2008</b>	<b>2007</b>
Share-based compensation		
Cost of revenues	\$56	\$50
Research and development	3,807	2,388
General and administrative	465	302
Sales and marketing	485	312
Total	\$4,813	\$3,052

**The amount of acquisition-related charges included in applicable expenses categories is summarized as follows:**

Research and development	\$479	\$2,022
Sales and marketing	578	506
Income tax benefit	(920)	---
Total	\$137	\$2,528

**Himax Technologies, Inc.**  
**Unaudited Condensed Consolidated Balance Sheets**  
**(Figures in Thousands of U.S. Dollars, Except Per Share Data)**

	<u>June 30, 2008</u>	<u>March 31, 2008</u>	<u>December 31, 2007</u>
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$90,404	\$125,835	\$94,780
Marketable securities available-for-sale	10,638	15,216	15,208
Restricted marketable securities	2,066	2,049	97
Accounts receivable, less allowance for doubtful accounts, sales returns and discounts	105,690	85,795	88,682
Accounts receivable from related parties, less allowance for doubtful accounts, sales returns and discounts	173,539	179,801	194,902
Inventories	131,377	122,437	116,550
Deferred income taxes	13,546	13,520	12,684
Prepaid expenses and other current assets	9,828	9,420	15,369
<b>Total current assets</b>	<b>\$537,088</b>	<b>\$554,073</b>	<b>\$538,272</b>
<b>Property, plant and equipment, net</b>	47,368	46,523	46,180
<b>Deferred income taxes</b>	22,153	22,109	20,714
<b>Goodwill</b>	26,878	26,878	26,878
<b>Intangible assets, net</b>	11,650	12,185	12,721
<b>Investments in non-marketable securities</b>	11,619	11,619	7,138
<b>Refundable deposits and prepaid pension costs</b>	938	874	859
	120,606	120,188	114,490
<b>Total assets</b>	<b>\$657,694</b>	<b>\$674,261</b>	<b>\$652,762</b>
<b>Liabilities, Minority Interest and Stockholders' Equity</b>			
<b>Current liabilities:</b>			
Accounts payable	\$152,754	\$135,163	\$147,221
Income tax payable	14,945	21,106	19,147
Other accrued expenses and other current liabilities	19,799	19,106	19,231
<b>Total current liabilities</b>	<b>\$187,498</b>	<b>\$175,375</b>	<b>\$185,599</b>
<b>Accrued pension liabilities</b>	<b>\$234</b>	<b>\$233</b>	<b>\$218</b>
<b>Deferred income taxes</b>	<b>\$3,627</b>	<b>\$4,547</b>	<b>\$4,547</b>
<b>Total liabilities</b>	<b>\$191,359</b>	<b>\$180,155</b>	<b>\$190,364</b>
<b>Minority interest</b>	<b>\$7,185</b>	<b>\$8,296</b>	<b>\$11,089</b>
<b>Stockholders' equity:</b>			
Ordinary shares, US\$0.0001 par value, 500,000,000 shares authorized; 190,910,649, 190,905,649, and 191,979,691 shares issued and outstanding at June 30, 2008, March 31, 2008, and December 31, 2007, respectively	19	19	19
Additional paid-in capital	237,788	235,402	235,894
Accumulated other comprehensive income(loss)	906	849	(7)
Unappropriated retained earnings	220,437	249,540	215,403
<b>Total stockholders' equity</b>	<b>\$459,150</b>	<b>\$485,810</b>	<b>\$451,309</b>
<b>Total liabilities, minority interest and stockholders' equity</b>	<b>\$657,694</b>	<b>\$674,261</b>	<b>\$652,762</b>



**Himax Technologies, Inc.**  
**Unaudited Condensed Consolidated Statements of Cash Flows**  
**(Figures in Thousands of U.S. Dollars)**

	<b>Three Months Ended June 30, 2008</b>	<b>2007</b>	<b>Three Months Ended March 31, 2008</b>
<b>Cash flows from operating activities:</b>			
Net income	\$37,714	\$26,842	\$34,137
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	3,067	2,587	2,939
Write-off of in-process research and development	---	900	---
Share-based compensation expenses	2,439	1,533	2,374
Minority interest, net of tax	(1,037)	(247)	(935)
Loss (gain) on disposal of property, plant and equipment	78	204	(6)
Gain on disposal of long-lived assets held for sale	---	---	(113)
Gain on sale of subsidiary shares, net	(91)	(125)	(6)
Gain on sale of marketable securities, net	(648)	(23)	(64)
Deferred income taxes	(989)	(727)	(2,167)
Inventories write downs	5,944	4,786	5,099
Changes in operating assets and liabilities:			
Accounts receivable	(19,879)	(8,661)	2,919
Accounts receivable from related parties	6,327	(31,856)	15,105
Inventories	(14,783)	(10,551)	(10,923)
Prepaid expenses and other current assets	(455)	486	5,830
Accounts payable	17,481	49,753	(12,083)
Income tax payable	(6,162)	(4,333)	1,960
Other accrued expenses and other current liabilities	314	4,071	(109)
<b>Net cash provided by operating activities</b>	<u>29,320</u>	<u>34,639</u>	<u>43,957</u>
<b>Cash flows from investing activities:</b>			
Purchase of property, plant and equipment	(3,038)	(6,877)	(2,263)
Proceeds from sale of property, plant and equipment and long-lived assets held for sale	---	3	264
Purchase of available-for-sale marketable securities	(6,275)	(11,723)	(22,550)
Sales and maturities of available-for-sale marketable securities	11,508	11,258	22,957
Proceeds from sale of subsidiary shares by Himax Technologies Limited	182	131	9
Purchase of investments in non-marketable securities	---	(1,040)	(4,481)
Purchase of subsidiary shares from minority interest	(205)	(46)	(29)
Decrease (increase) in refundable deposits	(81)	76	(26)
Pledge of restricted marketable securities	(17)	(91)	(1,952)
<b>Net cash provided by (used in) investing activities</b>	<u>2,074</u>	<u>(8,309)</u>	<u>(8,071)</u>

**Himax Technologies, Inc.**  
**Unaudited Condensed Consolidated Statements of Cash Flows**  
**(Figures in Thousands of U.S. Dollars)**

	<b>Three Months Ended June 30,</b>		<b>Three Months Ended March 31,</b>
	<b>2008</b>	<b>2007</b>	<b>2008</b>
<b>Cash flows from financing activities:</b>			
Distribution of cash dividends	\$(66,817)	\$---	\$---
Proceeds from issuance of new shares by subsidiaries	---	---	89
Payments to acquire of ordinary shares for retirement	(7)	(625)	(5,364)
<b>Net cash used in financing activities</b>	<b>(66,824)</b>	<b>(625)</b>	<b>(5,275)</b>
Effect of exchange rate changes on cash and cash equivalents	(1)	(35)	444
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(35,431)</b>	<b>25,670</b>	<b>31,055</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>125,835</b>	<b>111,838</b>	<b>94,780</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$90,404</b>	<b>\$137,508</b>	<b>\$125,835</b>
<b>Supplemental disclosures of cash flow information:</b>			
Cash paid during the period for income taxes	<b>\$6,531</b>	<b>\$4,706</b>	<b>\$31</b>

**Himax Technologies, Inc.**  
**Unaudited Supplemental Data – Reconciliation Schedule**  
**(Figures in Thousands of U.S. Dollars)**

**Gross Margin and Operating Margin Excluding Share-based Compensation and Acquisition-Related Charges:**

	<b>Three Months Ended June 30,</b>		<b>Three Months Ended March 31,</b>
	<b>2008</b>	<b>2007</b>	<b>2008</b>
Revenues	\$246,867	\$222,883	\$231,588
Gross profit	63,070	45,431	58,639
Add: Share-based compensation – Cost of revenues	28	25	28
Gross profit excluding share-based compensation	63,098	45,456	58,667
Gross margin excluding share-based compensation	25.6%	20.4%	25.3%
Operating income	34,811	24,886	31,665
Add: Share-based compensation	2,439	1,533	2,374
Operating income excluding share-based compensation	37,250	26,419	34,039
Add: Acquisition-related charges –Intangible assets amortization	528	742	529
–In-process R&D write off	---	900	---
Operating income excluding share-based compensation and acquisition-related charges	37,778	28,061	34,568
Operating margin excluding share-based compensation and acquisition-related charges	15.3%	12.6%	14.9%
Net income	37,714	26,842	34,137
Add: Share-based compensation	2,439	1,533	2,374
Add: Acquisition-related charges, net of tax	(392)	1,642	529
Net income excluding share-based compensation and acquisition-related charges	39,761	30,017	37,040
Net margin excluding share-based compensation and acquisition-related charges	16.1%	13.5%	16.0%

\*Gross margin excluding share-based compensation equals gross profit excluding share-based compensation divided by revenues

\*Operating margin excluding share-based compensation and acquisition-related charges equals operating income excluding share-based compensation and acquisition-related charges divided by revenues

\*Net margin excluding share-based compensation and acquisition-related charges equals net income excluding share-based compensation and acquisition-related charges divided by revenues

**Himax Technologies, Inc.**  
**Unaudited Supplemental Data – Reconciliation Schedule**  
**(Figures in Thousands of U.S. Dollars)**

**Gross Margin and Operating Margin Excluding Share-based Compensation and Acquisition-Related Charges:**

	<b>Six Months Ended June 30,</b>	
	<b>2008</b>	<b>2007</b>
Revenues	\$478,455	\$407,774
Gross profit	121,709	81,492
Add: Share-based compensation – Cost of revenues	56	50
Gross profit excluding share-based compensation	121,765	81,542
Gross margin excluding share-based compensation	25.4%	20.0%
Operating income	66,476	41,646
Add: Share-based compensation	4,813	3,052
Operating income excluding share-based compensation	71,289	44,698
Add: Acquisition-related charges –Intangible assets amortization	1,057	928
– In-process R&D write off	---	1,600
Operating income excluding share-based compensation and acquisition-related charges	72,346	47,226
Operating margin excluding share-based compensation and acquisition-related charges	15.1%	11.6%
Net income	71,851	44,861
Add: Share-based compensation	4,813	3,052
Add: Acquisition-related charges, net of tax	137	2,528
Net income excluding share-based compensation and acquisition-related charges	76,801	50,441
Net margin excluding share-based compensation and acquisition-related charges	16.1%	12.4%

\*Gross margin excluding share-based compensation equals gross profit excluding share-based compensation divided by revenues

\*Operating margin excluding share-based compensation and acquisition-related charges equals operating income excluding share-based compensation and acquisition-related charges divided by revenues

\*Net margin excluding share-based compensation and acquisition-related charges equals net income excluding share-based compensation and acquisition-related charges divided by revenues

**Diluted Earnings Per Share Excluding Share-based Compensation and Acquisition-Related Charges:**

	<b>Three Months Ended June 30, 2008</b>	<b>Six Months Ended June 30, 2008</b>
Diluted GAAP EPS	\$0.20	\$0.37
Add: Estimated share-based compensation per diluted share	\$0.01	\$0.03
Add: Estimated acquisition-related charges per diluted share	\$---	\$0.01
Diluted non GAAP EPS excluding share-based compensation and acquisition-related charges	\$0.21	\$0.40

Numbers do not add up due to rounding