



HIMAX REPORTS THIRD QUARTER 2006 RESULTS

Board Authorizes US\$50 Million Share Buyback Program

Tainan, Taiwan, November 7, 2006 - Himax Technologies, Inc. ("Himax" or "Company") (Nasdaq: HIMX) today reported financial results for the third quarter ended September 30, 2006.

Net revenue for the third quarter of 2006 was \$177.1 million, compared to \$154.8 million for the third quarter of 2005, and \$171.7 million in the second quarter of 2006. Net income for the third quarter of 2006 was \$4.6 million, or \$0.02 per diluted share, compared to net income of \$21.4 million, or \$0.12 per diluted share in the third quarter of 2005, and \$19.5 million, or \$0.10 per diluted share in the second quarter of 2006. Share-based compensation was \$11.5 million, \$1.4 million and \$1.1 million in the third quarter of 2006, the third quarter of 2005 and the second quarter of 2006, respectively.

Gross margin in the third quarter of 2006 was 17.4%, as compared to 23.5% in the third quarter of 2005, and 19.2% in the second quarter of 2006. Operating margin was 1.6% in the third quarter of 2006, as compared to 15.1% in the third quarter of 2005, and 11.0% in the second quarter of 2006.

Excluding share-based compensation, gross margin was 17.5% in the third quarter of 2006, 23.5% in the third quarter of 2005, and 19.2% in the second quarter of 2006, with an operating margin of 8.0%, 16.1%, and 11.6%, respectively.

A reconciliation of our gross margin and operating margin excluding share-based compensation, a non-GAAP financial measure, to GAAP gross margin and GAAP operating margin, our most comparable GAAP figure, is set out in the attached reconciliation schedule.

Jordan Wu, President and Chief Executive Officer of Himax, commented, "The third quarter proved to be another difficult quarter. We continued to experience pricing pressure. Our third quarter results did not benefit from the rebound of market momentum in the TFT-LCD industry, as the increase in demand was offset by the reduction of customers' inventory levels. Separately, on August 29th, we announced the Board's approval to acquire Wisepal Technologies, Inc. ("Wisepal") by way of a share exchange at the exchange ratio of five Wisepal shares for one ordinary share of Himax. The transaction is designed to bolster Himax's position in the small- and medium-sized display driver market. We expect the transaction to close in January of 2007."

Max Chan, Chief Financial Officer of Himax, said, "Our gross margin and operating margin both declined on a sequential basis. In addition to the continued pricing pressure, our gross margin was negatively impacted by a change of product mix, where small- and medium-sized display drivers, which typically enjoy higher gross margin, accounted for a lower percentage of our total revenue. We continued to add headcount and invest in R&D. Intensive design-in activities have also contributed to higher R&D expenses in the quarter. Finally, we made our annual restricted share units grant of approximately 3.8 million shares to our employees at the end of September, representing a 1.9% dilution to our total outstanding shares. Around 47% of the grant vested immediately, with the remainder vesting in three equal installments over three years. The front-end loaded vesting schedule reflected our attempt to attract and retain talent. In the third quarter, our net cash used in operating activities was \$3.1 million, primarily as a result of higher net working capital requirement, partially in anticipation of growing demand in the fourth quarter."

Looking forward, Mr. Wu added, "We expect the business environment in the fourth quarter of 2006 will be much improved compared to the third quarter. Overall, we expect net revenue in the fourth quarter of 2006 to grow more than 20% sequentially, and gross margin to maintain flat or increase slightly. We expect diluted GAAP EPS to return to the level in the first half of 2006. Reflecting our confidence in the Company's near and long-term prospects, on November 2nd, our Board of Directors authorized a share buyback program. The program allows Himax to repurchase up to \$50 million of the Company's American Depositary Receipts in the open market or through privately negotiated transactions depending on prevailing market conditions and other factors."

A reconciliation of our diluted EPS excluding share-based compensation, a non-GAAP financial measure, to diluted GAAP EPS, our most comparable GAAP figure, is set out in the attached reconciliation schedule.

Investor Conference Call / Webcast Details

The Company's management will review detailed third quarter 2006 results on Monday, November 6, 2006 at 6:00 PM EST (7:00 AM, November 7, Taiwan time). The conference call-in number is +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. 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 217204.

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 solutions and LCOS microdisplays. Based in Tainan, Taiwan, the Company has regional offices in Hsinchu and Taipei, Taiwan; Suzhou and Shenzhen, China; Yokohama, Japan and Anyangsi Kyungkido, South Korea.

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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 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 its Form F-1 dated March 13, 2006, 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 September 30,		Three Months Ended June 30,
	2006	2005	2006
Revenues			
Revenues from third parties, net	\$89,044	\$65,683	\$84,634
Revenues from related parties, net	88,061	89,137	87,041
	<u>177,105</u>	<u>154,820</u>	<u>171,675</u>
Costs and expenses:			
Cost of revenues	146,287	118,475	138,766
Research and development	22,685	10,234	11,603
General and administrative	3,027	1,649	1,334
Sales and marketing	2,364	1,053	1,097
Total costs and expenses	<u>174,363</u>	<u>131,411</u>	<u>152,800</u>
Operating income	<u>2,742</u>	<u>23,409</u>	<u>18,875</u>
Non operating income (loss):			
Interest income	2,000	207	1,843
Impairment loss on an investment	---	---	(1,500)
Foreign exchange gains (losses), net	(1,298)	1,189	1,398
Interest expense	---	(4)	(27)
Other income, net	59	85	58
	<u>761</u>	<u>1,477</u>	<u>1,772</u>
Income before income taxes and minority interest	3,503	24,886	20,647
Income tax (benefit) expense	<u>(1,246)</u>	<u>3,602</u>	<u>1,246</u>
Income before minority interest	4,749	21,284	19,401
Minority interest, net of tax	<u>(157)</u>	<u>92</u>	<u>124</u>
Net income	<u>\$4,592</u>	<u>\$21,376</u>	<u>\$19,525</u>
Basic earnings per ordinary share and ADS	<u>\$0.02</u>	<u>\$0.12</u>	<u>\$0.10</u>
Diluted earnings per ordinary share and ADS	<u>\$0.02</u>	<u>\$0.12</u>	<u>\$0.10</u>
Basic Weighted Average Outstanding Shares	197,110	176,231	195,535
Diluted Weighted Average Outstanding Shares	199,729	180,606	198,512

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:	Three Months Ended September 30,		Three Months Ended June 30,
	2006	2005	2006
Share-based compensation			
Cost of revenues	\$208	\$29	\$18
Research and development	8,963	1,060	818
General and administrative	1,090	138	98
Sales and marketing	1,195	205	129
Total	<u>\$11,456</u>	<u>\$1,432</u>	<u>\$1,063</u>

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

	Nine Months Ended	
	September 30,	
	2006	2005
Revenues		
Revenues from third parties, net	\$239,105	\$138,724
Revenues from related parties, net	284,534	224,146
	<u>523,639</u>	<u>362,870</u>
Costs and expenses:		
Cost of revenues	422,351	279,716
Research and development	45,190	27,321
General and administrative	6,419	4,228
Sales and marketing	4,468	2,744
Total costs and expenses	<u>478,428</u>	<u>314,009</u>
Operating income	<u>45,211</u>	<u>48,861</u>
Non operating income (loss):		
Interest income	4,048	257
Impairment loss on an investment	(1,500)	---
Foreign exchange gains (losses), net	(132)	1,673
Interest expense	(311)	(11)
Other income, net	172	216
	<u>2,277</u>	<u>2,135</u>
Income before income taxes and minority interest	47,488	50,996
Income tax expense	<u>1,491</u>	<u>6,610</u>
Income before minority interest	45,997	44,386
Minority interest, net of tax	<u>59</u>	<u>192</u>
Net income	<u>\$46,056</u>	<u>\$44,578</u>
Basic earnings per ordinary share and ADS	<u>\$0.24</u>	<u>\$0.25</u>
Diluted earnings per ordinary share and ADS	<u>\$0.24</u>	<u>\$0.25</u>

Himax Technologies, Inc.
Unaudited Condensed Consolidated Balance Sheets
(Figures in Thousands of U.S. Dollars)

	<u>Sep 30, 2006</u>	<u>Jun 30, 2006</u>	<u>Dec 31, 2005</u>
Assets			
Current assets:			
Cash and cash equivalents	\$155,594	\$166,884	\$7,086
Marketable securities available-for-sale	4,072	1,930	3,989
Restricted cash equivalents and marketable securities	31	395	14,053
Accounts receivable, less allowance for sales returns and discounts	101,660	86,907	80,158
Accounts receivable from related parties	71,530	66,434	69,688
Inventories	106,977	99,605	105,004
Deferred income taxes	11,202	11,331	8,965
Prepaid expenses and other current assets	20,622	16,142	11,113
Total current assets	\$471,688	\$449,628	\$300,056
Property and equipment, net	34,946	29,128	24,426
Deferred income taxes	134	135	151
Intangible assets, net	61	68	81
Investments in non-marketable securities	1,723	313	1,813
Refundable deposits	603	511	712
	37,467	30,155	27,183
Total assets	\$509,155	\$479,783	\$327,239
Liabilities, minority interest and stockholders' equity			
Current liabilities:			
Short-term debt	\$---	\$---	\$27,274
Current portion of long-term debt	---	---	89
Accounts payable	106,829	98,015	105,801
Income tax payable	11,783	12,858	13,625
Other accrued expenses and other current liabilities	16,029	11,985	13,995
Total current liabilities	\$134,641	\$122,858	\$160,784
Minority interest	\$1,054	\$449	\$624
Stockholders' equity:			
Ordinary share, US\$0.0001 par value, 500,000,000 shares authorized	19	19	18
Additional paid-in capital	260,031	247,653	98,450
Accumulated other comprehensive income	27	13	36
Unappropriated earnings	113,383	108,791	67,327
Total stockholders' equity	\$373,460	\$356,476	\$165,831
Total liabilities, minority interest and stockholders' equity	\$509,155	\$479,783	\$327,239

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

	Three Months Ended September 30,		Three Months Ended June 30,
	2006	2005	2006
Cash flows from operating activities:			
Net income	\$4,592	\$21,376	\$19,525
Adjustments to reconcile net income to net cash provided (used in) by operating activities:			
Depreciation and amortization	1,119	921	1,204
Share-based compensation expenses	11,456	1,432	1,063
Minority interest, net of tax	157	(92)	(124)
Loss on disposal of property and equipment	---	---	5
Gain on sale of marketable securities, net	(23)	(90)	(55)
Impairment loss on an investment	---	---	1,500
Deferred income taxes	132	(276)	(1,677)
Changes in operating assets and liabilities:			
Accounts receivable	(14,772)	(15,942)	(13,672)
Accounts receivable from related parties	(5,096)	(13,704)	5,076
Inventories	(7,369)	(32,135)	(4,009)
Prepaid expenses and other current assets	(4,497)	1,482	(2,838)
Accounts payable	8,815	54,467	12,525
Income tax payable	(1,075)	3,445	(3,056)
Other accrued expenses and other current liabilities	3,477	295	(195)
Net cash provided by (used in) operating activities	<u>(3,084)</u>	<u>21,179</u>	<u>15,272</u>
Cash flows from investing activities:			
Purchase of land, property and equipment	(5,691)	(11,182)	(4,065)
Purchase of available-for-sales marketable securities	(10,608)	(3,859)	(8,625)
Sales and maturities of available-for-sale marketable securities	8,480	9,912	9,830
Proceeds from sale of subsidiary shares by Himax Technologies Limited	27	---	55
Purchase of investments in non-marketable securities	(1,410)	---	---
Purchase of subsidiary shares from minority interest	(64)	(5)	(84)
Return of (increase in) refundable deposits	(92)	310	(23)
Release of restricted cash equivalents and marketable securities	424	52	14,101
Net cash provided by (used in) investing activities	<u>(8,934)</u>	<u>(4,772)</u>	<u>11,189</u>

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

	Three Months Ended September 30,		Three Months Ended June 30,
	2006	2005	2006
Cash flows from financing activities:			
Proceeds from issuance of ordinary shares		929	147,813
Proceeds from issuance of new shares by subsidiaries	655	---	---
Repayment of short-term debt	---	---	(38,577)
Repayment of long-term debt	---	(47)	---
Net cash provided by financing activities	<u>655</u>	<u>882</u>	<u>109,236</u>
Effect of exchange rate changes on cash and cash equivalents	73	---	(60)
Net increase (decrease) in cash and cash equivalents	(11,290)	17,289	135,637
Cash and cash equivalents at beginning of period	<u>166,884</u>	<u>28,162</u>	<u>31,247</u>
Cash and cash equivalents at end of period	<u><u>\$155,594</u></u>	<u><u>\$45,451</u></u>	<u><u>\$166,884</u></u>
 Supplemental disclosures of cash flow information:			
Cash paid during the period for:			
Interest	<u>\$---</u>	<u>\$11</u>	<u>\$28</u>
Income taxes	<u>\$21</u>	<u>\$27</u>	<u>\$5,549</u>
 Supplemental disclosures of non-cash investing and financing activities:			
Decrease in payable for purchase of equipment and construction in progress	<u><u>\$(1,750)</u></u>	<u><u>\$(1,366)</u></u>	<u><u>\$(18)</u></u>

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

Gross Margin and Operating Margin Excluding Share-based Compensation:

	Three Months Ended September 30,		Three Months Ended June 30,
	2006	2005	2006
Revenues	\$177,105	\$154,820	\$171,675
Gross profit	30,818	36,345	32,909
Add: Share-based compensation – Cost of revenues	208	29	18
Gross profit excluding share-based compensation	31,026	36,374	32,927
Gross margin excluding share-based compensation	17.5%	23.5%	19.2%
Operating income	2,742	23,409	18,875
Add: Share-based compensation	11,456	1,432	1,063
Operating income excluding share-based compensation	14,198	24,841	19,938
Operating margin excluding share-based compensation	8.0%	16.1%	11.6%

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

*Operating margin excluding share-based compensation equals operating income excluding share-based compensation divided by revenues

Diluted Earnings Per Share Excluding Share-based Compensation:

	Three Months Ended September 30, 2006
Diluted GAAP EPS	\$0.02
Add: Estimated share-based compensation per diluted share	\$0.06
Diluted non GAAP EPS excluding share-based compensation	\$0.08

Numbers do not add up due to rounding