



OMNIVISION REPORTS FIRST QUARTER FISCAL 2006 RESULTS

Strong Second Quarter Revenue Growth Projected

SUNNYVALE, Calif. – August 25, 2005 – OmniVision Technologies, Inc. (Nasdaq: OVTI), the world's leading supplier of CMOS image sensors, today reported earnings of \$14.4 million, or \$0.25 per diluted share, on revenues of \$96.0 million in the three months ended July 31, 2005. In the prior-year first quarter, the Company earned \$19.9 million, or \$0.32 per diluted share, on revenues of \$98.8 million.

Gross profit for the first quarter of fiscal 2006 was \$31.9 million, or 33.3 percent of revenues, compared to \$39.7 million, or 40.2 percent of revenues, for the first quarter of fiscal 2005, and \$37.1 million, or 36.1 percent of revenues, for the fourth quarter of fiscal 2005. First quarter fiscal 2006 gross margin was unfavorably impacted by the back-end yield issues that arose in the fourth quarter of fiscal 2005 and in the first quarter. Both of these matters are now substantially resolved, but they will have a reduced impact on gross margins in the second quarter. Gross margin was also reduced as a result of the consolidation of Silicon Optonics Inc. (SOI) in Taiwan, even though SOI's operating margins are comparable to OmniVision's.

"In spite of these gross margin issues, revenue and earnings in the quarter were well within our guidance," said Shaw Hong, OmniVision's president and chief executive officer.

"The fundamental financial strength of our business is demonstrated by the fact that we ended the quarter with cash and short-term investments totaling \$312.0 million even after spending \$17.2 million to repurchase 1,250,000 shares in the first phase of our planned \$100 million share buy-back program."

"The fundamental strength of our technology and our product portfolio is reflected in the fact that, as we anticipated in our year-end conference call in June, we expect revenues to grow strongly in the second quarter," continued Hong. "We currently expect revenues of between \$110 million and \$120 million and earnings of between \$0.28 and \$0.33 per diluted share."

Teleconference

At 1:30 p.m. PDT (4:30 p.m. EDT) today, August 25, 2005, the Company will hold a teleconference to discuss the financial results. To participate in the teleconference, please call (toll free) 877-869-7690 approximately 10 minutes prior to the start time. For international callers, the dial-in number is 706-758-0239. You may also listen live via the Internet at the Company's web site, www.ovt.com, or at www.earnings.com.

These web sites will host an archive of the teleconference. Additionally, a playback of the call will be available for 48 hours beginning at 4:30 p.m. PDT on August 25. You may access the playback by calling 800-642-1687, or for international callers 706-645-9291, and providing Conference ID number 8744007.

About OmniVision

OmniVision Technologies, Inc. designs and markets high-performance semiconductor image sensors. Its OmniPixel™ and CameraChip™ products are highly integrated single-chip CMOS image sensors for mass-market consumer and commercial applications such as mobile phones, digital still cameras, security and surveillance systems, interactive video games, PCs and automotive imaging systems. Additional information is available at www.ovt.com.

OmniVision, CameraChip, SmartSensor and OmniPixel are trademarks of OmniVision Technologies, Inc.

Safe-Harbor Statement

Certain statements in this press release, including statements relating to the Company's expectations regarding revenue and earnings per share for the quarter ending October 31, 2005, are forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on management's current expectations, and as a result of certain risks and uncertainties actual results may differ materially from those projected. These risks and uncertainties include, without limitation, the following: the degree to which intense competition might affect the Company's ability to compete successfully in current and emerging markets for image sensor products; risks associated with the Company's ability to obtain design wins from camera, mobile phone and other image sensor device manufacturers, which could inhibit the Company's ability to sustain and grow its business; risks associated with wafer manufacturing yields and other manufacturing processes, which could materially and adversely affect the Company's revenue and earnings and its ability to satisfy customer demand; risks associated with the development of current and emerging markets for CMOS image sensor products, generally, and the Company's products, specifically, which could result in lower revenue and earnings and adversely affect the Company's business and prospects; risks associated with the Company's ability to accurately forecast customer demand for its products, which could impair the Company's ability to meet customer demand for its image sensor products and could also result in excess inventory; risks associated with the development, production, introduction and marketing of new products and technology which could adversely affect the Company's ability to compete successfully in the CMOS image sensor market; the Company's dependence upon a few key customers, the loss of one or more of which could materially and adversely affect the Company's business and results of operations; the Company's ability to maintain and strengthen its internal controls over financial reporting and maintain an adequate level of financial processes and controls; a decline in the average selling price of the Company's products, which could result in a decline in the Company's revenue and gross margins; and the other risks detailed from time to time in the Company's Securities and Exchange Commission filings and reports, including, but not limited to, the Company's most recent annual report filed on Form 10-K. The Company expressly disclaims any obligation to update information contained in any forward-looking statement.

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(financial tables follow)

OMNIVISION TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)
(unaudited)

	<u>July 31,</u> <u>2005</u>	<u>April 30,</u> <u>2005</u>
ASSETS		
Current assets:		
Cash and cash equivalents.....	\$ 193,560	\$ 204,057
Short-term investments	118,395	90,658
Accounts receivable, net	54,586	59,740
Inventories.....	61,373	58,429
Refundable and deferred income taxes	5,346	5,402
Prepaid expenses and other assets.....	<u>3,018</u>	<u>2,542</u>
Total current assets	436,278	420,828
Property, plant and equipment, net.....	18,936	19,342
Long-term investments.....	6,830	6,814
Goodwill.....	4,892	4,892
Intangibles, net	25,083	26,414
Other non-current assets.....	<u>2,260</u>	<u>1,543</u>
Total assets.....	<u>\$ 494,279</u>	<u>\$ 479,833</u>
LIABILITIES, MINORITY INTEREST AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable.....	\$ 34,391	\$ 26,081
Accrued expenses and other current liabilities.....	12,965	14,196
Accrued income taxes payable.....	35,849	32,313
Deferred income.....	<u>9,615</u>	<u>5,483</u>
Total current liabilities	<u>92,820</u>	<u>78,073</u>
Long-term liabilities:		
Deferred tax liabilities.....	<u>8,870</u>	<u>9,347</u>
Total long-term liabilities.....	<u>8,870</u>	<u>9,347</u>
Total liabilities	<u>101,690</u>	<u>87,420</u>
Minority interest.....	2,858	2,315
Stockholders' equity:		
Common stock, \$0.001 par value; 100,000 shares authorized; 57,918 issued and 56,668 outstanding at July 31, 2005 and 57,634 shares issued and outstanding at April 30, 2005, respectively.....	58	58
Additional paid-in capital.....	265,302	263,102
Accumulated other comprehensive income (loss).....	185	(25)
Treasury stock, 1,250 shares at July 31, 2005 and zero shares at April 30, 2005	(17,159)	—
Retained earnings.....	<u>141,345</u>	<u>126,963</u>
Total stockholders' equity.....	<u>389,731</u>	<u>390,098</u>
Total liabilities, minority interest and stockholders' equity.....	<u>\$ 494,279</u>	<u>\$ 479,833</u>

OMNIVISION TECHNOLOGIES, INC.

CONDENSED CONSOLIDATED INCOME STATEMENTS
(in thousands, except per share amounts)
(unaudited)

	Three Months Ended	
	July 31,	
	2005	2004
Revenues	\$ 95,994	\$ 98,807
Cost of revenues	<u>64,065</u>	<u>59,068</u>
Gross profit.....	<u>31,929</u>	<u>39,739</u>
Operating expenses:		
Research and development	8,477	5,164
Selling, general and administrative	6,776	7,122
Stock-based compensation	<u>2</u>	<u>203</u>
Total operating expenses	<u>15,255</u>	<u>12,489</u>
Income from operations.....	16,674	27,250
Interest income	1,959	660
Other income (loss), net	<u>23</u>	<u>(338)</u>
Income before income taxes and minority interest	18,656	27,572
Provision for income taxes	3,732	7,720
Minority interest	<u>542</u>	<u>—</u>
Net income	<u>\$ 14,382</u>	<u>\$ 19,852</u>
Net income per share:		
Basic	<u>\$ 0.25</u>	<u>\$ 0.35</u>
Diluted.....	<u>\$ 0.25</u>	<u>\$ 0.32</u>
Shares used in computing net income per share:		
Basic	<u>57,178</u>	<u>56,315</u>
Diluted.....	<u>58,194</u>	<u>61,131</u>

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Supplementary Disclosure

The following table shows the calculation of gross margin in the quarter ended July 31, 2005, the first quarter of fiscal 2006, excluding the two products which had back-end yield issues, as discussed in the Company's conference call on August 25, 2005:

(dollars in thousands)	Three Months Ended July 31, 2005	
	As reported	Excluding products with yield issues
Total Revenues	\$95,994	\$82,652
Gross Profit	31,929	32,617
Gross margin	33.3%	39.4%