LIVE CALL INFORMATION	REPLAY INFORMATION
Tuesday, November 7, 7AM Taiwan Monday, November 6, 6PM NYC **Listener Call Number: 1-201-689-8560**	Accessible 2 hours after the call through noon on Tuesday, November 7, 2006 Taiwan Replay Number: 1-201-612-7415 Account number: 3055 Conference ID number: 217204

Operator Intro: Welcome to Himax Technologies third quarter 2006 results Conference Call. At this time, all participants are in a listen-only mode. Later we will conduct a question and answer session. At that time, if you have a question, you will need to press the star 1 on your push button phone. The call is scheduled for one hour.

As a reminder, this conference is being recorded today. A replay will be available 2 hours after the call today, through noon on Tuesday, November 7, 2006 in Taiwan. The replay dial-in number is 1-201-612-7415 with account number 3055 and conference ID number 217204. The replay will also be accessible at www.himax.com.tw.

David

Thank you operator. Welcome everyone to Himax's third quarter 2006 earnings call. Joining us from the company are Mr. Jordan Wu, President and Chief Executive Officer, and Mr. Max Chan, Chief Financial Officer. After the company's prepared comments we will have time for any questions.

If you have not yet received a copy of today's results release, please call The Ruth Group at 646-536-7003. Or you can get a copy off of Himax's website.

Before we begin the formal remarks, the Company's attorneys advise that certain statements in this conference call, 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 conference call.

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; 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.

The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

At this time, I would now like to turn the call over to Mr. Jordan Wu. Please go ahead, sir.

Mr. Jordan Wu

Thank you David and thank you everyone for joining us on today's call.

I will now review Himax's performance during the third quarter of 2006 and discuss the outlook for the fourth quarter. Max, our CFO, will then provide further details on our financial performance.

Our third quarter net revenue was up 14.4% year over year to $177.1 million, and up 3.2% compared to the second quarter of 2006. 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.

Towards the end of the third quarter, we saw a strong pick up in driver IC demand across the board, covering all applications from many of our customers. However, some of those orders were given to us in short notice. With limited inventories on hand, we were unable to fulfill some of those orders by the end of the third quarter. Our products require, on average, manufacturing lead time of two to three months. Most of such unfulfilled orders are expected to be carried forward into the fourth quarter.

In terms of customer mix, revenues from related parties were $88.1 million in the third quarter, an increase of 1.2% quarter over quarter and a decline of 1.2% year over year. Revenues from unrelated parties were $89.0 million, an increase of 5.2% quarter over quarter and an increase of 35.6% year over year. Revenue mix from unrelated parties was 50.3%, a record high and the first time since our inception for this to have exceeded 50%. We believe our continuous efforts to diversify our customer base is putting us in a stronger position in the long run.

In terms of product mix, revenues from large panel display drivers increased sequentially and accounted for approximately 88% of our total revenues in the third quarter, primarily driven by the increase of PC-related demands. We are expecting driver IC demand for all large panel applications, including monitor, notebook, and LCD TV, to continue to pick up in the upcoming holiday seasons.

Revenues from small- and medium-sized display drivers accounted for approximately 9% of our total revenues, declining sequentially from approximately 12% in the previous quarter. However, we are seeing a strong demand increase for small- and medium-sized applications starting from the end of the third quarter.

Our gross margin declined to 17.4% in the third quarter from 19.2% of previous quarter as we continued to experience pricing pressure. Furthermore, our gross margin was negatively impacted by a change of product mix, where small- and medium-sized display drivers, which typically enjoy higher gross margins, accounted for a lower percentage of our total revenues.

In the third quarter, we continued to diversify our wafer sources. Currently, not a single foundry accounts for more than 50% of our total wafer supply. Our long term goal is to be able to have major products covered by multiple foundries to achieve manufacturing flexibility and maintain our cost competitiveness.

The operating margin before share-based compensations declined sequentially from 11.6% to 8.0% as we continued to add significant headcounts and invest in R&Ds in the past few quarters. Intensive design-in activities have also contributed to higher R&D expenses in the quarter. We made a 2006 RSU grant of approximately 3.8 million shares, or 1.9% dilution to our total shares outstanding at the end of September. Approximately 47% of the grant was vested immediately, with the remainder vesting in three equal installments over the next three years. Max, our CFO will comment more on the expenses and 2006 share-based compensation.

Our GAAP diluted EPS was $0.02, which included share-based compensation of approximately $11.5 million, or $0.06 per diluted share, based on 199.7 million diluted weighted average shares, compared to $0.10 in the previous quarter.

On August 29th, we announced the Board's approval to acquire Wisepal Technologies, Inc. by way of a share exchange at the exchange ratio of five Wisepal shares for one ordinary share of Himax, resulting in a total share dilution of approximately 3.4%. Based on closing price of Himax shares on August 28th, 2006, the purchase price is valued at approximately US$50 million. Wisepal is a display driver IC company focused on small- and medium-sized applications. Wisepal primarily supplies to TPO Displays, whose customers supply to global tier-one handset manufacturers. We expect that acquiring Wisepal will allow us to diversify

Himax's product portfolio with more exposure towards small- and medium-size products. The acquisition will further strengthen our competitiveness in the display driver market. Pending closing conditions and regulatory approvals, we expect the transaction to close in January of 2007.

Separately, at the end of October, we relocated our corporate headquarters to a 22 thousand square meter facility within the Tree Valley Industrial Park. The Tree Valley Industrial Park, located right next to the Tainan Science Park, is a compound housing manufacturers in the LCD TV industry. The new building will enable better communication and more efficient operation among Himax's various functional units. In addition, this move to a permanent office space has positioned Himax for continued growth in years to come.

As further evidence of our confidence in the company's near and long term prospects, on Nov 2nd, our Board of Directors authorized a share buyback program which allows us to repurchase up to $50 million of the Company's American Depositary Shares in open market or privately negotiated transactions, depending on prevailing market conditions and other factors.

Let me now turn to the outlook for the fourth quarter.

We believe the fourth quarter will be a much improved one. We are seeing a much more positive sentiment in this quarter as compared to the previous quarter. In terms of product mix, we expect to see increases in TV and small- and medium-sized products in the fourth quarter.

We expect revenues in the fourth quarter of '06 to grow more than 20% sequentially. Gross margin is to remain flat or increase slightly. Our diluted GAAP EPS is expected to return to the level in the first half of 2006. The charge of share-based compensation will be around $1.5 million.

Now let me turn over to Max Chan, our CFO, for some financial details.

Mr. Max Chan

Thank you, Jordan.

Net revenues in the third quarter were $177.1 million, representing year-on-year growth of 14.4% and a sequential growth of 3.2%. Large panel display driver revenues increased by 6.1%, while small- and medium-sized display driver revenues declined by 22.7% sequentially.

The gross margin had declined to 17.4% from 19.2% a quarter ago. This was primarily due to a significant ASP erosion. We continued to target unit cost reductions from our vendors to offset ASP declines. Also, we are making good progress in qualifying new foundries to further diversify our supplier base.

Our operating expense, excluding share-based compensation, was $16.8 million in the third quarter, up approximately $3.8 million from previous quarter as we continued to recruit talents and make investments in resources required to support our long-term growth. Our total headcount increased to 903 at the end of September, a 10% growth from a quarter ago. During the quarter, there was a one-time R&D expense of approximately $1 million for certain licensing charges. In addition, we incurred higher R&D expenses resulting from more intensive design-in activities. These factors have contributed to the increase of operating expenses in the quarter.

Upon reviewing our 2006 performance with our external auditors, we have updated our effective tax rate to approximately 3% for the whole of 2006. This resulted in a tax benefit of approximately $1.2 million in the third quarter. We expect the effective tax rate to be around 3% in the fourth quarter.

We made our annual grant of restricted share units of approximately 3.8 million shares to our employees at the end of September, representing about 1.9% dilution to our total outstanding shares. The fair value of our 2006 RSU grant was around $21.7 million, of which approximately 47% or $10.3 million was vested immediately on the day of grant, with the remainder vesting in three equal installments over the next three years. This accelerated vesting schedule reflected our attempt to attract and retain talents while balancing shareholders' interests. Total share-based compensation accrued in the third quarter, including expenses from legacy grants, was approximately $11.5 million, or $0.06 per diluted share.

In the third quarter, our net cash used in operating activities was $3.1 million, primarily as a result of higher net working capital, partially in anticipation of growing demand in the fourth quarter. Our ending cash balance stands at $155.6 million, with no debt.

Capital expenditures for the third quarter were $5.7 million.

Operator, that concludes our prepared remarks. We can now take any questions.
