LIVE CALL INFORMATION	REPLAY INFORMATION
Tuesday, May 10, 2011 7AM Taiwan **Monday, May 9, 2011 7PM NYC** **CEO / CFO Number: 1-201-689-8472** **Listener Call Number: 1-201-689-8471** **or 1-877-407-4018**	Accessible 2 hours after the call through 12PM on Monday, May 16, 2011 Taiwan Replay Number: +1-858-384-5517 (international) or +1-877-870-5176 (U.S. domestic) Conference ID number: 370986

Operator Intro: Welcome to Himax Technologies' first quarter 2011 financial 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 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 12PM on Monday, May 16, 2011 in Taiwan. The replay dial-in number is 1-858-384-5517 with conference ID number 370986. The replay will also be accessible at www.himax.com.tw.

Thomas Mei

Thank you, operator. Welcome everyone to Himax's first quarter 2011 earnings call. Joining us from the company are Mr. Jordan Wu, President and Chief Executive Officer, and Mrs. Jessica Pan, Acting Chief Financial Officer. After the company's prepared comments, we will have time for any questions today.

If you have not yet received a copy of today's results release, please call The Ruth Group at 1-646-536-7009. Or you can get a copy off Himax's website at www.himax.com.tw.

Before we begin the formal remarks, I'd like to remind everyone that some of the statements in this conference call, including statements regarding expected future financial results, industry growth and the Taiwan listing plan, 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 and the Taiwan listing plan to differ include, but not limited to, general business and economic conditions and the state of the semiconductor industry; market acceptance and competitiveness of the driver and non-driver products developed by the Company; demand for end-use applications products; reliance on a small group of principal customers; the uncertainty of continued success in technological innovations; our ability to develop and protect our intellectual property; pricing pressures including declines in average selling prices; changes in customer order patterns; changes in estimated full-year effective tax rate; shortages in supply of key components; changes in environmental laws and regulations; exchange rate fluctuations; regulatory approvals for further investments in our subsidiaries; our ability to collect accounts receivable and manage inventory; shareholders' support on the dual listing plan, changes in either Taiwan or US authorities' policies, Taiwan Stock Exchange and Taiwan authority's acceptance of the Company's Taiwan listing application, changes in capital market conditions in either Taiwan or the US, capital market acceptance of our share offering, the capability to maintain the full two-way fungibility between the Company's ordinary shares and ADSs 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, 2009 filed with SEC on dated June 3, 2010, as amended.

Except for the Company's full year of 2009 financials which were provided on the Company's 20-F, filed with the SEC on June 3, 2010, the financial information included in this conference call is unaudited and consolidated, and prepared in accordance with US GAAP. Such financial information is generated internally and has not been subjected to the same review and scrutiny, including internal auditing procedures and audit by independent auditors, to which we subject our annual consolidated financial statements, and may vary materially from the audited consolidated financial information for the same period. Any evaluation of the financial information included in this conference call should also take into account our published audited consolidated financial statements and the notes to those statements. In addition, the financial information included in this conference call is not necessarily indicative of our results for any future period.

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

In today's earnings call I will be reporting our performance in the first quarter and then provide outlook for the second quarter of 2011. Our Acting CFO, Jessica Pan, will then provide further details on our financial performance.

Our first quarter revenues came in at $141.1 million, representing a 19.6% decline year-over-year and a 0.1% decline sequentially.

Revenues from large panel display drivers were $64.9 million, down 43.3% from a year ago and down 8.6% sequentially. Large panel drivers accounted for 46.0% of our total revenues for the first quarter compared to 65.2% a year ago and 50.3% in the previous quarter.

Small and medium-sized applications continued to demonstrate strong growth momentum. Revenues from small and medium-sized applications hit a record high at $59.6 million, up 28.9% from the same period last year and up 3.8% sequentially. Small and medium-sized applications accounted for 42.3% of total revenues for the first quarter, also a record level, as compared to 26.4% for the same period last year, and 40.7% in the previous quarter.

Revenues from our non-driver businesses were $16.6 million, up 12.0% from the same period last year and up 30.4% sequentially. Our non-driver products accounted for 11.7% of our total revenues, as compared to 8.4% a year ago and 9.0% in the previous quarter. This is the first quarter where our non-driver products have accounted for over 10% of our total sales.

Our GAAP gross margin for the first quarter was 20.1%, as compared to 19.8% a year earlier, and 21.5% in the previous quarter.

For the first quarter, GAAP net income was $2.7 million, or 2 cents per ADS, compared to $9.1 million, or 5 cents per ADS, a year ago, and $11.7 million, or 7 cents per ADS, in the prior quarter.

So the big picture summary of our Q1 performance is that while we achieved a more balanced product mix and continued to improve on customer diversification, our gross margin and bottom line profitability were not satisfactory. We expect our gross margin to decline further in Q2 for reasons which we will elaborate later in the call. Notwithstanding the short-term unsatisfactory margin, we are encouraged by the fundamental improvements in our product and customer diversification, which is in line with the overall direction we set a long time ago and will greatly enhance our corporate value in the long-term. While the short-term low margin is a concern, we see this as temporary in nature and we are fully committed to improving our gross margin in short time.

There are factors for both driver and non-driver segments which are causing lower gross margins for Q1 and Q2. For the driver IC product line, we are facing pressure from our suppliers who are suffering from rising production costs due to NT dollar and Renminbi appreciation and the skyrocketing gold prices. Another factor that has negatively impacted our Q1 and Q2 driver IC gross margin is an unfavorable shipment mix as we are seeing more short-term demand for certain of our lower margin products, some of them involve older generation products which the customers have not replaced and these products have a lower gross margin than average.

We mentioned in our last earnings call that we did anticipate the ramp-up expenses for non-driver products to negatively impact the overall gross margin in the first quarter. Such ramping costs are expected to continue into the second quarter and therefore some non-driver segments, which will bring in better profitability than driver ICs in the long term, are contributing negatively to our overall gross margin at the moment. We believe such low margins are temporary at a time when we are going through learning curve in bringing up these products' to the mass production stage.

Improving gross margin from the current level is the top priority on our list at the moment, both for driver and non-driver product lines.

I will discuss the second quarter in more depth later in the call, but first I will go into more detail on each of our major product segments.

For the driver IC product line, cell phone, or more specifically, smart phone, and medium size panels are the two segments which show the best growth potential while the large panel segment suffered from a decline sequentially. We remain one of the world leaders in the fast growing smart phone market. We are front-runners in technologies and specifications which are required for high end smart phones; some examples are color enhancement, 3D data processing, MIPI high speed interface and HD720 or WXGA resolutions. Beyond handsets, we are also working very closely with numerous panel makers on other small and medium-sized applications, including 5” to 10” mobile internet devices and tablet PCs.

Among our non-driver product lines, CMOS image sensors demonstrated the strongest growth in Q1, with revenues surging to a level which is multiples higher than the previous quarter. While foundry capacity remains a bottleneck, as we pointed out in the last earnings call, we believe the strong growth momentum of our CMOS image sensors will continue in the coming quarters. The gross margin of this segment was below our overall level in both Q1 and Q2, but we have seen steady improvement by replacing older generation products with newer ones and by bringing up the production yields of those newer generation products. Our customer base is mostly leading brand names for both handsets and laptops. We continue to receive positive feedback regarding product performance and win new projects from these customers. We are excited about the prospects of this product line and we’re fully committed to its long term sales growth and margin improvement.

We mentioned in the previous calls regarding our wafer-level optics product line, where we are one of the pioneers in the world. We started our first mass production shipment to a leading handset brand earlier in the second quarter. We are going through the ramp up learning curve right now. Similar to the newer generation sensors mentioned earlier, the yield rates are being steadily improved. We are looking into expanding our in-house facilities for this product line because we do foresee a rapid demand pick-up in Q2 and onward. Further details will be provided in the next few quarters.

We continued to ship our 2D to 3D conversion chips in the first quarter with revenue close to double that of the previous quarter. However, shipments for the second quarter will be lower primarily due to certain high-end TV customers’ dropping demand caused by the recent earthquake in Japan.

We have seen increasing orders for our LCOS micro-display for pico-projector products targeting emerging markets in the second quarter. For touch controllers, we continue to make small quantity shipments and are in the final verification process with a smartphone maker, for which we expect the shipment to begin in the second half of 2011.

Moving to the second quarter, we are seeing strong demand pick-up across literally all product lines. However, even though the recent Japan earthquake has had limited impact on our own display driver supply chain, it does pose an uncertainty to our Q2 guidance below as we are not entirely certain how the overall industry supply chain has been affected. Our revenue guidance is given here based on the current forecast provided to us by our customers. We are guiding for our gross margin to decline for reasons mentioned above.

Considering the factors we have discussed, for the second quarter, we expect revenues to go up 10% to 15% with gross margin to decline 1%-1.5%. Our GAAP earnings per ADS is expected to be in the range of 2-3 cents.

Now let me turn over to Jessica Pan, our Acting CFO, for further details on our financials.

Mrs. Jessica Pan

Thank you, Jordan. I will now provide additional details for our first quarter financial results.

For the first quarter, our GAAP operating expenses were $25.8 million, up 4.7% from $24.6 million a year ago and up 47.7% from $17.4 million in the previous quarter. The significant sequential increase in operating expenses was primarily due to the recovery of $8.6 million of SVA-NEC bad debt expense which led to much lower operating expenses in the fourth quarter. During the first quarter, we recovered another $1.5 million from SVA-NEC for bad debt expense.

GAAP net income for the first quarter was $2.7 million, or 2 cents per ADS, down from $9.1 million, or 5 cents per ADS in the same period last year and down from $11.7 million, or 7 cents per ADS in the previous quarter.

Excluding share-based compensation and acquisition-related charges, our non-GAAP gross margin for the first quarter was 20.1%, as compared to 19.8% a year ago and 21.5% a quarter ago. Non-GAAP operating income for the first quarter was $4.3 million, down from $12.5 million in the same period last year and down from $14.5 million in the previous quarter.

Share-based compensation and acquisition-related charges for the first quarter were $1.0 million and $0.4 million, respectively, as compared to $1.7 million and $0.4 million, a year earlier.

Non-GAAP net income in the first quarter was $4.1 million, or 2 cents per ADS, down from $11.2 million or 6 cents per ADS for the same period last year, and down from $13.0 million or 7 cents per ADS in the previous quarter.

Our cash, cash equivalents and marketable securities available for sale were $116.4 million at the end of March, up from $105.5 million a quarter ago.

Inventories at the end of March were $130.1 million, compared to $118.0 million a quarter ago. The increase in inventory is primarily our response to the projected stronger second quarter sales. In addition, we intentionally raised our inventory level toward the end of the quarter to safe-guard against the earthquake in Japan. We expect the inventory level will be lower at the end of Q2.

Net cash inflow from operating activities for the first quarter was $12.2 million as compared to $29.8 million in the previous quarter.

The first quarter 2011 earnings per ADS guidance that Jordan provided earlier is based on the assumption of having 356 million diluted weighted average ordinary shares, with one ADS representing two ordinary shares.

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

Jordan's closing remarks

Thank you everyone for taking the time to join today's call. We look forward to talking with you again at our next earnings call in early August. Thank you.