LIVE CALL INFORMATION	REPLAY INFORMATION
Thursday, May 10, 2007 7AM Taiwan Wednesday, May 9, 2007 7PM NYC **Listener Call Number: 1-201-689-8560**	Accessible 2 hours after the call through noon on Thursday, May 17, 2007 Taiwan Replay Number: 1-201-612-7415 Account number: 3055 Conference ID number: 238293

Operator Intro: Welcome to Himax Technologies first quarter 2007 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 Thursday, May 17, 2007 in Taiwan. The replay dial-in number is 1-201-612-7415 with account number 3055 and conference ID number 238293. The replay will also be accessible at www.himax.com.tw.

David

Thank you operator. Welcome everyone to Himax's first quarter 2007 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 start with a brief review of Himax's performance during the first quarter of 2007 and discuss the outlook for the second quarter of 2007. Max, our CFO, will then provide further details on our financial performance.

We closed the Wisepal acquisition on Feb 1st, 2007 and therefore we are reporting the first quarter results on a consolidated basis today.

Our first quarter revenues, gross margin and EPS were all in line with our previous guidance.

Our first quarter net revenue was 184.9 million, representing a 6% growth year over year, and a 16% decline quarter over quarter. The decline in revenue reflects the traditionally seasonal lower demand and fewer working days in the holiday month of February. Moreover, demand for large panel driver IC decreased as a result of large panel maker's decision to lower fab utilization for better inventory control.

In terms of customer mix, revenues from related parties were $109.1 million, about 59% of total revenue in the first quarter. Revenues from unrelated parties were $75.8 million, or 41% of total revenue.

Revenues from large panel display drivers were down 22% sequentially and accounted for approximately 82% of our total revenues in the first quarter. Demand for both IT and TV related drivers declined with TV demand showing more significant seasonality.

Revenues from small- and medium-sized display drivers grew 25% sequentially. This is primarily due to better sales in both mobile phone and consumer electronic products, share gains at certain first tier Japanese customers, and acquisition of Wisepal. Small- and medium-sized revenue accounted for about 16% of our total revenues. This is up from about 11% in the fourth quarter of last year.

Our gross margin was 19.5% in the first quarter of 2007, up 60 basis points from the previous quarter. Despite the tough pricing environment, we are pleased that we were able to improve our gross margin as we continued to diversify product mix and lower our cost.

Our GAAP operating margin declined sequentially from 10.1% to 9.1% primarily due to lower revenue base in the first quarter. Also, the expense of acquisition-related charges negatively impacted our operating margin. Excluding share-based compensation and acquisition-related charges, our non-GAAP operating margin decreased sequentially from 10.8% to 10.4%. Max will provide more information on the Wisepal acquisition-related charges.

Our first quarter GAAP income before tax and minority interest came in at $17.7 million as compared to $24.0 million in the previous quarter. The decline is due primarily to lower revenue. Excluding share-based compensation and acquisition-related charges, our non-GAAP income before tax and minority interest was $20.1 million, as compared to $25.5 million in the previous quarter.

Our GAAP net income came in at $18.0 million as compared to $31.1 million in the previous quarter. EPS was $0.09, as compared to $0.16 in the previous quarter. On top of lower revenue, the sequential decline was primarily due to tax benefits of $6.9 million recorded in the fourth quarter of 2006. We estimated our 2007 effective tax rate to be around 0%, and therefore we recorded net tax benefit or expense of zero in the first quarter.

Excluding share-based compensation and acquisition-related charges, our non-GAAP net income was $20.4 million, as compared to $32.6 million in the fourth quarter. Non-GAAP EPS was $0.10 as compared to $0.16 in the previous quarter.

Now let me talk about our guidance for the second quarter of 2007.

We expect sales to improve in the second quarter. Demand for our large panel drivers is expected to increase as our customers are raising fab utilization to fulfill increasing demand for all large panel products across the board. Also, we expect sales of our small- and medium-sized drivers to remain healthy as several of our design-in projects have begun mass production.

Overall, we expect revenue to grow 17-20% sequentially in the second quarter. Gross margin is expected to remain flat or decline slightly. Diluted GAAP EPS is expected to improve to $0.10 to $0.11 as a result of higher revenue, while non-GAAP EPS would be $0.11 to $0.12 excluding share-based compensation and amortization on acquisition-related intangibles.

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

Mr. Max Chan

Thank you, Jordan.

Before getting into the first quarter financials, I want to note that when discussing comparisons between the fourth quarter 06 and the first quarter 07, there were a few updates to the fourth quarter financials. Changes are primarily due to higher estimated tax exemption and reclassifications in certain accounts. These were filed as a 6K with SEC today US time. Revenues remain $220.9 million for the fourth quarter 2006. Net income is updated to $0.16 per share for the fourth quarter 2006 as compared to $0.15 per share presented previously on February 13th, 2007.

Now let me move on to the detailed Q1 review.

Net revenues in the first quarter were $184.9 million, representing a year-on-year growth of 6% and a sequential decline of 16%.

The gross margin had increased to 19.5% from 18.9% a quarter ago. Our gross margin improved sequentially primarily because our small- and medium-sized driver ICs, which typically enjoyed higher gross margins, accounted for a higher percentage of our sales. Small- and medium-sized panel drivers accounted for approximately 16% of our revenue in the period, up from approximately 11% a quarter ago.

Our GAAP operating expense was $19.3 million in the first quarter, flat as compared to the previous quarter.

We had identified 3 intangible assets from the Wisepal acquisition – Core/developed Technology, In-process R&D and Customer Relations. In-Process R&D was valued at approximately $0.7 million and was written off as a one-time charge. Core/developed Technology and Customer Relations will be amortized over useful life of 7 years. Amortization on these two intangible assets will be approximately $1 million per annum.

Our non-GAAP operating expense, excluding share-based compensation and acquisition-related charges was approximately $16.9 million in the first quarter, down from approximately $17.9 million in previous quarter. Share-based compensation was approximately $1.5 million, and acquisition-related charges were approximately $0.9 million. We have provided detailed breakdown for these charges at the end of the press release.

Capital expenditure for the first quarter was approximately $6.5 million, mainly for the purchase of software, equipments and property relating to our headquarters.

The acquisition of Wisepal has increased our headcount by approximately 50 on Feb. 1. Our total headcount became approximately 950 at the end of the first quarter.

Jordan provided our 2Q07 outlook earlier. We are basing that guidance on approximately 198.0 million diluted weighted average outstanding shares. For 2Q07, share-based compensation is expected to be approximately $1.5 million and acquisition-related charges are expected to be approximately $0.3 million.

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