LIVE CALL INFORMATION	REPLAY INFORMATION
Thursday, May 6, 2010 7AM Taiwan **Wednesday, May 5, 2010 7PM NYC** **<u>CEO / CFO Number: 1-201-689-8323</u>** **<u>Listener Call Number: 1-201-689-8470</u>** **or 1-877-407-9039**	Accessible 2 hours after the call through noon on Thursday, May 13, 2010 Taiwan Replay Number: 1-201-612-7415 Account number: 3055 Conference ID number: 349435

Operator Intro: Welcome to Himax Technologies' first quarter 2010 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 noon on Thursday, May 13, 2010 in Taiwan. The replay dial-in number is 1-201-612-7415 with account number 3055 and conference ID number 349435. The replay will also be accessible at www.himax.com.tw.

Joseph Villalta

Thank you, operator. Welcome everyone to Himax's first quarter 2010 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 today.

If you have not yet received a copy of today's results release, please call The Ruth Group at 1-646-536-7028. 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 events or results to differ materially 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; the uncertainty of our Taiwan listing plan which is still under review by Taiwan regulatory authorities and subject to change due to, among other things, changes in either Taiwan or US authorities' policies and Taiwan regulatory authorities' acceptance of the Company's Taiwan listing application, 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, 2008 filed with SEC on dated May 15, 2009, as amended.

Except for the Company's full year of 2008 financials which were provided on the Company's 20-F, filed with the SEC on May 15, 2009, 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 Joseph and thank you everyone for joining us on today's call.

To begin, I will briefly highlight our performance in the first quarter and then provide our outlook for the second quarter 2010. Our CFO, Max Chan will then provide further details on our financial performance.

Our first quarter revenues came in at $175.5 million, representing a 39.7% growth year-over-year and a 1.8% decline, sequentially. At the end of first quarter, certain of our customer's order was either postponed or canceled, primarily due to insufficient lead time or shortage of other components for TFT-LCD panels.

Revenues from large panel display drivers were $114.5 million, up 28.5% from a year ago and down 10.7% sequentially. Large panel drivers accounted for 65.2% of our total revenues for the first quarter, as compared to 70.9% a year ago and 71.8% in the previous quarter.

Revenues from small- and medium-sized applications were $46.3 million, up 60.0% from the same period last year and up 22.6% sequentially. Small- and medium-sized applications accounted for 26.4% of total revenues for the first quarter, as compared to 23.0% for the same period last year, and 21.1% in the previous quarter. This is the first time that our small-and-medium panel drivers accounted for more than a quarter of our total revenues. The strong sequential growth was mainly driven by our share gain in the global handset display driver market. With an increasing number of compatible panels, our product portfolio is among the most complete and popular in the industry. We expect the strong demand of our handset display drivers to continue into the second quarter.

Revenues from our non-driver business were $14.7 million, up 93.2% from the same period last year and up 16.0% sequentially. Our non-driver products in the first quarter accounted for 8.4% of our total revenues as compared to 6.1% a year ago and 7.1% in the previous quarter.

We are pleased to start 2010 with solid results in our non-driver products. For our LCOS pico-project line, our 0.28" embedded solution for handset applications has been well-received by a number of optical engine makers and end customers, especially in the Chinese market. We believe the emerging pico-projector applications are just in the early stage of a long-term product life cycle. Being the leader in this fast-growing segment, we are planning aggressive capacity expansion to capture the ample business opportunities.

Revenues from our analog IC lines grew more than 50% sequentially, primary due to the ramp of our WLED drivers. In addition to small-and-medium panels and notebooks, we also started to ship WLED drivers for TV applications, where multiple LED drivers are required per panel. With a more integrated and complete product line-up, we are confident that we will benefit from the trend of fast-growing LED-backlight displays, due to our solid technology and close partnerships with both panel makers and system makers.

We are excited that our 2D to 3D conversion solution is receiving overwhelming interest from the 3D ecosystem, software and hardware makers alike. Our solution is widely praised for offering the best 3D effect and viewing experience in the market place. In addition to the software/firmware version which we announced in February, we recently launched our chip solution, which is now ready for mass production. This puts us firmly ahead of the market. Our IC solutions can accompany all types of 3D displays empowered by a variety of technologies. They are also suitable for a range of applications including TV, monitor, notebook, portable DVD player and digital photo frame.

Our GAAP gross margin for the first quarter was 19.8%, as compared to 20.9% a year earlier, and 20.0% in the previous quarter. The slight sequential decline in our gross margin was primarily due to change of product mix.

For the first quarter, GAAP net income was $9.1 million, or 5 cents per ADS, compared to $4.4 million, or 2 cents per ADS, a year ago, and $11.0 million, or 6 cents per ADS, in the prior quarter.

Now I would like to provide you with a brief update on the status of our dual-listing plan on the Taiwan Stock Exchange. The application is still under review by the authorities; however, we recently started to assess a potential alternative, which is to have a secondary listing in Taiwan by way of Taiwan Depository Receipts (TDRs). In early March the authorities proposed certain amendments to the existing rules governing foreign companies' offering and issuance of securities in Taiwan. Under the proposed amendments, our ADSs will be eligible to be listed on the TWSE in the form of TDR. The amendments also contain measures to encourage better secondary market liquidity, a major improvement over the existing rules. As we are a Cayman registered company listed on the NASDAQ, a major benefit of TDR for us, as opposed to our originally planned dual-listing, is that our maintenance costs of listing in Taiwan will be substantially lower because our ongoing compliance will remain essentially the same with the additional compliance requirement in Taiwan becoming much more limited. We are still in discussion with the authorities and no decision has been made as to whether to change the original dual-listing plan to a secondary TDR listing. We stress that all the amendments we mentioned above are merely proposals made by the authorities and have not been made effective. We are not certain when or whether it will be made effective or the final form of the new regulations if they should be made effective.

Before providing our second quarter 2010 guidance, I would like to share with you some recent market observations.

We are seeing capacity tightness throughout the entire driver IC supply chain. This has led to severe shortage in driver IC across the board. The unfulfilled demands are at levels far above what we have experienced. The shortage has resulted in an increase in our cost of revenues and we are raising our selling prices to offset such impacts.

The capacity tightness may have become a mid- to long-term trend. This is because, while the TFT LCD industry is aggressively expanding capacity again after several quarters of slowing down, the driver IC industry's overall capacity growth now appears limited. On the foundry side, display drivers' constant demand for large volume and favorable price has left it in a relative disadvantage when the foundry capacity becomes tight. The backend vendors, including tape, gold bump, packaging and testing, are still hesitant to expand aggressively, following several quarters of heavy losses during and after the global financial crisis.

We believe the shortage situation is to the advantage of leading players such as ourselves who have already enjoyed solid access to a relatively large pool of capacity. Additionally, we have established critical long-term partnerships with many of the key suppliers in the industry. Therefore, we are confident that our relative competitiveness will strengthen in this new industry environment.

Moving to our second quarter 2010 guidance, we expect revenues to grow by 10% to 15% sequentially and gross margin to remain flat. GAAP earnings per ADS is expected to be in the range of 6-8 cents.

Now let me turn over to Max Chan, our CFO, for further details on our financials.

Mr. Max Chan

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

For the first quarter, our GAAP operating expenses were $24.6 million, up 15.0% from $21.4 million a year ago and up 8.4% from $22.7 million in the previous quarter. GAAP operating income for the first quarter was $10.1 million, up 109.9% from $4.8 million, in the same period last year and down 22.7% from $13.1 million in the prior quarter.

Excluding share-based compensation and acquisition-related charges, our non-GAAP gross margin for the first quarter was 19.8%, as compared to 20.9% a year ago and 20.0% a quarter ago. Non-GAAP operating income for the first quarter was $12.5 million, up from $7.7 million in the same period last year and down from $15.4 million in the previous quarter.

Share-based compensation and acquisition-related charges for the first quarter were $1.7 million and $0.4 million, respectively, as compared to $2.2 million and $0.4 million, a year earlier.

Non-GAAP net income was $11.2 million, or 6 cents per ADS, up from $7.0 million or 4 cents per ADS for the same period last year, and down from $12.6 million or 7 cents per ADS in the previous quarter.

The effective tax rate we used in the first quarter of 2010 in deriving our net income and earnings per ADS was 20%, as there were temporary uncertainties in tax regulations. Recently there have been major changes in tax regulations on how to account for tax credit resulting from R&D expenditures. The prior applicable Statute for Upgrading Industries expired at the end of 2009 while the succeeding Industrial Innovation Act has not yet become effective. Therefore, we were unable to recognize R&D-related tax credits when there were no applicable tax rules in effect. Once the pending Industrial Innovation Act has been made effective, our estimate on 2010 effective tax rate will be 15%.

In the first quarter, we continued to generate strong cash flow from operations. Net cash inflow from operating activities for the first quarter was $45.8 million as compared to a net cash inflow of $16.6 million in the previous quarter. Our cash, cash equivalents and marketable securities available for sale were $161.1 million at the end of March, up from $121.7 million a quarter ago.

During the quarter, we continued to repurchase our ADSs and thereby cancelled our underlying ordinary shares accordingly. Share repurchases in the first quarter totaled $3.6 million or approximately 1.2 million ADSs. At the end of the first quarter 2010, we had roughly $7.0 million remaining in the current share repurchase authorization.

The second quarter 2010 earnings per ADS guidance that Jordan provided earlier is based on the assumption of having 358 million diluted weighted average ordinary shares, with one ADS representing two ordinary shares.

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

Jordan's closing remarks

Thank you everyone for taking time to join today's call. We look forward to talking to you again at our next earnings call in early August with an update on our second quarter results.