LIVE CALL INFORMATION	REPLAY INFORMATION
Tuesday, November 9, 2010 7AM Taiwan **Monday, November 8, 2010 6PM 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 1PM on Tuesday, November 16, 2010 Taiwan Time Replay Number: 1-858-384-5517 Conference ID number: 358070

Operator Intro: Welcome to Himax Technologies' third 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 1PM on Tuesday, November 16, 2010 in Taiwan. The replay dial-in number is 1-858-384-5517 with conference ID number 358070. The replay will also be accessible at www.himax.com.tw.

Joseph Villalta

Thank you, operator. Welcome everyone to Himax's third quarter 2010 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 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, 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 Joseph and thank you everyone for participating in today's conference call to discuss our third quarter 2010 financial results. Let me begin with a brief overview for the quarter before we discuss our outlook for the fourth quarter. Our Acting CFO, Jessica Pan, will then provide additional details on our third quarter financial results.

Our third quarter 2010 revenues, gross margin and earnings per ADS were all in-line with our guidance updated in early October.

Our third quarter revenues came in at $138.3 million, which represents a 31.9% decline year-over-year and a 26.3% decline sequentially. The decline was primarily due to the significant order cutback in August and September when panel inventory levels became a concern for panel makers.

In terms of product mix, revenues from large panel display drivers were $72.5 million, down 48.0% from a year ago and down 32.8% sequentially. Large panel drivers accounted for 52.4% of our total revenues for the third quarter, compared to 68.6% a year ago and 57.4% in the previous quarter.

Revenues from small- and medium-sized applications were $54.1 million in the third quarter, up 11.8% from the same period last year and down 17.6% sequentially. Small- and medium-sized applications accounted for 39.2% of total revenues for the third quarter, a record-level since our inception, compared to 23.8% for the same period last year and 35.0% in the previous quarter.

Revenues from our non-driver businesses were $11.7 million, down 24.2% from the same period last year and down 18.0% sequentially. Non-driver products accounted for 8.4% of our total revenues, compared to 7.6% a year ago and 7.6% in the previous quarter. The Q3 non-driver sales, especially those from our LCOS product line, were lower than our expectation. Many of our LCOS customers built significant inventory during Q2, anticipating strong market demand over certain new product designs. However, beginning from the end of Q2, the Chinese government took measures to crack down on the white-box handset market, which, at this stage, is a major end market for our LCOS products. Facing a high inventory level, our customers have slowed down placing new orders to us starting in Q3 and toward the beginning of Q4. We are now seeing order flows returning towards normal levels as those overbuilt inventories were gradually being consumed.

We remain positive for the prospects of the LCOS pico-projector market next year. We continue to boast the most comprehensive product line with the most widespread optical engine partnerships. We are also working closely with certain top tier end customers, some targeting to launch innovative applications using our LCOS technology within next year.

Our GAAP gross margin for the third quarter was 22.9%, up 250 basis points from 20.4% a year earlier and 20.4% in the previous quarter. The sequential improvement in gross margin was primarily due to a more favorable product mix.

For the third quarter, GAAP net income was $0.4 million, or 0.3 cents per ADS, compared to $8.8 million, or 5 cents per ADS, a year ago, and $12.0 million, or 7 cents per ADS, in the prior quarter.

Excluding share-based compensation and acquisition-related charges, our non-GAAP net income was $7.0 million, or 4 cents per ADS, compared to $16.2 million, or 9 cents per ADS, for the same period last year, and $14.0 million, or 8 cents per ADS, in the previous quarter.

We grant our annual RSUs, or Restricted Share Units, at the end of each September which leads to higher Q3 GAAP operating expenses each year. The total value of our 2010 RSUs is approximately $9 million, representing a 25% decline as compared to approximately $12 million in 2009. Jessica will elaborate more on this later.

This year, in our efforts to allow more distributable RSUs to the team, Biing-Seng Wu, our Chairman, Chih-Chung Tsai, Chief Technology Officer, along with myself have voluntarily reduced our RSU amount proposed by the compensation committee to $1. Moreover, several senior managers also agreed to contribute half of their RSUs to the pool which were then reallocated to compensate other employees. Our goal is to provide competitive compensation to our team while limiting RSU expenses to shareholders in a year when our financial performance is not as strong as those in years past.

We believe we are bottoming out from the current trough and our global driver IC market share is expected to grow again next year. Our core competence in display drivers remains strong as demonstrated by the steady year-over-year revenue growth of our small and medium- sized panel drivers. Large-sized panel display driver remains a business we are fully committed to. Looking ahead, China's aggressive capacity expansion plans have made it the market with the highest growth potential over the next few years. We are confident that we are in a strong position to capture a major driver IC market share at this time of fast expansion.

An area to highlight is our 2D to 3D conversion solutions, which have been embedded into a number of worldwide first-tier TV brands particularly in Japan and China. We continue to see enthusiastic adoption of our solutions from many other customers covering TV and other applications. Capped by the availability of 3D panels, however, our shipment this year has been insignificant. Today 3D panels are offered only by a small number of panel makers with a limited number of models. However, we are seeing more display makers offering a wide variety of 3D panels to the market, using different technologies. We expect our world leading 2D to 3D conversion products to benefit strongly next year with the increasing shipment and penetration of 3D panels.

Revenues from CMOS image sensors and WLED drivers each experienced over 100% quarter-over-quarter growth in the third quarter. We expect both segments to carry the strong momentum into the fourth quarter and next year. Our new generation sensors, in particular, are very competitive in cost and performance and are being adopted by numerous handset, notebook and web camera customers. We anticipate an explosive growth for our sensor sales next year.

Looking forward to the fourth quarter of 2010, we expect revenues to be approximately flat, gross margin to down by 1 to 2 percentage points, sequentially, and GAAP earnings per ADS to be in the range of 4 to 6 cents. Jessica will provide more details on our earnings per ADS guidance.

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 on our third quarter financial results.

For the third quarter, our GAAP operating expenses were $32.4 million, up 5.7% from $30.6 million a year ago and up 27.9% from $25.3 million in the previous quarter. The significant sequential increase was primarily due to the expenses resulting from the immediately-vested portion of 2010 RSU grant.

As Jordan just pointed out, the total value of our 2010 RSUs is approximately $9 million, representing a 25% decline as compared to approximately $12 million in 2009. Of the $9 million, approximately 65% were immediately vested and expensed in the third quarter and paid in cash. The remainder will be paid in three equal installments in stocks at the first, second, and third anniversaries after the grant. The maximum share dilution in the next three years resulting from the 2010 RSU grant is about 0.6% of our total shares outstanding.

The higher GAAP operating expenses led to a GAAP operating loss of $0.7 million for the third quarter, as compared to a GAAP operating income $10.8 million in the same period last year and $13.0 million in the prior quarter.

Excluding share-based compensation and acquisition-related charges, our non-GAAP gross margin for the third quarter was 23.0%, compared to 20.5% a year ago and 20.4% a quarter ago. Non-GAAP operating income for the third quarter was $7.3 million, as compared to $20.0 million in the same period last year and $15.4 million in the previous quarter.

Share-based compensation and acquisition-related charges for the third quarter were $6.3 million and $0.3 million, respectively, compared to $7.0 million and $0.4 million a year earlier and $1.7 million and $0.3 million a quarter ago.

In the third quarter, net cash outflow from operating activities was $20.3 million compared to a net cash inflow of $2.3 million in the previous quarter.

Now turning to the balance sheet, our cash, cash equivalents and marketable securities available for sale were $82.6 million at the end of September, compared to $157.9 million a quarter ago. We paid out our annual cash dividend of approximately $44 million, or 25 cents per ADS in August. In addition, we incurred a net working capital outflow of $14 million in Q3, which was mainly a result of inventory build-up as our customers suddenly cut back on orders during the quarter. Other major net cash outflow items in Q3 also included RSU, share buyback and certain long term investments.

The inventory amount at the end of third quarter is $111.7 million. With business gradually recovering from the bottom in the end of Q3, we expect the inventory level to decline towards end of the year.

By using US dollars as our functional currency, the recent fluctuation in foreign exchange has had a very limited impact on us.

We've concluded our $50 million share buyback announced in Nov 2008. Under the program, we repurchased approximately 19.3 million ADSs, or 9.9% of our total outstanding shares from the open market and voided the underlying shares accordingly. Since our IPO in Mar 2006, we've returned over $300 million by way of cash dividend and share repurchase.

In the fourth quarter 2010, we recovered approximately $8.6 million in cash from the $25.3 million of bad debt expense we wrote off for the default of SVA-NEC during the fourth quarter of 2008. This bad debt recovery has been taken into account when Jordan provided our fourth quarter guidance a while ago. We are not certain if there will be subsequent payments but we will continue to seek further recovery of the bad debt from SVA-NEC.

The fourth quarter 2010 earnings per ADS guidance that Jordan provided earlier is based on the assumption of 355 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 time to join today's call. We look forward to talking to you again at our next earnings call in early February.