UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended **June 30, 2004**

Or

[ ] Transition Report Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934
For the transition period from _______ to ________.

Commission file number: 1-5740

DIODES INCORPORATED

(Exact name of registrant as specified in its charter)

Delaware	**95-2039518**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
3050 East Hillcrest Drive **Westlake Village, California**	**91362**
(Address of principal executive offices)	(Zip code)

(805) 446-4800
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes [X] No [ ]

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).
Yes [X] No [ ]

The number of shares of the registrant's Common Stock, $0.66 2/3-par value, outstanding as of August 2, 2004 was 14,948,759, including 1,613,508 shares of treasury stock.

PART I - FINANCIAL INFORMATION

Item 1 - Financial Statements

DIODES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEET

ASSETS

	December 31, 2003	June 30, 2004
		(Unaudited)
CURRENT ASSETS		
Cash and cash equivalents	$ 12,847,000	**$ 14,586,000**
Accounts receivable		
Customers	27,010,000	**32,428,000**
Related parties	3,938,000	**4,892,000**
	30,948,000	**37,320,000**
Less: Allowance for doubtful receivables	375,000	**374,000**
	30,573,000	**36,946,000**
Inventories	16,164,000	**19,650,000**
Deferred income taxes, current	5,547,000	**5,734,000**
Prepaid expenses and other current assets	2,256,000	**2,294,000**
Prepaid income taxes	446,000	**238,000**
Total current assets	67,833,000	**79,448,000**
PROPERTY, PLANT AND EQUIPMENT, at cost, net of accumulated depreciation and amortization	47,893,000	**55,436,000**
DEFERRED INCOME TAXES, non-current	1,816,000	**1,296,000**
OTHER ASSETS		
Goodwill	5,090,000	**5,090,000**
Other	1,163,000	**1,763,000**
TOTAL ASSETS	$ 123,795,000	**$ 143,033,000**

The accompanying notes are an integral part of these financial statements.

DIODES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEET

LIABILITIES AND STOCKHOLDERS' EQUITY

	December 31, 2003	June 30, 2004
		(Unaudited)
CURRENT LIABILITIES		
Line of credit	$ 8,488,000	**$ 7,661,000**
Accounts payable		
Trade	14,029,000	**16,567,000**
Related parties	3,453,000	**4,804,000**
Accrued liabilities	8,715,000	**13,003,000**
Current portion of long-term debt		
Related party	2,500,000	**2,500,000**
Other	3,333,000	**1,667,000**
Current portion of capital lease obligations	161,000	**163,000**
Total current liabilities	40,679,000	**46,365,000**
LONG-TERM DEBT, net of current portion		
Related party	3,750,000	**2,500,000**
Other	3,000,000	**3,000,000**
CAPITAL LEASE OBLIGATIONS, net of current portion	2,334,000	**2,242,000**
MINORITY INTEREST IN JOINT VENTURE	2,582,000	**2,600,000**
STOCKHOLDERS' EQUITY		
Class A convertible preferred stock - par value $1.00 per share; 1,000,000 shares authorized; no shares issued and outstanding	--	**--**
Common stock - par value $0.66 2/3 per share; 30,000,000 shares authorized; 14,627,284 and 14,930,159 shares issued at December 31, 2003 and June 30, 2004, respectively	6,502,000	**6,704,000**
Additional paid-in capital	11,192,000	**14,793,000**
Retained earnings	55,779,000	**66,759,000**
	73,473,000	**88,256,000**
Less:		
Treasury stock – 1,613,508 shares of common stock, at cost	1,782,000	**1,782,000**
Accumulated other comprehensive loss (gain)	241,000	**148,000**
	2,023,000	**1,930,000**
Total stockholders' equity	71,450,000	**86,326,000**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 123,795,000	**$ 143,033,000**

The accompanying notes are an integral part of these financial statements.

DIODES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF INCOME
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	**2004**	2003	**2004**
Net sales	$ 33,316,000	**$ 47,012,000**	$ 62,762,000	**$ 88,442,000**
Cost of goods sold	24,970,000	**31,984,000**	46,955,000	**60,664,000**
Gross profit	8,346,000	**15,028,000**	15,807,000	**27,778,000**
Selling, general and administrative expenses	4,777,000	**6,417,000**	9,009,000	**11,908,000**
Research and development expenses	400,000	**815,000**	746,000	**1,562,000**
Loss (gain) on sale of fixed assets	32,000	**(8,000)**	(56,000)	**15,000**
Total operating expenses	5,209,000	**7,224,000**	9,699,000	**13,485,000**
Income from operations	3,137,000	**7,804,000**	6,108,000	**14,293,000**
Other income (expense)				
Interest income	5,000	**8,000**	9,000	**10,000**
Interest expense	(223,000)	**(153,000)**	(472,000)	**(337,000)**
Other	(7,000)	**24,000**	(96,000)	**(124,000)**
	(225,000)	**(121,000)**	(559,000)	**(451,000)**
Income before income taxes and minority interest	2,912,000	**7,683,000**	5,549,000	**13,842,000**
Income tax benefit (provision)	(651,000)	**(1,383,000)**	(1,268,000)	**(2,543,000)**
Income before minority interest	2,261,000	**6,300,000**	4,281,000	**11,299,000**
Minority interest in joint venture earnings	(89,000)	**(177,000)**	(187,000)	**(319,000)**
Net income	$ 2,172,000	**$ 6,123,000**	$ 4,094,000	**$ 10,980,000**
Earnings per share				
Basic	$ 0.17	**$ 0.46**	$ 0.33	**$ 0.83**
Diluted	$ 0.15	**$ 0.40**	$ 0.29	**$ 0.72**
Weighted average shares outstanding				
Basic	12,678,194	**13,265,146**	12,575,166	**13,180,992**
Diluted	14,268,400	**15,329,760**	14,058,761	**15,306,089**

The accompanying notes are an integral part of these financial statements.

DIODES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six Months Ended June 30,	
	2003	**2004**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 4,094,000	**$ 10,980,000**
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	5,327,000	**6,145,000**
Minority interest earnings	187,000	**319,000**
Loss (gain) on sale of property, plant and equipment	(107,000)	**15,000**
Changes in operating assets:		
Accounts receivable	(2,889,000)	**(6,568,000)**
Inventories	(1,376,000)	**(3,486,000)**
Prepaid expenses, taxes and other assets	(259,000)	**268,000**
Changes in operating liabilities:		
Accounts payable	1,806,000	**3,889,000**
Accrued liabilities	(539,000)	**2,219,000**
Net cash provided by operating activities	6,244,000	**13,781,000**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(7,656,000)	**(10,300,000)**
Proceeds from sale of property, plant and equipment	442,000	**55,000**
Net cash used in investing activities	(7,214,000)	**(10,245,000)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances on (repayments of) line of credit, net	3,217,000	**(827,000)**
Proceeds from the issuance of common stock	693,000	**1,868,000**
Repayments of long-term obligations	(2,916,000)	**(2,916,000)**
Repayments of capital lease obligations	(88,000)	**(90,000)**
Management incentive reimbursement from LSC	--	**375,000**
Dividend to minority shareholder	--	**(300,000)**
Net cash provided (used) by financing activities	906,000	**(1,890,000)**
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	63,000	**93,000**
INCREASE (DECREASE) IN CASH AND EQUIVALENTS	(1,000)	**1,739,000**
CASH AT BEGINNING OF PERIOD	7,284,000	**12,847,000**
CASH AT END OF PERIOD	$ 7,283,000	**$ 14,586,000**
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the period for:		
Interest	$ 463,000	**$ 343,000**
Income taxes	$ 761,000	**$ 1,592,000**
Non-cash activities:		
Tax benefit of stock options exercised credited to additional paid-in capital	--	**$ 1,755,000**

The accompanying notes are an integral part of these financial statements.

NOTE A – Basis of Presentation

The accompanying unaudited consolidated condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q. They do not include all information and footnotes necessary for a fair presentation of financial position, and results of operations and cash flows in conformity with accounting principles generally accepted in the United States of America for complete financial statements. These unaudited consolidated condensed financial statements should be read in conjunction with the audited consolidated financial statements and related notes contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2003. In the opinion of management, all adjustments (consisting of normal recurring adjustments and accruals) considered necessary for a fair presentation of the results of operations for the period presented have been included in the interim period. Operating results for the three months and six months ended June 30, 2004 are not necessarily indicative of the results that may be expected for the year ending December 31, 2004. The consolidated financial data at December 31, 2003 is derived from audited financial statements included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2003.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

The consolidated financial statements include the accounts of Diodes-North America and its wholly-owned foreign subsidiaries, Diodes Taiwan Corporation, Ltd. (“Diodes-Taiwan”) and Diodes-Hong Kong Ltd. (“Diodes-Hong Kong”), the accounts of Shanghai KaiHong Electronics Co., Ltd. (“Diodes-China”) in which the Company has a 95% interest, and the accounts of its wholly-owned United States subsidiary, FabTech Incorporated (“FabTech” or “Diodes-FabTech”). All significant intercompany balances and transactions have been eliminated.

NOTE B – Functional Currencies, Comprehensive Gain/Loss and Foreign Currency Translation

The Company entered into an interest rate swap agreement with a major U.S. bank which expires November 30, 2004, to hedge its exposure to variability in expected future cash flows resulting from interest rate risk related to a portion of its long-term debt, the effect of which resulted in $19,000 gain for the six months ended June 30, 2004.

The Company uses the U.S. dollar as the functional currency for Diodes-China and Diodes-Hong Kong, and uses the NT dollar as the functional currency for Diodes-Taiwan, as substantially all monetary transactions are made in the functional currency, and other significant economic facts and circumstances currently support that position. The translation of the balance sheet and statement of income of Diodes-Taiwan from the local currency into the reporting currency (U.S. dollar) results in translation adjustments, the effect of which is reflected in the accompanying statement of comprehensive income and on the balance sheet as a separate component of shareholders’ equity.

The effect of a $129,000 gain in translation adjustments and the $36,000 loss related to the interest rate swap agreement results in a change in accumulated other comprehensive income of $93,000 for the six months ended June 30, 2004, and is reflected on the balance sheet as a separate component of shareholders’ equity. There were no other components of other comprehensive loss (income) for the six months ended June 30, 2004.

NOTE C – Inventories

Inventories are stated at the lower of cost or market value. Cost is determined principally by the first-in, first-out method.

		December 31, 2003		June 30, 2004
Finished goods	$	9,920,000	$	**11,683,000**
Work-in-progress		1,818,000		**1,897,000**
Raw materials		6,519,000		**8,312,000**
		18,257,000		**21,892,000**
Less: Reserves		(2,093,000)		**(2,242,000)**
Net inventory	$	16,164,000	$	**19,650,000**

NOTE D – Income Taxes

In accordance with the current taxation policies of the People's Republic of China ("PRC"), Diodes-China received preferential tax treatment for the years ended December 31, 1996 through 2003. Earnings were subject to 0% tax rates from 1996 through 2000, and 12% in 2001, 2002 and 2003. Earnings in 2004 will be taxed at 12% (one-half the normal rate of the local and central government tax rate of 24%). The Company has received indications from the local taxing authority in Shanghai that the tax holiday may be extended beyond 2003. It is not known whether the taxing authority for the central government of the PRC will participate in this extended tax holiday arrangement. Earnings of Diodes-China are also subject to tax of 3% by the local taxing authority in Shanghai. The local taxing authority waived this tax in 2002, 2003 and the first six months of 2004. Earnings of Diodes-Taiwan are currently subject to a tax rate of 35%, which is comparable to the U.S. federal tax rate for C corporations. Earnings of Diodes-Hong Kong are currently subject to a 17.5% tax for local sales and/or local source sales; all other sales are income tax free.

In accordance with United States tax law, the Company receives credit against its U.S. federal tax liability for corporate taxes paid in Taiwan and China. The repatriation of funds from Taiwan and China to the Company may be subject to federal and/or state income taxes.

As of June 30, 2004, accumulated and undistributed earnings of Diodes-China are approximately $31.7 million, including $10.0 million of restricted earnings (which are not available for dividends). Through March 31, 2002, the Company had not recorded deferred U.S. federal or state tax liabilities (estimated to be $8.9 million as of March 31, 2002) on these cumulative earnings because the Company, at that time, considered this investment to be permanent, and had no plans or obligation to distribute all or part of that amount from China to the United States. Beginning in April 2002, the Company began to record deferred taxes on a portion of the earnings of Diodes-China in preparation of a dividend distribution. In May 2004, the Company received a $5.7 million dividend distribution from Diodes-China to the U.S. This transaction did not have a material effect on net income as the U.S. income taxes have already been accrued.

The Company is filing an application with the Chinese government for permanent reinvestment of capital in the amount of $18.5 million in China. In accordance with Chinese tax law, it is anticipated this reinvestment will provide a future tax benefit. Since the application is pending at this time, the Company has not recorded any tax benefits in the current period.

The Company is evaluating the need to provide additional deferred taxes for the future earnings of Diodes-China and Diodes-Hong Kong to the extent such earnings may be distributed to the Company's corporate office in North America, and as further investment strategies with respect to Diodes-China are determined. Should the Company's North American cash requirements exceed the cash that is provided through the domestic credit facilities, cash may be obtained from the Company's foreign subsidiaries. However, the distribution of any funds to the U.S. may require the recording of income tax expense on a consolidated basis, thus reducing net income.

NOTE E – Stock Split

On November 25, 2003, the Company effected a three-for-two stock split for shareholders of record as of November 14, 2003 in the form of a 50% stock dividend. All share and per share amounts in the accompanying financial statements and footnotes reflect the effect of this stock split.

NOTE F – Stock Based Compensation and Stock Options

The Company has a stock-based employee compensation plan, which is described more fully in Note 10 of the Company's audited financial statements included in the Annual Report on Form 10-K for the year ended December 31, 2003. The Company accounts for this plan under the recognition and measurement principles of APB Opinion No. 25, ("Accounting for Stock Issued to Employees"), and related interpretations. No stock-based employee compensation cost is reflected in net income, as all options granted under the plan have an exercise price equal to the fair market value of the underlying common stock at the date of grant. During the first six months of 2004, the Company granted 4,000 stock options to directors, officers and key employees at an average exercise price of $21.85.

The following table illustrates the effect on net income if the Company had applied the fair value recognition provisions of SFAS No. 123, ("Accounting for Stock Based Compensation"), to stock based employee compensation.

	For the three months ended June 30 (in 000's except per share data),					
		Amounts Per Share			**Amounts Per Share**	
	2003	Basic	Diluted	**2004**	**Basic**	**Diluted**
Net income	$ 2,172	$ 0.17	$ 0.15	**$ 6,123**	**$ 0.46**	**$ 0.40**
Additional compensation for fair value of stock options, net of tax effect	(383)	(0.03)	(0.02)	**(302)**	**(0.02)**	**(0.02)**
Proforma net income	$ 1,789	$ 0.14	$ 0.13	**$ 5,821**	**$ 0.44**	**$ 0.38**

	For the six months ended June 30 (in 000's except per share data),					
		Amounts Per Share			**Amounts Per Share**	
	2003	Basic	Diluted	**2004**	**Basic**	**Diluted**
Net income	$ 4,094	$ 0.33	$ 0.29	**$ 10,980**	**$ 0.83**	**$ 0.79**
Additional compensation for fair value of stock options, net of tax effect	(881)	(0.07)	(0.06)	**(602)**	**(0.04)**	**(0.04)**
Proforma net income	$ 3,213	$ 0.26	$ 0.23	**$ 10,378**	**$ 0.79**	**$ 0.68**

NOTE G – Geographic Segments

An operating segment is defined as a component of an enterprise about which separate financial information is available that is evaluated regularly by the chief decision maker, or decision making group, in deciding how to allocate resources and in assessing performance. The Company's chief decision-making group consists of the President and Chief Executive Officer, Chief Financial Officer, Vice President of Sales and Marketing, and Senior Vice President of Operations. The Company operates in a single segment, discrete semiconductor devices, through its various manufacturing and distribution facilities.

The Company's operations include the domestic operations (Diodes-North America and Diodes-FabTech) located in the United States, and the Far East operations (Diodes-Taiwan located in Taipei, Taiwan; Diodes-China located in Shanghai, China; and Diodes-Hong Kong located in Hong Kong, China). For reporting purposes, European operations, which account for approximately 2.7% of total sales for the six months ended June 30, 2004, are consolidated into the domestic (North America) operations.

The accounting policies of the operating entities are the same as those described in the summary of significant accounting policies. Revenues are attributed to geographic areas based on the location of the market producing the revenues.

Three Months Ended June 30, 2003	Far East	North America	Consolidated Segments
Total sales	$ 28,551,000	$ 18,013,000	$ 46,564,000
Inter-company sales	(10,739,000)	(2,509,000)	(13,248,000)
Net sales	$ 17,812,000	$ 15,504,000	$ 33,316,000
Assets	$ 69,143,000	$ 42,384,000	$ 111,527,000
Property, plant and equipment	$ 34,053,000	$ 12,633,000	$ 46,686,000

Three Months Ended June 30, 2004	Far East	North America	Consolidated Segments
Total sales	**$ 46,185,000**	**$ 24,051,000**	**$ 70,236,000**
Inter-company sales	**(18,738,000)**	**(4,486,000)**	**(23,224,000)**
Net sales	**$ 27,447,000**	**$ 19,565,000**	**$ 47,012,000**
Assets	**$ 99,438,000**	**$ 43,595,000**	**$ 143,033,000**
Property, plant and equipment	**$ 43,617,000**	**$ 11,819,000**	**$ 55,436,000**

Six Months Ended June 30, 2003	Far East	North America	Consolidated Segments
Total sales	$ 55,508,000	$ 34,258,000	$ 89,766,000
Inter-company sales	(21,227,000)	(5,777,000)	(27,004,000)
Net sales	$ 34,281,000	$ 28,481,000	$ 62,762,000
Assets	$ 69,143,000	$ 42,384,000	$ 111,527,000
Property, plant and equipment	$ 34,053,000	$ 12,633,000	$ 46,686,000

Six Months Ended June 30, 2004	Far East	North America	Consolidated Segments
Total sales	**$ 87,086,000**	**$ 45,428,000**	**$ 132,514,000**
Inter-company sales	**(35,705,000)**	**(8,367,000)**	**(44,072,000)**
Net sales	**$ 51,381,000**	**$ 37,061,000**	**$ 88,442,000**
Assets	**$ 99,438,000**	**$ 43,595,000**	**$ 143,033,000**
Property, plant and equipment	**$ 43,617,000**	**$ 11,819,000**	**$ 55,436,000**

NOTE H – Reclassifications

Certain 2003 amounts presented in the accompanying financial statements have been reclassified to conform to 2004 financial statement presentation. These reclassifications had no impact on previously reported net income or stockholders’ equity.

NOTE I – Contingencies

From time to time we are involved in routine claims and litigation incidental to our business. Management believes that such matters, either individually or in the aggregate, should not have a material effect on our business or financial condition.

Item 2 - Management's Discussion and Analysis
of Financial Condition and Results of Operations

Except for the historical information contained herein, the matters addressed in this Item 2 constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements may be identified by the use of terms such as "anticipate," "believe," "expect," "intend," "project," "will," and similar expressions. Such forward-looking statements are subject to a variety of risks and uncertainties, including those discussed below under the heading "Risk Factors" and elsewhere in this Quarterly Report on Form 10-Q, that could cause actual results to differ materially from those anticipated by the Company's management. The Private Securities Litigation Reform Act of 1995 (the "Act") provides certain "safe harbor" provisions for forward-looking statements. All forward-looking statements made on this Quarterly Report on Form 10-Q are made pursuant to the Act. The Company undertakes no obligation to publicly release the result of any revision to their forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unexpected events.

Overview

Diodes Incorporated (the "Company"), a Delaware corporation, manufactures, sells and distributes discrete semiconductors worldwide, primarily to manufacturers in the communications, computing, industrial, consumer electronics and automotive markets, and to distributors of electronic components to end customers in these markets. Our technologies include high density diode and transistor arrays in multi-pin surface-mount packages; Powermite®3, high-performance surface-mount packages; performance Schottkys, switching and rectifier diodes; single and dual pre-biased transistors; performance tight tolerance and low current zener diodes; subminiature surface-mount packages; transient voltage suppressors (TVS and TSPD); small signal transistors and MOSFETs; and standard, fast, ultra-fast, and super-fast rectifiers.

Our products are designed into a broad range of end-products such as notebook computers, flat-panel displays, set-top boxes, game consoles, digital cameras, cellular handsets and chargers, PDAs, power supplies, security systems, network routers and switches, DC to DC conversion, as well as into automotive electronic applications, GPS navigation, satellite radios, and digital audio/video players.

The Company rapidly responds to the demands of the global marketplace by continuing to increase its investment in research and development, and by focusing on expanding its product portfolio to include more proprietary products and closely controlling product quality and time-to-market. Shifting development priorities toward specialized configurations, such as the Company's high-density array devices, the Company is introducing a range of new products that improve the trade-off between size, performance and power consumption for surface-mount packages.

The majority (63% in the second quarter of 2004 and 69% in year 2003) of our sales are to original equipment manufacturers ("OEM") customers such as Intel Corporation, Cisco Systems Incorporated, Sony Corporation, Nortel Networks Corporation, Delphi Automotive, Bose Corporation, Scientific Atlanta Incorporated, Samsung Electronics, Asustek Computer, Inc., Quanta and LG Electronics, Inc. Our distribution network (37% in the second quarter of 2004 and 31% of year 2003 sales) includes major distributors such as Arrow Electronics, Inc., Avnet, Inc., Digi-Key Corporation, Future Electronics Ltd., Jaco Electronics, Inc., Reptron Electronics, Inc., and All American Semiconductor, Inc.

Because of the electronics industry trend towards moving manufacturing to lower operating cost countries in Asia, the Company has focused primarily on supplying manufacturing customers in China, Taiwan, Korea and Hong Kong (Asian customers). We sell to customers in Asia (58% for the second quarter of 2004 and 56% of 2003 year sales) primarily through our wholly-owned subsidiaries, Diodes-Taiwan and Diodes-Hong Kong. The discrete semiconductor market in Asia is the largest and fastest growing market in which the Company participates. An increase in sales to this region is expected as we have significantly increased our sales presence there and believe there is greater potential to increase market share in that region due to the expanding base of electronics product manufacturers.

Our corporate headquarters, located just outside Los Angeles in Westlake Village, California, provides sales, marketing, engineering, logistics and warehousing functions, and sells primarily to North American manufacturers and distributors (39% for the second quarter of 2004 and 41% of year 2003 sales). Due to the manufacturing shift, the North American discrete semiconductor market is now the smallest market and its growth rate is far less than all other markets in which the Company participates. However, the majority of our applications engineers are located in the U.S. in order to work with the customers' design engineers who are primarily located in the U.S. Whether the end-application is ultimately manufactured in the U.S. or in Asia, our world-wide sales organization is well positioned to provide sales and support to the customer.

In order to take advantage of the relatively robust European market, offices in Toulouse, France and Hattenheim, Germany support our European sales expansion (3% of both second quarter 2004 and year 2003 sales).

Asian sales are also generated from Shanghai KaiHong Electronics Co., Ltd. ("Diodes-China" or "KaiHong"), a 95% owned manufacturing facility in Shanghai, China, with offices in Shanghai and Shenzhen, China, as well as from FabTech Incorporated ("Diodes-FabTech" or "FabTech"), a silicon wafer manufacturer acquired in December 2000 located near Kansas City, Missouri.

The discrete semiconductor industry has historically been subject to severe pricing pressures. At times, although manufacturing costs have decreased, excess manufacturing capacity and over-inventory have caused selling prices to decrease to a greater extent than manufacturing costs. To compete in this highly competitive industry, the Company has committed substantial new resources to the development of proprietary products, the further development and implementation of sales and marketing functions, and the expansion of manufacturing capabilities.

As part of the Company's strategic business and tax planning initiatives, as well as to further expand manufacturing capabilities, the Company has formed a second Chinese manufacturing subsidiary, Shanghai Kaihong Technology Electronic Co., Ltd. ("Diodes-Shanghai"). Located in the Songjiang Export Zone established by the local Shanghai government, Diodes-Shanghai is approximately 10 miles from our original manufacturing facility, Diodes-China. Diodes-Shanghai will lease the building facilities from the Company's minority interest joint venture partner and will continue to invest in the latest technology manufacturing equipment as we continue to expand our state-of-the-art manufacturing capacity.

Company-wide capital expenditures were $11.4 million in the second quarter and $14.1 million year-to-date. We accelerated our capital expenditure investment plan, primarily in China, to meet increased demand and to improve efficiency. We now expect company-wide capital expenditures to increase to about $20-24 million for the full year.

The Company is filing an application with the Chinese government for permanent reinvestment of capital in the amount of $18.5 million in China. In accordance with Chinese tax law, it is anticipated this reinvestment will provide a future tax benefit. Since the application is pending at this time, the Company has not recorded any tax benefits in the current period.

Related Parties

We conduct business with two related party companies, Lite-On Semiconductor Corporation (and its subsidiaries) ("LSC") and Xing International (and its subsidiaries). LSC, a 35% shareholder, is our largest shareholder, and Xing International is owned by our 5% joint venture partner in Diodes-China. C.H. Chen, our President and Chief Executive Officer, and a member of our Board of Directors, is also Vice-Chairman of LSC. M.K. Lu, a member of our Board of Directors, is President of LSC, while Raymond Soong, our Chairman of the Board, is the Chairman of The Lite-On Group, a significant shareholder of LSC.

In addition to being our largest external supplier of products, in the second quarter of 2004, we sold silicon wafers to LSC totaling 12.7% (10.7% for year 2003) of our total sales, making LSC our largest customer. The Company has a long-standing sales agreement under which the Company is the exclusive North American distributor for certain of LSC product lines. The Company also leases warehouse space from LSC for our operations in Hong Kong. Such transactions are on terms no less favorable to the Company than could be obtained from unaffiliated third parties. The Audit Committee of the Board of Directors has approved the contracts related to the transactions.

In December 2000, the Company acquired the wafer foundry, FabTech, Inc., from LSC. As part of the purchase price, at June 30, 2004, LSC holds a subordinated, interest-bearing note for $5.0 million. In May 2002, the Company renegotiated the terms of the note to extend the payment period from two years to four years, and therefore, monthly payments of approximately $208,000 plus interest began in July 2002. In connection with the acquisition, LSC entered into a volume purchase agreement to purchase wafers from FabTech. In addition, as per the terms of the stock purchase agreement, the Company has entered into several management incentive agreements with members of FabTech's management. The agreements provide members of FabTech's management guaranteed annual payments and contingent bonuses (ending in 2004) based on the annual profitability of FabTech, subject to a maximum annual amount. Any portion of the guaranteed and contingent liability paid by FabTech is reimbursed to the Company by LSC.

In addition to the 5% of our sales from product manufactured by companies owned by Xing International in the second quarter of 2004, the Company sold silicon wafers to companies owned by Xing International totaling 1.2% (1.1% in year 2003) of the Company's total sales. In addition, Diodes-China leases its manufacturing facilities from, subcontracts a portion of its manufacturing process (metal plating and environmental services) to, and pays a consulting fee to Xing International. Such transactions are on terms no less favorable to the Company than could be obtained from unaffiliated third parties. The Audit Committee of the Board of Directors has approved the contracts related to the transactions.

Available Information

Our Internet address is http://www.diodes.com. We make available, free of charge through our Internet website, our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, proxy statements, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after such material is electronically filed with or furnished to the Securities and Exchange Commission (the "SEC"). To support our global customer base, particularly in Asia and Europe, our website is language-selectable into English, Chinese, Japanese, Korean and German, giving us an effective marketing tool for worldwide markets. With its extensive online Product (Parametric) Catalog with advanced search capabilities, our website facilitates quick and easy product selection. Our website provides easy access to worldwide sales contacts and customer support, and incorporates a distributor-inventory check to provide component inventory availability and a small order desk for overnight sample fulfillment. Our website also provides access to current and complete investor financial information, including SEC filings and press releases, as well as stock quotes.

Critical Accounting Policies and Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an on-going basis, we evaluate our estimates, including those related to revenue recognition, allowance for doubtful accounts, inventory reserves and income taxes, among others. Our estimates are based upon historical experiences, market trends and financial forecasts and projections, and upon various other assumptions that management believes to be reasonable under the circumstances and at that certain point in time. Actual results may differ, significantly at times, f rom these estimates under different assumptions or conditions.

We believe the following critical accounting policies and estimates affect the significant estimates and judgments we use in the preparation of our consolidated financial statements:

Revenue Recognition

Revenue is recognized when the product is actually shipped to both manufacturing end-users and electronics component distributors. We reduce revenue in the period of sale for estimates of product returns, distributor price adjustments and other allowances, the majority of which are related to our North American operations. Our reserve estimates are based upon historical data as well as projections of revenues, distributor inventories, price adjustments, average selling prices and market conditions. Actual returns and adjustments could be significantly different from our estimates and provisions, resulting in an adjustment to revenues.

Inventory Reserves

Inventories are stated at the lower of cost or market value. Cost is determined principally by the first-in, first-out method. On an on-going basis, we evaluate our inventory, both finished goods and raw material, for obsolescence and slow-moving items. This evaluation includes analysis of sales levels, sales projections, and purchases by item, as well as raw material usage related to our manufacturing facilities. Based upon this analysis, as well as an inventory aging analysis, we accrue a reserve for obsolete and slow-moving inventory. If future demand or market conditions are different than our current estimates, an inventory adjustment may be required, and would be reflected in cost of goods sold in the period the revision is made.

Accounting for Income Taxes

As part of the process of preparing our consolidated financial statements, we are required to estimate our income taxes in each of the tax jurisdictions in which we operate. This process involves using an asset and liability approach whereby deferred tax assets and liabilities are recorded for differences in the financial reporting bases and tax bases of the Company's assets and liabilities. Significant management judgment is required in determining our provision for income taxes, deferred tax assets and liabilities. Management continually evaluates its deferred tax asset as to whether it is likely that the deferred tax assets will be realized. If management ever determined that its deferred tax asset was not likely to be realized, a write-down of the asset would be required and would be reflected as an expense in the accompanying period.

Allowance for Doubtful Accounts

Management evaluates the collectability of our accounts receivable based on a combination of factors, including the current business environment and historical experience. If we are aware of a customer’s inability to meet its financial obligations to us, we record an allowance to reduce the receivable to the amount we reasonably believe we will be able to collect from the customer. For all other customers, we record an allowance based upon the amount of time the receivables are past due. If actual accounts receivable collections differ from these estimates, an adjustment to the allowance may be necessary with a resulting effect on operating expense.

Impairment of Long-lived Assets

Goodwill represents the amount by which the purchase price for net assets acquired exceeds the fair value of the assets. As of June 30, 2004, goodwill was $5.1 million ($4.2 million related to the FabTech acquisition, and $0.9 million related to Diodes-China). Beginning in fiscal 2002 with the adoption of SFAS No. 142 (“Goodwill and Other Intangible Assets”), goodwill is no longer amortized, but instead tested for impairment at least annually. As a result of the Company’s adoption of SFAS No. 142, an independent appraiser hired by the Company performed the required impairment tests of goodwill annually and has determined that the goodwill is fully recoverable.

We assess the impairment of long-lived assets, including goodwill, on an ongoing basis and whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Our impairment review process is based upon (i) an income approach from a discounted cash flow analysis, which uses our estimates of revenues, costs and expenses, as well as market growth rates, and (ii) a market multiples approach which measures the value of an asset through an analysis of recent sales or offerings or comparable public entities. If ever the carrying value of the goodwill is determined to be less than the fair value of the underlying asset, a write-down of the asset will be required, with the resulting expense charged in the period that the impairment was determined.

Results of Operations for the Three Months ended June 30, 2003 and 2004

The following table sets forth, for the periods indicated, the percentage that certain items in the statement of income bear to net sales and the percentage dollar increase (decrease) of such items from period to period.

	Percent of Net Sales Three months ended June 30,		Percentage Dollar Increase(Decrease)
	2003	**2004**	**'03 to '04**
Net sales	100.0%	**100.0%**	**41.1%**
Cost of goods sold	(74.9)	**(68.0)**	**28.1**
Gross profit	25.1	**32.0**	**80.1**
Operating expenses	(15.7)	**(15.4)**	**38.7**
Operating income	9.4	**16.6**	**148.8**
Interest expense, net	(0.7)	**(0.4)**	**(33.5)**
Other income	(0.1)	**0.1**	**442.9**
Income before taxes and minority interest	8.6	**16.3**	**163.8**
Income tax benefit (provision)	(1.8)	**(2.9)**	**112.4**
Income before minority interest	6.8	**13.4**	**178.6**
Minority interest	(0.3)	**(0.4)**	**98.9**
Net income	6.5	**13.0**	**181.9**

The following discussion explains in greater detail the consolidated operating results and financial condition of the Company for the three months ended June 30, 2004 compared to the three months ended June 30, 2003. This discussion should be read in conjunction with the consolidated financial statements and notes thereto appearing elsewhere in this quarterly report.

	2003	**2004**
Net Sales	$ 33,316,000	**$ 47,012,000**

Net sales increased approximately $13.7 million, or 41.1%, for the three months ended June 30, 2004, compared to the same period last year, due primarily to an approximately 47% increase in units sold as a result of increased demand, primarily in the Far East. The Company's average selling prices ("ASP") for discrete devices increased approximately 0.1% from the second quarter of 2003, and increased 6.5% from the first quarter of 2004. ASPs for wafer products decreased approximately 13.0% from the same period last year, and decreased 18.2% from the first quarter of 2004, due primarily to market pricing pressure.

	2003	**2004**
Cost of Goods Sold	$ 24,970,000	**$ 31,984,000**
Gross Profit	$ 8,346,000	**$ 15,028,000**
Gross Profit Margin Percentage	25.1%	**32.0%**

Cost of goods sold increased approximately $7.0 million, or 28.1%, for the three months ended June 30, 2004 compared to the same period in 2003. As a percent of sales, cost of goods sold decreased from 74.9% for the three months ended June 30, 2003 to 68.0% for the three months ended June 30, 2004. Gross profit increased in the quarter by approximately $6.7 million, or 80.1%, compared to the three months ended June 30, 2003. Of the $6.7 million increase, approximately $3.4 million was due to the 41.1% increase in sales, while $3.3 million was due to the increase in gross margin percentage from 25.1% to 32.0%. The higher gross margin percentage was due primarily to increased capacity utilization, manufacturing efficiencies, and a product mix incorporating more of our new, proprietary devices that carry higher margins, partially offset by pricing pressures on the Company's wafer products. During the quarter, Diodes-China continued to run near capacity, and produced 74% more units than in the year ago quarter. Diodes-FabTech ran at more than 90% capacity, producing 29%

more units than in the same quarter last year. Production line re-engineering at Diodes-FabTech targeted at yield improvement and efficiency gains resulted in additional capacity of approximately 30% compared to last year.

		2003		2004
Total Operating Expenses	$	5,209,000	**$**	**7,224,000**

Operating expenses, which include selling, general, administrative expenses ("SG&A"), research and development expenses ("R&D"), and loss (gain) on sale of fixed assets, for the three months ended June 30, 2004 increased approximately $2.0 million, or 38.7%, compared to the same period last year, due primarily to (i) a $415,000, or 103.8%, increase in R&D, primarily at Diodes-China and Diodes-FabTech, and (ii) higher sales commissions, incentives, marketing and royalty expenses associated with increased sales, as well as audit and legal expenses associated with Sarbanes-Oxley Act compliance.

The Company's goal is to increase its R&D expenditures, both in absolute dollars and as a percentage of sales, as part of its strategy to develop more proprietary products aimed at improving gross margins. SG&A, as a percentage of sales, improved from 14.3% in the second quarter of 2003 to 13.6% in the current quarter, while R&D increased from 1.2% to 1.7% of sales. Total operating expenses, as a percentage of sales, improved to 15.4% from 15.6% in the comparable period last year.

		2003		2004
Net Interest Income (Expense)	$	218,000	**$**	**145,000**

Net interest expense for the three months ended June 30, 2004 decreased approximately $73,000, or 33.5%, versus the second quarter last year, due primarily to a reduction in the Company's total debt as well as lower interest rates. The Company's interest expense is primarily the result of the Company's borrowings to finance the FabTech acquisition, as well as the investment and expansion in the Diodes-China and Diodes-Shanghai manufacturing facilities.

		2003		2004
Other Income (Expense)	$	(7,000)	**$**	**24,000**

Other income for the three months ended June 30, 2004 increased $31,000, compared to the second quarter of 2003, due primarily to currency exchange gains, primarily in Taiwan.

		2003		2004
Income Tax Provision	$	651,000	**$**	**1,383,000**

The effective income tax rate for the second quarter of 2004 was 18.0% compared to 22.4% in the comparable period of 2003 as more profit was earned by the Company's Far East subsidiaries in lower tax jurisdictions.

	2003	2004
Minority Interest in Joint Venture	$ 89,000	**$ 177,000**

Minority interest in joint venture represents the minority investor’s share of the Diodes-China joint venture’s income for the period. The increase in the joint venture earnings for the three months ended June 30, 2004 is primarily the result of increased capacity utilization and manufacturing efficiencies. The joint venture investment is eliminated in consolidation of the Company’s financial statements, while the activities of Diodes-China are included therein. As of June 30, 2004, the Company had a 95% controlling interest in the joint venture.

Results of Operations for the Six Months ended June 30, 2003 and 2004

The following table sets forth, for the periods indicated, the percentage that certain items in the statement of income bear to net sales and the percentage dollar increase (decrease) of such items from period to period.

	Percent of Net Sales Six months ended June 30,		Percentage Dollar Increase (Decrease)
	2003	**2004**	**‘03 to ‘04**
Net sales	100.0%	**100.0%**	**40.9%**
Cost of goods sold	(74.8)	**(68.6)**	**29.2**
Gross profit	25.2	**31.4**	**75.7**
Operating expenses	(15.5)	**(15.2)**	**39.0**
Operating income	9.7	**16.2**	**134.0**
Interest expense, net	(0.8)	**(0.4)**	**(29.2)**
Other income	(0.1)	**(0.1)**	**(28.1)**
Income before taxes and minority interest	8.8	**15.7**	**149.5**
Income tax benefit (provision)	(2.0)	**(2.9)**	**100.6**
Income before minority interest	6.8	**12.8**	**163.9**
Minority interest	(0.3)	**(0.4)**	**70.6**
Net income	6.5	**12.4**	**168.2**

The following discussion explains in greater detail the consolidated operating results and financial condition of the Company for the six months ended June 30, 2004 compared to the six months ended June 30, 2003. This discussion should be read in conjunction with the consolidated financial statements and notes thereto appearing elsewhere in this quarterly report.

	2003	2004
Net Sales	$ 62,762,000	**$ 88,442,000**

Net sales increased approximately $25.7 million, or 40.9%, for the six months ended June 30, 2004, compared to the same period last year, due primarily to an approximately 44% increase in units sold as a result of increased demand, primarily in the Far East. The Company’s ASP for discrete devices decreased approximately 1% from the same six-month period last year. ASPs for wafer products decreased approximately 12% from the same period last year due primarily to market pricing pressure.

		2003		2004
Cost of Goods Sold	$	46,955,000	$	**60,664,000**
Gross Profit	$	15,807,000	$	**27,778,000**
Gross Profit Margin Percentage		25.2%		**31.4%**

Cost of goods sold increased approximately $13.7 million, or 29.2%, for the six months ended June 30, 2004 compared to the year ago period. As a percent of sales, cost of goods sold decreased from 74.8% for the six months ended June 30, 2003 to 68.6% for the six months ended June 30, 2004. Gross profit increased approximately $12.0 million, or 75.7%, for the six months ended June 30, 2004 compared to the year ago period. Of the $12.0 million increase, approximately $6.5 million was due to the 40.9% increase in sales, while $5.5 million was due to the increase in gross margin percentage from 25.2% to 31.4%. The higher gross margin percentage was due primarily to sales of higher margin proprietary products and continuing manufacturing efficiencies, partially offset by pricing pressures on the Company's wafer products.

		2003		2004
Total Operating Expenses	$	9,699,000	$	**13,485,000**

Operating expenses for the six months ended June 30, 2004 increased approximately $3.8 million, or 39.0%, compared to the same period last year, due primarily to (i) an $816,000 or 109.4% increase in R&D primarily at Diodes-China and Diodes-FabTech, and (ii) higher sales commissions, incentives, marketing and royalty expenses associated with increased sales, as well as audit and legal expenses associated with Sarbanes-Oxley Act compliance.

SG&A, as a percentage of sales, improved from 14.4% to 13.5% in the comparable period last year, while R&D increased from 1.2% to 1.8% of sales. Total operating expenses, as a percentage of sales, improved to 15.2% from 15.5% in the comparable period last year.

		2003		2004
Net Interest Income (Expense)	$	463,000	$	**327,000**

Net interest expense for the six months ended June 30, 2004 decreased approximately $136,000, or 29.4% versus the same period last year, due primarily to a reduction in the Company's total debt as well as lower interest rates. The Company's interest expense is primarily the result of the Company's borrowings to finance the FabTech acquisition, as well as the investment and expansion in the Diodes-China manufacturing facility.

		2003		2004
Other Income (Expense)	$	(96,000)	$	**(124,000)**

Other expense for the six months ended June 30, 2004 increased $28,000, or 29.2% from the same period in 2003, due primarily to currency exchange losses, primarily in Taiwan, as the Taiwan dollar strengthened versus the U.S. dollar.

		2003		2004
Income Tax Provision	$	1,268,000	$	**2,543,000**

The effective income tax rate for the first half of 2004 was 18.4% compared to 22.9% in the comparable period of 2003 as more profit was earned by the Company's Far East subsidiaries in lower tax jurisdictions.

		2003		2004
Minority Interest in Joint Venture	$	187,000	**$**	**319,000**

Minority interest in joint venture represents the minority investor's share of the Diodes-China joint venture's income for the period. The increase in the joint venture earnings for the six months ended June 30, 2004 is primarily the result of increased capacity utilization and manufacturing efficiencies. The joint venture investment is eliminated in consolidation of the Company's financial statements, while the activities of Diodes-China are included therein. As of June 30, 2004, the Company had a 95% controlling interest in the joint venture.

Financial Condition

Liquidity and Capital Resources

The Company's liquidity requirements arise from the funding of its working capital needs, primarily inventory, work-in-process and accounts receivable. The Company's primary sources for working capital and capital expenditures are cash flow from operations, borrowings under the Company's bank credit facilities and borrowings from principal stockholders. Any withdrawal of support from its banks or principal stockholders could have serious consequences on the Company's liquidity. The Company's liquidity is dependent, in part, on customers paying within credit terms, and any extended delays in payments or changes in credit terms given to major customers may have an impact on the Company's cash flow. In addition, any abnormal product returns or pricing adjustments may also affect the Company's source of short-term funding.

At June 30, 2004 the Company had cash and cash equivalents totaling $14.6 million, an increase of $1.7 million from December 31, 2003. Cash provided by operating activities for the six months ended June 30, 2004 was $13.8 million compared to $6.2 million for the same period in 2003. The primary sources of cash flows from operating activities for the first half of 2004 were $11.0 million in net income and $6.1 million in depreciation and amortization. In 2003, the primary sources were $5.3 million in depreciation and amortization, and $4.1 million in net income.

The primary use of cash flows from operating activities for the first six months of 2004 was an increase in accounts receivable of $6.6 million, while the primary use of cash flows from operating activities in the same period in 2003 was a $2.9 million increase in accounts receivables. Inventories increased to $19.7 million from $16.2 million at December 31, 2003, primarily due to an increase in wafer and raw material inventory at Diodes-China, and inventory turns were 6.6 turns at June 30, 2004 compared to 6.5 turns at March 31, 2004 and 6.9 turns at December 31, 2003.

For the six months ended June 30, 2004, gross accounts receivable increased 47.1% compared to the 40.8% increase in sales. At June 30, 2004, day's sales outstanding were 71 days compared to 70 days at December 31, 2003. The Company continues to closely monitor its credit terms, while at times providing extended terms, required primarily by Far East customers and major U.S. distributors.

The ratio of the Company's current assets to current liabilities improved to 1.70 at June 30, 2004, compared to 1.67 at December 31, 2003.

Cash used by investing activities for the six months ended June 30, 2004 was $10.2 million, compared to $7.2 million during the same period in 2003. The primary investment in both years was for additional manufacturing equipment at the Diodes-China manufacturing facility, and to a lesser extent, for capacity increases at Diodes-FabTech.

On December 1, 2000, the Company purchased all the outstanding capital stock of FabTech Incorporated, a 5-inch wafer foundry located in Lee's Summit, Missouri, from Lite-On Semiconductor Corporation ("LSC"), the Company's largest stockholder. The acquisition purchase price consisted of approximately $5 million in cash plus FabTech was obligated to repay an aggregate of approximately $19 million of debt, consisting of (i) approximately $13.6 million note payable to LSC, (ii) approximately $2.6 million note payable to the Company, and (iii) approximately $3.0 million note payable to a financial institution (which was repaid on December 4, 2000 with the proceeds of a capital contribution by the Company). The acquisition was financed internally and through bank credit facilities.

In June 2001, according to the Company's U.S. bank covenants, Diodes-FabTech was not permitted to make regularly scheduled principal and interest payments to LSC on the remaining $10.0 million payable related to the FabTech acquisition note, but was, however, able to renegotiate with LSC the terms of the note. Under the terms of the amended and restated subordinated promissory note, monthly payments of approximately $417,000 plus interest were scheduled to begin again in July 2002, provided the Company met the terms of its U.S. bank's covenants. In May 2002, the Company renegotiated the terms of the note with LSC to extend the payment period from two years to four years, and accordingly, monthly payments of approximately $208,000 plus interest began in July 2002.

Cash used by financing activities was $1.9 million for the six months ended June 30, 2004, primarily as the Company paid down on its total credit facilities by $3.7 million, compared to cash provided by financing activities of $0.9 million in the same period of 2003, due primarily to borrowing on its line of credit. During the first six months of 2004, the Company has received approximately $1.9 million from the exercise of stock options, compared to approximately $0.7 million during the same period in 2003.

In February 2003, the Company and its U.S. bank renewed its $7.5 million revolving credit line, extending it for two years. In July 2004, Diodes-FabTech obtained an additional $5.0 million credit facility to be used for capital expenditure requirements at its wafer fabrication facility. This $5.0 million facility brings the Company's total credit facility to $55.5 million, with the total available and unused credit at June 30, 2004 of $36.5 million.

At June 30, 2004, the Company's total bank credit facility of $55.5 million encompasses one major U.S. bank, three banks in Mainland China and four in Taiwan. As of June 30, 2004, the total credit lines were $22.8 million, $25.0 million, and $7.7 million, for the U.S. facility secured by substantially all assets, the unsecured Chinese facilities, and the unsecured Taiwanese facilities, respectively. As of June 30, 2004, the available credit was $9.8 million, $19.0 million, and $7.7 million, for the U.S. facility, the Chinese facilities, and the Taiwanese facilities, respectively.

The credit agreements have certain covenants and restrictions, which, among other matters, require the maintenance of certain financial ratios and operating results, as defined in the agreements, and prohibit the payment of dividends. The Company was in compliance with its covenants as of June 30, 2004.

The Company has used its credit facilities primarily to fund the expansion at Diodes-China and for the FabTech acquisition, as well as to support its operations. The Company believes that the continued availability of these credit facilities, together with internally generated funds, will be sufficient to meet the Company's current foreseeable operating cash requirements.

The Company has entered into an interest rate swap agreement with a major U.S. bank which expires November 30, 2004, to hedge its exposure to variability in expected future cash flows resulting from interest rate risk related to a portion of its long-term debt. The interest rate under the swap agreement is fixed at 6.8% and is based on the notional amount. The swap contract is inversely correlated to the related hedged long-term debt and is therefore considered an effective cash flow hedge of the underlying long-term debt. The level of effectiveness of the hedge is measured by the changes in the market value of the hedged long-term debt resulting from fluctuation in interest rates. As a matter of policy, the Company does not enter into derivative transactions for trading or speculative purposes.

Total working capital increased approximately 21.7% to $33.1 million as of June 30, 2004, from $27.2 million as of December 31, 2003. The Company believes that such working capital position will be sufficient for foreseeable operations and growth opportunities. The Company's total debt to equity ratio decreased to 0.67 at June 30, 2004, from 0.73 at December 31, 2003.

The Company has no material plans or commitments for capital expenditures other than in connection with equipment requirements for manufacturing expansion at Diodes-China, Diodes-Shanghai and Diodes-FabTech. However, to ensure that the Company can secure reliable and cost effective inventory sourcing to support and better position itself for growth, the Company is continuously evaluating additional internal manufacturing expansion, as well as additional outside sources of products. The Company believes its financial position will provide sufficient funds should an appropriate investment opportunity arise and thereby, assist the Company in improving customer satisfaction and in maintaining or increasing market share. As of June 30, 2004, based upon plans for new product introductions, product mixes, capacity restraints on certain product lines and equipment upgrades, the Company exp ects that year 2004 capital expenditures will be in the $20 to $24 million range as the Company approaches higher capacity utilizations and brings new products into production.

Inflation did not have a material effect on net sales or net income in the first six months of 2004. A significant increase in inflation could affect future performance.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Our primary business objective is the maximization of operating income given an acceptable level of risk. Our objective is exposed to three primary sources of market risk: foreign currency risk, interest rate risk, and political risk. No material changes to any of these risks have occurred since December 31, 2003. For a more detailed discussion of market risk, refer to Part II, Item 7A of our 2003 Annual Report on Form 10-K as filed with the Securities and Exchange Commission.

Foreign Currency Risk. The Company faces exposure to adverse movements in foreign currency exchange rates, primarily in Asia. The Company's foreign currency risk may change over time as the level of activity in foreign markets grows and could have an adverse impact upon the Company's financial results. Certain of the Company's assets, including certain bank accounts and accounts receivable, and liabilities exist in non-U.S. dollar denominated currencies, which are sensitive to foreign currency exchange fluctuations. These currencies are principally the Chinese Yuan, the Taiwanese dollar, the Japanese Yen, and the Hong Kong dollar. Because of the relatively small size of each individual currency exposure, the Company does not employ hedging techni ques designed to mitigate foreign currency exposures. Therefore, the Company could experience currency gains and losses.

Interest Rate Risk. The Company has credit agreements with U.S. and Far East financial institutions at interest rates equal to LIBOR or similar indices plus a negotiated margin. A rise in interest rates could have an adverse impact upon the Company's cost of working capital and its interest expense. The Company entered into an interest rate swap agreement to hedge its exposure to variability in expected future cash flows resulting from interest rate risk related to a portion of its long-term debt. At June 30, 2004 the interest rate swap agreement applies to $1.0 million of the Company's long-term debt and expires November 30, 2004. The swap contract is inversely correlated to the related hedged long-term debt and is t herefore considered an effective cash flow hedge of the underlying long-term debt. The level of effectiveness of the hedge is measured by the changes in the market value of the hedged long-term debt resulting from fluctuation in interest rates. As a matter of policy, the Company does not enter into derivative transactions for trading or speculative purposes.

Political Risk. The Company has a significant portion of its assets in Mainland China and Taiwan. The possibility of political conflict between the two countries or with the United States could have an adverse impact upon the Company's ability to transact business through these important business segments and to generate profits. See "Risk Factors – Foreign Operations."

Item 4. Controls and Procedures

The Company's Chief Executive Officer, C.H. Chen, and Chief Financial Officer, Carl Wertz, with the participation of the Company's management, carried out an evaluation of the effectiveness of the Company's disclosure controls and procedures pursuant to Exchange Act Rule 13a-15(e). Based upon that evaluation, the Chief Executive Officer and the Chief Financial Officer believe that, as of the end of the period covered by this report, the Company's disclosure controls and procedures are effective in making known to them material information relating to the Company (including its consolidated subsidiaries) required to be included in this report.

Disclosure controls and procedures, no matter how well designed and implemented, can provide only reasonable assurance of achieving an entity's disclosure objectives. The likelihood of achieving such objectives is affected by limitations inherent in disclosure controls and procedures. These include the fact that human judgment in decision-making can be faulty and that breakdowns in internal control can occur because of human failures such as simple errors, mistakes or intentional circumvention of the established processes.

There was no change in the Company's internal control over financial reporting, known to the Chief Executive Officer or the Chief Financial Officer, that occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Cautionary Statement for Purposes of the “Safe Harbor” Provision of the Private Securities Litigation Reform Act of 1995

Except for the historical information contained herein, the matters addressed in this Quarterly Report on Form 10-Q constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such forward-looking statements are subject to a variety of risks and uncertainties, including those discussed under “Risk Factors” and elsewhere in this Quarterly Report on Form 10-Q that could cause actual results to differ materially from those anticipated by the Company’s management. The Private Securities Litigation Reform Act of 1995 (the “Act”) provides certain “safe harbor” provisions for forward-looking statements. All forward-looking statements made on this Quarterly Report on Form 10-Q are made pursuant to the Act.

All forward-looking statements contained in this Quarterly Report on Form 10-Q are subject to, in addition to the other matters described in this Quarterly Report on Form 10-Q, a variety of significant risks and uncertainties. The following discussion highlights some of these risks and uncertainties. Further, from time to time, information provided by the Company or statements made by its employees may contain forward-looking information. There can be no assurance that actual results or business conditions will not differ materially from those set forth or suggested in such forward-looking statements as a result of various factors, including those discussed below.

Risk Factors

Vertical Integration

We are in the process of vertically integrating our business. Key elements of this strategy include (i) expanding our manufacturing capacity, (ii) establishing wafer foundry and research and development capability through the acquisition of FabTech and (iii) establishing sales, marketing, product development, package development and assembly/testing operations in company-owned facilities or through the acquisition of established contractors. We have a limited history upon which an evaluation of the prospects of our vertical integration strategy can be based. There are certain risks associated with our vertical integration strategy, including:

- difficulties associated with owning a manufacturing business, including, but not limited to, the maintenance and management of manufacturing facilities, equipment, employees and inventories and limitations on the flexibility of controlling overhead;
- difficulties implementing our Enterprise Resource Planning system.
- difficulties expanding our operations in the Far East and developing new operations in Europe;
- difficulties developing and implementing a successful research and development team;
- difficulties developing proprietary technology; and,
- market acceptance of our proprietary technology.

The risks of becoming a fully integrated manufacturer are amplified in an industry-wide slowdown because of the fixed costs associated with manufacturing facilities.

Economic Conditions

The discrete segment of the semiconductor industry is highly cyclical, and the value of our business may decline during the "down" portion of these cycles. During recent years, we, as well as many others in our industry, experienced significant declines in the pricing of, as well as demand for, our products and lower facilities utilization. The market for discrete semiconductors may experience renewed, possibly more severe and prolonged, downturns in the future. The markets for our products depend on continued demand in the communications, computer, industrial, consumer electronic and automotive markets, and these end-markets may experience changes in demand that could adversely affect our operating results and financial condition.

Competition

The discrete semiconductor industry is highly competitive. We expect intensified competition from existing competitors and new entrants. Competition is based on price, product performance, product availability, quality, and reliability and customer service. We compete in various markets with companies of various sizes, many of which are larger and have greater resources or capabilities as it relates to financial, marketing, distribution, brand name recognition and other resources than we have and, thus, may be better able to pursue acquisition candidates and to withstand adverse economic or market conditions. In addition, companies not currently in direct competition with us may introduce competing products in the future. Some of our current major competitors are Fairchild Semiconductor Corporation, International Rectifier Corporation, Rohm Electronics, Phillips Electronics, On Semiconductor Corporation, and Vishay Intertechnology, Inc. We may not be able to compete successfully in the future, or competitive pressures may harm our financial condition or our operating results.

Foreign Operations

We expect revenues from foreign markets to continue to represent a significant portion of our total revenues. In addition, we maintain facilities or contracts with entities in the Philippines, Taiwan, Germany, Japan, England, India, and China, among others. There are risks inherent in doing business internationally, including:

- changes in, or impositions of, legislative or regulatory requirements, including tax laws in the United States and in the countries in which we manufacture or sell our products;
- trade restrictions, transportation delays, work stoppages, and economic and political instability;
- changes in import/export regulations, tariffs and freight rates;
- difficulties in collecting receivables and enforcing contracts;
- currency exchange rate fluctuations;
- restrictions on the transfer of funds from foreign subsidiaries to Diodes-North America; and,
- longer customer payment terms.

Variability of Quarterly Results

We have experienced, and expect to continue to experience, a substantial variation in net sales and operating results from quarter to quarter. We believe that the factors that influence this variability of quarterly results include:

- general economic conditions in the countries where we sell our products;
- seasonality and variability in the computer and communications market and our other end markets;
- the timing of our and our competitors' new product introductions;
- product obsolescence;
- the scheduling, rescheduling and cancellation of large orders by our customers;
- the cyclical nature of demand for our customers' products;
- our ability to develop new process technologies and achieve volume production at our fabrication facilities;
- changes in manufacturing yields;
- adverse movements in exchange rates, interest rates or tax rates; and
- the availability of adequate supply commitments from our outside suppliers or subcontractors.

Accordingly, a comparison of the Company's results of operations from period to period is not necessarily meaningful and the Company's results of operations for any period are not necessarily indicative of future performance.

New Technologies

We cannot assure that we will successfully identify new product opportunities and develop and bring products to market in a timely and cost-effective manner, or that products or technologies developed by others will not render our products or technologies obsolete or noncompetitive. In addition, to remain competitive, we must continue to reduce package sizes, improve manufacturing yields and expand our sales. We may not be able to accomplish these goals.

Production

Our manufacturing efficiency will be an important factor in our future profitability, and we cannot assure you that we will be able to maintain or increase our manufacturing efficiency. Our manufacturing processes require advanced and costly equipment and are continually being modified in an effort to improve yields and product performance. We may experience manufacturing problems in achieving acceptable yields or experience product delivery delays in the future as a result of, among other things, capacity constraints, construction delays, upgrading or expanding existing facilities or changing our process technologies, any of which could result in a loss of future revenues. Our operating results also could be adversely affected by the increase in fixed costs and operating expenses related to increases in production capacity if revenues do not increase proportionately.

Future Acquisitions

As part of our business strategy, we expect to review acquisition prospects that would implement our vertical integration strategy or offer other growth opportunities. While we have no current agreements and no active negotiations underway with respect to any acquisitions, we may acquire businesses, products or technologies in the future. In the event of future acquisitions, we could:

- use a significant portion of our available cash;
- issue equity securities, which would dilute current stockholders’ percentage ownership;
- incur substantial debt;
- incur or assume contingent liabilities, known or unknown;
- incur amortization expenses related to intangibles; and
- incur large, immediate accounting write-offs.

Such actions by us could harm our operating results and/or adversely influence the price of our Common Stock.

Integration of Acquisitions

During fiscal year 2000, we acquired FabTech, Inc. We may continue to expand and diversify our operations with additional acquisitions. If we are unsuccessful in integrating these companies or product lines with our operations, or if integration is more difficult than anticipated, we may experience disruptions that could have a material adverse effect on our business, financial condition and results of operations. Some of the risks that may affect our ability to integrate or realize any anticipated benefits from companies we acquire include those associated with:

- unexpected losses of key employees or customers of the acquired company;
- conforming the acquired company's standards, processes, procedures and controls with our operations;
- coordinating our new product and process development;
- hiring additional management and other critical personnel;
- increasing the scope, geographic diversity and complexity of our operations;
- difficulties in consolidating facilities and transferring processes and know-how;
- diversion of management's attention from other business concerns; and
- adverse effects on existing business relationships with customers.

Backlog

The amount of backlog to be shipped during any period is dependent upon a number of factors and all orders are subject to cancellation or modification, usually with minimal or no penalty to the customer. Orders are generally booked from one to twelve months in advance of delivery. The rate of booking new orders can vary significantly from month to month. The Company and the industry as a whole are experiencing a trend towards shorter lead-times (the amount of time between the date a customer places an order and the date the customer requires shipment). The amount of backlog at any date depends upon various factors, including the timing of the receipt of orders, fluctuations in orders of existing product lines, and the introduction of any new lines. Accordingly, the Company believes that the amount of backlog at any date is not meaningful and is not necessarily indicative of actual future shipments. The Company strives to maintain proper inventory levels to support customers' just-in-time order expectations.

Product Resources

We sell products primarily pursuant to purchase orders for current delivery, rather than pursuant to long-term supply contracts. Many of these purchase orders may be revised or canceled without penalty. As a result, we must commit resources to the production of products without any advance purchase commitments from customers. Our inability to sell, or delays in selling, products after we devote significant resources to them could have a material adverse effect on our business, financial condition and results of operations.

Qualified Personnel

Our future success depends, in part, on our ability to attract and retain highly qualified technical, sales, marketing and managerial personnel. Personnel with the necessary expertise are scarce and competition for personnel with these skills is intense. We may not be able to retain existing key technical, sales, marketing and managerial employees or be successful in attracting, assimilating or retaining other highly qualified technical, sales, marketing and managerial personnel in the future. If we are unable to retain existing key employees or are unsuccessful in attracting new highly qualified employees, our business, financial condition and results of operations could be materially and adversely affected.

Expansion

Our ability to successfully offer our products in the discrete semiconductor market requires effective planning and management processes. Our past growth, and our targeted future growth, may place a significant strain on our management systems and resources, including our financial and managerial controls, reporting systems and procedures. In addition, we will need to continue to train and manage our workforce worldwide.

Suppliers

Our manufacturing operations depend upon obtaining adequate supplies of materials, parts and equipment on a timely basis from third parties. Our results of operations could be adversely affected if we are unable to obtain adequate supplies of materials, parts and equipment in a timely manner or if the costs of materials, parts or equipment increase significantly. In addition, a significant portion of our total sales is from parts manufactured by outside vendors. From time to time, suppliers may extend lead times, limit supplies or increase prices due to capacity constraints or other factors. Although we generally use products, materials, parts and equipment available from multiple suppliers, we have a limited number of suppliers for some products, materials, parts and equipment. While we believe that alternate suppliers for these products, materials, parts and equipment are available, any interruption could materially impair our operations.

Environmental Regulations

We are subject to a variety of United States Federal, foreign, state and local governmental laws, rules and regulations related to the use, storage, handling, discharge or disposal of certain toxic, volatile or otherwise hazardous chemicals used in our manufacturing process. Any of these regulations could require us to acquire equipment or to incur substantial other expenses to comply with environmental regulations. If we were to incur substantial additional expenses, product costs could significantly increase, thus materially and adversely affecting our business, financial condition and results of operations. Any failure to comply with present or future environmental laws, rules and regulations could result in fines, suspension of production or cessation of operations, any of which could have a material adverse effect on our business, financial condition and results of operations.

Product Liability

One or more of our products may be found to be defective after we have already shipped such products in volume, requiring a product replacement or recall. We may also be subject to product returns, which could impose substantial costs and have a material and adverse effect on our business, financial condition and results of operations. Product liability claims may be asserted with respect to our technology or products. Although we currently have product liability insurance, there can be no assurance that we have obtained sufficient insurance coverage, or that we will have sufficient resources, to satisfy all possible product liability claims.

System Outages

We are exposed to the risk of electrical or telecommunications outages, computer hacking or other general system failure. To try to manage our operations efficiently and effectively, we rely heavily on our internal information and communications systems and on systems or support services from third parties. Any of these systems are subject to failure. System-wide or local failures that affect our information processing could have material adverse effects on our business, financial condition, results of operations and cash flows. In addition, insurance coverage for the risks described above may be unavailable.

Downward Price Trends

Our industry is intensely competitive and prices for existing products tend to decrease steadily over their life cycle. There is substantial and continuing pressure from customers to reduce the total cost of using our parts. To remain competitive, we must achieve continuous cost reductions through process and product improvements. We must also be in a position to minimize our customers' shipping and inventory financing costs and to meet their other goals for rationalization of supply and production. Our growth and the profit margins of our products will suffer if our competitors are more successful than we are in reducing the total cost to customers of their products.

Obsolete Inventories

The life cycles of some of our products depend heavily upon the life cycles of the end products into which our products are designed. Products with short life cycles require us to manage closely our production and inventory levels. Inventory may also become obsolete because of adverse changes in end-market demand. We may in the future be adversely affected by obsolete or excess inventories which may result from unanticipated changes in the estimated total demand for our products or the estimated life cycles of the end products into which our products are designed.

Deferred Taxes

As of June 30, 2004, accumulated and undistributed earnings of Diodes-China are approximately $31.7 million, including $10.0 million of restricted earnings (which are not available for dividends). Through March 31, 2002, the Company had not recorded deferred U.S. federal or state tax liabilities (estimated to be $8.9 million as of March 31, 2002) on these cumulative earnings since the Company, at that time, considered this investment to be permanent, and had no plans or obligation to distribute all or part of that amount from China to the United States. Beginning in April 2002, the Company began to record deferred taxes on a portion of the earnings of Diodes-China in preparation of a dividend distribution. In May 2004, the Company received a $5.7 million dividend distribution from Diodes-China to the U.S. This transaction did not have a material effect on net income as the U.S. income taxes have already been accrued.

The Company is evaluating the need to provide additional deferred taxes for the future earnings of Diodes-China and Diodes-Hong Kong to the extent such earnings may be appropriated for distribution to the Company’s corporate office in North America, and as further investment strategies with respect to Diodes-China are determined. Should the Company’s North American cash requirements exceed the cash that is provided through the domestic credit facilities, cash may be obtained from the Company’s foreign subsidiaries. However, the distribution of any funds to the U.S. may require the recording of income tax expense on a consolidated basis, thus reducing net income.

Foreign Currency Risk

The Company faces exposure to adverse movements in foreign currency exchange rates, primarily in Asia and, to a lesser extent, in Europe. The Company’s foreign currency risk may change over time as the level of activity in foreign markets grows and could have an adverse impact upon the Company’s financial results. Certain of the Company’s assets, including certain bank accounts and accounts receivable, and liabilities exist in non-U.S. dollar denominated currencies, which are sensitive to foreign currency exchange fluctuations. These currencies are principally the Chinese Yuan, the Taiwanese dollar, the Japanese Yen, and the Hong Kong dollar. Because of the relatively small size of each individual currency exposure, the Company does not employ hedging techniques designed to mitigate foreign currency exposures. Therefore, the Company could experience currency gains and losses.

Interest Rate Risk

The Company has credit agreements with U.S. and Far East financial institutions at interest rates equal to LIBOR or similar indices plus a negotiated margin. A rise in interest rates could have an adverse impact upon the Company’s cost of working capital and its interest expense. The Company entered into an interest rate swap agreement to hedge its exposure to variability in expected future cash flows resulting from interest rate risk related to a portion of its long-term debt. At June 30, 2004 the interest rate swap agreement applies to $1.0 million of the Company’s long-term debt and expires November 30, 2004. The swap contract is inversely correlated to the related hedged long-term debt and is therefore considered an effective cash flow hedge of the underlying long-term debt. The level of effectiveness of the hedge is measured by the changes in the market value of the hedged long-term debt resulting from fluctuation in interest rates. As a matter of policy, the Company does not enter into derivative transactions for trading or speculative purposes.

Political Risk

The Company has a significant portion of its assets in Mainland China, Taiwan and Hong Kong. The possibility of political conflict between these countries or with the United States could have an adverse impact upon the Company's ability to transact business through these important business segments and to generate profits.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

There are no matters to be reported under this heading.

Item 2. Changes in Securities, Use of Proceeds and Issuer Purchases of Equity Securities

There are no matters to be reported under this heading.

Item 3. Defaults Upon Senior Securities

There are no matters to be reported under this heading.

Item 4. Submission of Matters to a Vote of Security Holders

The Company submitted to a vote of its security holders at an annual meeting of shareholders on June 3, 2004, the election of members of the Board of Directors. The directors were each elected to serve until the 2005 annual meeting or until their successors are elected and have qualified. The results of the tabulation for each nominee for director of the Company is as follows:

C.H. Chen, Director	For: Withheld:	9,558,135 3,191,089
Michael R. Giordano, Director	For: Withheld:	9,687,180 3,062,044
Keh-Shew Lu, Director	For: Withheld:	12,427,724 321,500
M.K. Lu, Director	For: Withheld:	12,520,182 229,042
Shing Mao, Director	For: Withheld:	12,576,894 172,330
Raymond Soong, Director	For: Withheld:	12,519,130 230,094
John M. Stich, Director	For: Withheld:	12,433,94 315,280

The Company also submitted to a vote of its security holders at an annual meeting of shareholders on June 3, 2004, the appointment of Moss Adams LLP as the Company's independent certified public accountants for the fiscal year ending December 31, 2004. The result of the tabulation was 12,574,501 shares voted in favor of the proposal, 140,481 shares voted against, and 34,242 abstained from voting on the proposal. No broker non-votes with respect to this proposal were received.

Item 5. Other Information

The proxy materials for the 2004 annual meeting of stockholders held on June 3, 2004 were mailed to stockholders of the Company on April 30, 2004. Under certain circumstances, stockholders are entitled to present proposals at stockholder meetings. Any such proposal to be included in the proxy statement for the 2005 annual meeting of stockholders must be received at the Company's executive offices at 3050 East Hillcrest Drive, Westlake Village, California, 91362, addressed to the attention of the Corporate Secretary by December 31, 2004 in a form that complies with applicable regulations. The Securities and Exchange Commission's rules provide that, in the event a stockholder proposal is not submitted to the Company prior to March 15, 2005, the proxies solicited by the Board of Directors for the 2005 annual meeting of stockholders will confer authority on the holders of the proxy to vote the shares in accordance with their best judgment and discretion if the proposal is presented at the 2005 annual meeting of stockholders without any discussion of the proposal in the proxy statement for such meeting.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

Exhibit 10.52	Lease Agreement for Plant #2 between the Company and Shanghai Ding Hong Electronic Equipment Limited
Exhibit 10.53	$5 Million Term Note with Union Bank
Exhibit 10.54	First Amendment To Amended And Restated Credit Agreement
Exhibit 10.55	Covenant Agreement between Union Bank and FabTech, Inc.
Exhibit 10.56	Amendment to The Sale and Lease Agreement dated as January 31, 2002 with Shanghai Ding Hong Electronic Co., Ltd
Exhibit 10.57	Lease Agreement between Diodes Shanghai and Shanghai Yuan Hao Electronic Co., Ltd.
Exhibit 10.58	Supplementary to the Lease agreement dated as September 30, 2003 with Shanghai Ding Hong Electronic Co., Ltd
Exhibit 11	Computation of Earnings Per Share
Exhibit 31.1	Certification Pursuant to Rule 15(d)-14(a) Under the Securities Exchange Act and Section 302 of the Sarbanes-Oxley Act of 2002
Exhibit 31.2	Certification Pursuant to Rule 15(d)-14(a) Under the Securities Exchange Act and Section 302 of the Sarbanes-Oxley Act of 2002
Exhibit 32.1	Certification Pursuant to 18 U.S.C. 1350 Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
Exhibit 32.2	Certification Pursuant to 18 U.S.C. 1350 Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(b) Reports on Form 8-K

None.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DIODES INCORPORATED (Registrant)

By: /s/ Carl C. Wertz August 5, 2004

CARL C. WERTZ
Chief Financial Officer, Treasurer and Secretary
(Duly Authorized Officer and Principal Financial and Chief Accounting Officer)

INDEX TO EXHIBITS

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Exhibit 10.52
Lease Agreement

This Lease Agreement (hereinafter referred to as "the Lease") is entered into on Sep 30, 2003, in the city of Shanghai, by and between SHANGHAI KAI HONG ELECTRONIC COMPANY, LIMITED (hereinafter referred to as "Party A") with its registered office at East of Chen Chun Road, XinQiao Town, Song Jing District, Shanghai, P.R.C. and SHANGHAI DING HONG ELECTRONIC EQUIPMENT LIMITED (hereinafter referred to as "Party B") with its registered office at No.999, Chen Chun Road, Xin Qiao Town, Song Jiang District, Shanghai, P.R.C.

Party A and Party B are collectively referred to as the “Parties” and individually as a “Party.”

WHEREAS,

1. Party B represents that it is the lawful owner of the Factory Building consisting of Buildings, A and B and more particularly identified in Section 1.1, below (hereinafter referred to collectively as "the Buildings" and individually as Building “A” or Building “B”) with full legal power to enter into this Lease Agreement,

2. Party A agrees to lease from Party B the following premises within the Factory Building: (a) the second floor of the Building A (set forth in Exhibit One, hereinafter referred to as "Area 1") (b) a portion of the first floor of the Building B (set forth in Exhibit Two, hereinafter referred to as "Area 2") and (c) the facilities of the Buildings (set forth in Exhibit Three, hereinafter referred to as "Area 3" and "Area 4") all in accordance with the terms and conditions of this Lease. The Parties also agree on a future possible lease of the third floor of Building A (set forth in Exhibit Four, hereinafter referred to as "Area 5"), and the second floor of Building B (set forth in Exhibit Five, hereinafter referred to as "Area 6")

1. Definitions

Unless otherwise defined in this Lease, the terms used herein shall have the following meanings:

1.1 "Factory Building" shall mean the building located on lot_375___ of Song Jiang District, Shanghai. Building A has_3__ stories and Building B has_2___ stories.

1.2 "Area 1" shall mean the second floor of the Building A [Exhibit One--2nd Floor Layout for Factory Building (Building A)].

1.3 "Area 2" shall mean the shade area marked on Exhibit Two of the first floor of the Building B [Exhibit Two--1st Floor Layout for Factory Building (Building B)].

1.4 "Area 3" shall mean the area of the Transformer Substation which is part of the facility of the Buildings.[Exhibit Three--Layout for New Factory Transformer Substation and Multifunctional Reservoir]

1.5 "Area 4" shall mean the area of the Gas Mixture Station which is part of the facility of the Buildings. [Exhibit Three--Layout for New Factory Transformer Substation and Multifunctional Reservoir]

1.6 "Area 5" shall mean the third floor of the Building A. [Exhibit Four--3rd Floor Layout for Factory Building (Building A)].

1.7 "Area 6" shall mean the second floor of the Building B [Exhibit Five--2nd Floor Layout for Factory Building (Building B)].

1.8 "Effective Date" shall mean the date on which this Lease Agreement will take effect after the legal representatives or authorized representatives of the Parties affix their signatures and corporate seals on the Lease.

1.9 "Lease Term" shall mean the period of time on which Party A is entitled to use the Lease Areas and Party B is entitled to receive rent from Party A in accordance with the terms and conditions of the Lease Agreement.

2. Gross Area of the Lease Areas

2.1 The gross area of Area 1 is 1,948.60 square meters.

2.2 The gross area of Area 2 is 517.30 square meters.

2.3 The gross area of 3 is 344.60 square meters.

2.4 The gross area of 4 is 1,953.50 square meters.

2.5 The gross area of 5 is 2,067.30 square meters.

2.6 The gross area of 6 is 1,020.40 square meters.

3. Lease Term

3.1 The Parties agree that for "Area 1" and "Area 2" the Lease Term is _5___ year(s) commencing March 1, 2003.

3.2 The Parties agree that for "Area 3" and "Area 4" the Lease Term is _5_ year(s) 7 months, commencing August 1, 2002 .

3.3 The Lease Term for Area 1, Area 2, Area 3, and Area 4 shall be automatically renewed for successive __5__year terms unless Party A gives termination notice not less than thirty (30) days before the expiration of any Lease Term. So long as Party A is engaged in business, Party A has the priority to lease any Lease Areas. Party B shall not terminate this Lease Agreement without reasonable cause and Party A's consent in writing.

In the period of renewal, the items relating to the rental set forth in Article 4 of the Lease shall be adjusted on the basis of the market prices at that time and after consultation between the Parties.

3.4 If during any term of this Lease, Party B receives from a third party a bona fide, legally binding offer to rent Area 5 and Area 6, it shall notify Party A of this fact. The notice shall specify all terms in the bona fide third party offer. Party A shall then have the right for a period of thirty (30) days after such notice to lease from Party B that portion of Area 5 and Area 6 referred to in the bona fide offer. Party B shall not lease Area 5 and Area 6 to any third party until the thirty (30) days has expired without Party A exercising its right of first refusal.

For other terms on the lease of Area 5 and Area 6, a supplementary lease agreement shall be entered into by the Parties through negotiation. Such amendments shall become a part of this Lease Agreement and shall have the same effectiveness as the Lease Agreement.

4. Rent

4.1 The Parties agree that the monthly rent for Area 1 shall be RMB _24.84 _ per square meter for a total of RMB_48,403.22 per month.

4.2 The Parties agree that the monthly rent for Area 2 shall be RMB_24.84_ per square meter for a total of RMB 12,849.73 per month.

4.3 The Parties agree that the monthly rent for Area 3 shall be RMB24.84 per square meter for a total of RMB_8,559.86 per month.

4.4 The Parties agree that the monthly rent for Area 4 shall be RMB_4.14 per square meter for a total of RMB_8,087.49_per month.

4.5 The Parties agree that the monthly rent for Area 5 shall be RMB_23.1818_ per square meter for a total of RMB_47,920.01_per month.

4.6 The Parties agree that the monthly rent for Area 6 shall be RMB_23.18_ per square meter for a total of RMB_23,652.87_per month.

5. Method of Payment

Party A shall pay the Rental in RMB Yuan to the RMB account as designated by Party B before the first day of every month.

6. Deposit

For the lease of Area 1, 2, 3 and 4, Party A shall pay Party B a deposit amounting to RMB_77,903.31__ within 10 days of the effective date of the Lease.

7. Termination of the Lease

If either Party terminates the Lease prior to the expiration of the Lease Term without the consent from the other Party, the former thereby shall pay damages to the latter to compensate for its actual loss. The amount of damages shall include, but not be limited to the reasonable profits, out-of- pocket costs, legal fees, accounting fees and removal or relocation fees.

8. Insurance and Repair Costs

8.1 During theLease Term, Party B shall purchase and maintain insurance coverage to cover any and all casualty damage to the Rent Areas, and shall be responsible for repairs of al structural damages to the building that are not the result of improper use by Party A. Party A shall be responsible for all repair costs arising from improper usage by Party A. If Party B cannot obtain building insurance, the Party A will be requested to obtain insurance, and Party B will reimburse Party A for all costs of such insurance coverage.

8.2 Party B shall be entitled to inspect the Rent Areas at reasonable intervals and upon reasonable notice. Party A shall provide assistance to allow such inspections.

9. Liability for Breach of the Lease

9.1 If Party A violates Article 5 of the Lease for failing to pay the Rental, then Party A shall pay a penalty at the rate of 0.21% of the Rental for each day of delay.

9.2 If Party B breaches any of the warranties set forth in Article 11, Party B shall compensate Party A for all of its losses and damages including consequential damages.

9.3 Party A shall not:

(1) Sub-lease the Rented Areas or exchange the use of the Rented Areas with any third party without Party B's prior, written consent.

(2) Alter the structure of the Rented Areas or damage the Rented Areas without Party B's prior, written consent.

(3) Change the lease purpose stipulated by the competent authorities without Party B's consent.

10. Warranties

10.1 Party B hereby warrants that if the Rent Areas are sold to any third party during the Rent Term or any period of renewal, such third party shall be required to fulfill all obligations of Party B under this Lease Agreement. In the event third party fails to fulfill such obligations, Party B shall compensate Party A for all of its losses and damages including consequential damages.

10.2 In case Party B mortgages the Rent Areas to the third party, any loss and damages, including consequential damages, suffered by Party A shall be paid by Party B.

11. Force Majeure

11.1 Definition of Force Majeure

Force Majeure shall mean any event, which arises after the Effective Date that is beyond the control of the Parties, and is unforeseen, unavoidable and insurmountable, and which prevents total or partial performance by either Party. Such events shall include earthquakes, typhoons, flood, fire, war, acts of government or public agencies, strikes and ay other event which cannot be foreseen, prevented and controlled, including events which are recognized as Force Majeure in general international commercial practice.

11.2 Consequences of Force Majeure

a. If an event of Force Majeure occurs, the contractual obligation of a Party affected by such an event shall be suspended during the period of delay and the time for performing such obligation shall be extended, without penalty, for a period equal to such suspension.

b. The party claiming Force Majeure shall give prompt notice to the other Party in writing and shall furnish, within fifteen (15) days thereafter, sufficient proof of the occurrence and expected duration of such Force Majeure. The Party claiming Force Majeure shall also use all reasonable efforts to mitigate or eliminate the effects of the Force Majeure.

c. If an event of Force Majeure occurs, the Parties shall immediately consult with each other in order to find an equitable solution and shall use all reasonable efforts to minimize the consequences of such Force Majeure.

12. Effective Date

The Lease shall become effective when the legal representatives or authorized representatives of both Parties affix their signatures and company seals to this Lease Agreement.

13. Language of the Lease

The Lease is made and executed in Chinese and English, both versions having equal validity.

14. Dispute Resolution

14.1 Friendly consultations

a. In the event of any dispute, difference, controversy or claim arising out of or related to this Lease Agreement, including the breach, termination or validity of the Lease (a "Dispute"), then upon one Party giving the other Party notice in writing of the Dispute ("Notice of Dispute"), the Parties shall attempt to resolve such Dispute through friendly consultation.

b. If the Dispute has not been resolved through friendly consultations with thirty (30) days from the Notice of Dispute, the Dispute shall be resolved by arbitration in accordance with Article 14.2 of this Lease Agreement. Such arbitration may be initiated by either party.

14.2 Arbitration

The arbitration shall be conducted by Shanghai Arbitration Commission in Shanghai in accordance with its procedure and rules. The arbitration award shall be final and binding on the Parties. The costs of arbitration shall be borne by the losing Party except as may be otherwise determined by the arbitration tribunal.

14.3 Continuance of performance

Except for the matters in Dispute, the Parties shall continue to perform their respective obligations under the Lease during any friendly consultations or any arbitration pursuant to this Article 14.

14.4 Separability

The provisions of this Article 14 shall be separable from the other terms of the Lease. Neither the terminated nor the invalidity of the Lease shall affect the validity of the provisions of this Article 14.

15. Applicable law

The validity, interpretation and implementation of the Lease Agreement and the resolution of Disputes herein shall be governed by relevant PRC laws and regulations, which are officially promulgated and publicly available.

16. Miscellaneous

16.1 Any amendment to this Lease shall be in writing and duly signed by both Parties. Such Amendment shall constitute the part of the entire Lease.

16.2 Both Parties acknowledge that they are aware of their respective rights, obligations, and liabilities, and will perform their obligations under the Lease Agreement in accordance with the provisions of the Lease Agreement. If one Party breaches the Lease Agreement, the other Party is entitled to claim damages in accordance with the Lease Agreement.

16.3 Any notice or written communication requited or permitted by this Lease shall be made in writing in Chinese and English and sent by courier service. The date of receipt of a notice or communication shall be deemed to be seven (7) days after the letter is deposited with the courier service provided the deposit is evidenced by a confirmation receipt. All notice and communications shall be sent to the appropriate address set forth below, until the same is changed by notice given in writing to the other Party.

To: Party A
Shanghai Kai Hong Electronic Company Limited
Address: Chen Chun Road, XinQiao Town, Song Jing District, Shanghai, P.R.C

Attn.: -

To: Party B
Shanghai Ding Hong Electronic Equipment Limited
Address: No.999, Chen Chun Road, Xin Qiao Town, Song Jiang District, Shanghai, P.R.C.
Attn.: -

Party A:
Representative:
/s/: Joseph Liu
Date: September 30, 2003

Party B:
Representative:
/s/: Xing Jian Ya
Date: September 30, 2003

Exhibit 10.53

TERM NOTE

<table>
<tr><td colspan="4">Borrower's Name:

FabTech, Inc.</td></tr>
<tr><td>Borrower's Address:

777 N.W. Blue Parkway, Suite 350
Lee's Summit, Missouri 64086-5709</td><td>Office:

30361</td><td colspan="2">Loan Number:</td></tr>
<tr><td></td><td colspan="2">Maturity Date:

August 3, 2009</td><td>Amount:

$5,000,000</td></tr>
<tr><td>Lee's Summit, Missouri</td><td colspan="2">$5,000,000</td><td>Dated: July 6, 2004</td></tr>
</table>

FOR VALUE RECEIVED, on August 3, 2009 (the "Maturity Date"), the undersigned ("Borrower") promises to pay to the order of Union Bank of California, N.A., a national banking association ("Bank"), as indicated below, the principal sum of Five Million Dollars ($5,000,000), or so much thereof as is disbursed, together with interest on the balance of such principal from time to time outstanding, at the per annum rate or rates and at the times set forth below. This Term Note (this "Note") is the Note generally referred to in the Covenant Agreement (as such term is defined hereinbelow) and is governed by the terms and conditions thereof. Initially capitalized terms used herein which are not otherwise defined shall have the meanings assigned to such terms in the Covenant Agreement.

1. PAYMENTS

PRINCIPAL PAYMENTS. Borrower shall pay principal in equal consecutive monthly installments, each installment in the amount of Eighty-Three Thousand Three Hundred Thirty-Three Dollars ($83,333), commencing on August 3, 2004 and continuing on the third day of each month thereafter. On the Maturity Date, all outstanding principal hereunder shall be due and payable.

INTEREST PAYMENTS. Borrower shall pay interest on the outstanding principal amount hereof on the third day of each month, commencing August 3, 2004. Should interest not be paid when due, it shall become part of the principal and bear interest as herein provided. All computations of interest under this Note shall be made on the basis of a year of 360 days, for actual days elapsed.

(a) **Base Interest Rate.** At Borrower's option, amounts outstanding hereunder in minimum amounts of at least $100,000 shall bear interest at a rate, based on an index selected by Borrower, equal to Bank's LIBOR Rate for the Interest Period selected by Borrower plus the LIBOR Rate Margin.

The Base Interest Rate may not be changed, altered or otherwise modified until the expiration of the Interest Period selected by Borrower. The exercise of interest rate options by Borrower shall be as recorded in Bank's records, which records shall be prima facie evidence of the amount borrowed at the Base Interest Rate and the interest rate; provided, however, that failure of Bank to make any such notation in its records shall not discharge Borrower from its obligations to repay in full with interest all amounts borrowed. In no event shall any Interest Period extend beyond the Maturity Date.

To exercise this option, Borrower may, from time to time with respect to principal outstanding on which a Base Interest Rate is not accruing, and on the expiration of any Interest Period with respect to principal outstanding on which a Base Interest Rate has been accruing, select an index offered by Bank for a Base Interest Rate Loan and an Interest Period by telephoning an authorized lending officer of Bank located at the banking office identified below prior to 10:00 a.m., Pacific time, on any Business Day and advising that officer of the selected index, the Interest Period and the Origination Date selected (which Origination Date, for a Base Interest Rate Loan based on the LIBOR Rate, shall follow the date of such selection by no more than two (2) Business Days).

Bank will mail a written confirmation of the terms of the selection to Borrower promptly after the selection is made. Failure to send such confirmation shall not affect Bank's rights to collect interest at the rate selected. If, on the date of the selection, the index selected is unavailable for any reason, the selection shall be void. Bank reserves the right to fund the principal from any source of funds notwithstanding any Base Interest Rate selected by Borrower.

(b) **Variable Interest Rate.** All principal outstanding hereunder which is not bearing interest at a Base Interest Rate shall bear interest at a rate per annum equal to the Reference Rate plus the Reference Rate Margin, which rate shall vary as and when the Reference Rate changes.

Borrower shall pay all amounts due under this Note in lawful money of the United States at Bank's San Fernando Valley Commercial Banking Office, or such other office as may be designated by Bank from time to time.

2. LATE PAYMENTS. If any payment required by the terms of this Note shall remain unpaid ten days after same is due, at the option of Bank, Borrower shall pay a fee of $100 to Bank.

3. INTEREST RATE FOLLOWING DEFAULT. In the event of default, at the option of Bank, and, to the extent permitted by law, interest shall be payable on the outstanding principal under this Note at a per annum rate equal to five percent (5%) in excess of the interest rate specified in paragraph 1.b above, calculated from the date of default until all amounts payable under this Note are paid in full.

4. PREPAYMENT

(a) Amounts outstanding under this Note bearing interest at a rate based on the Reference Rate may be prepaid in whole or in part at any time, without penalty or premium. Borrower may prepay amounts outstanding under this Note bearing interest at a Base Interest Rate in whole or in part provided Borrower has given Bank not less than five (5) Business Days' prior written notice of Borrower's intention to make such prepayment and pays to Bank the prepayment fee due as a result. The prepayment fee shall also be paid, if Bank, for any other reason, including acceleration or foreclosure, receives all or any portion of principal bearing interest at a Base Interest Rate prior to its scheduled payment date. The prepayment fee shall be an amount equal to the present value of the product of: (i) the difference (but not less than zero) between (a) the Base Interest Rate applicable to the principal amount which is being prepaid, and (b) the return which Bank could obtain if it used the amount of such prepayment of principal to purchase at bid price regularly quoted securities issued by the United States having a maturity date most closely coinciding with the relevant Base Rate Maturity Date and such securities were held by Bank until the relevant Base Rate Maturity Date ("Yield Rate"); (ii) a fraction, the numerator of which is the number of days in the period between the date of prepayment and the relevant Base Rate Maturity Date and the denominator of which is 360; and (iii) the amount of the principal so prepaid (except in the event that principal payments are required and have been made as scheduled under the terms of the Base Interest Rate Loan being prepaid, then an amount equal to the lesser of (A) the amount prepaid or (B) 50% of the sum of (1) the amount prepaid and (2) the amount of principal scheduled under the terms of the Base Interest Rate Loan being prepaid to be outstanding at the relevant Base Rate Maturity Date). Present value under this Note is determined by discounting the above product to present value using the Yield Rate as the annual discount factor.

(b) In no event shall Bank be obligated to make any payment or refund to Borrower, nor shall Borrower be entitled to any setoff or other claim against Bank, should the return which Bank could obtain under this prepayment formula exceed the interest that Bank would have received if no prepayment had occurred. All prepayments shall include payment of accrued interest on the principal amount so prepaid and shall be applied to payment of interest before application to principal. A determination by Bank as to the prepayment fee amount, if any, shall be conclusive.

(c) Bank shall provide Borrower a statement of the amount payable on account of prepayment. Borrower acknowledges that (i) Bank establishes a Base Interest Rate upon the understanding that it apply to the Base Interest Rate Loan for the entire Interest Period, and (ii) Bank would not lend to Borrower without Borrower's express agreement to pay Bank the prepayment fee described above.

5. **DEFAULT AND ACCELERATION OF TIME FOR PAYMENT.** Default shall include, but not be limited to, any of the following: (a) the failure of Borrower to make any payment required under this Note when due; (b) any breach, misrepresentation or other default by Borrower, any guarantor, co-maker, endorser, or any person or entity other than Borrower providing security for this Note (hereinafter individually and collectively referred to as the "Obligor") under any security agreement, guaranty or other agreement between Bank and any Obligor; (c) the insolvency of any Obligor or the failure of any Obligor generally to pay such Obligor's debts as such debts become due; (d) the commencement as to any Obligor of any voluntary or involuntary proceeding under any laws relating to bankruptcy, insolvency, reorganization, arrangement, debt adjustment or debtor relief; (e) the assignment by any Obligor for the benefit of such Obligor's creditors of any substantial part of such Obligor's property; (f) the appointment, or commencement of any proceeding for the appointment of a receiver, trustee, custodian or similar official for all or substantially all of any Obligor's property; (g) the commencement of any proceeding for the dissolution or liquidation of any Obligor; (h) the termination of existence or death of any Obligor; (i) the revocation of any guaranty or subordination agreement given in connection with this Note; (j) the failure of any Obligor to comply with any order, judgment, injunction, decree, writ or demand of any court or other public authority; (k) the filing or recording against any Obligor, or the property of any Obligor, of any notice of levy, notice to withhold, or other legal process for taxes other than property taxes; (l) the default by any Obligor personally liable for amounts owed hereunder on any obligation concerning the borrowing of money (including, without limitation, the occurrence of any Event of Default under and as defined in the Amended and Restated Credit Agreement); (m) the issuance against any Obligor, or the property of any Obligor, of any writ of attachment, execution, or other judicial lien; or (n) the deterioration of the financial condition of any Obligor which results in Bank deeming itself, in good faith, insecure. Upon the occurrence of any such default, Bank, in its discretion, may cease to advance funds hereunder and may declare all obligations under this Note immediately due and payable; however, upon the occurrence of an event of default under subparagraph (c), (d), (e), (f) or (g) hereof, all principal and interest shall automatically become immediately due and payable.

6. **ADDITIONAL AGREEMENTS OF BORROWER.** If any amounts owing under this Note are not paid when due, Borrower promises to pay all costs and expenses, including reasonable attorneys' fees, incurred by Bank in the collection or enforcement of this Note. Borrower and any endorsers of this Note, for the maximum period of time and the full extent permitted by law, (a) waive diligence, presentment, demand, notice of nonpayment, protest, notice of protest, and notice of every kind; (b) waive the right to assert the defense of any statute of limitations to any debt or obligation hereunder; and (c) consent to renewals and extensions of time for the payment of any amounts due under this Note. If this Note is signed by more than one party, the term "Borrower" includes each of the undersigned and any successors in interest thereof; all of whose liability shall be joint and several. The receipt of any check or other item of payment by Bank, at its option, shall not be considered a payment on account until such check or other item of payment is honored when presented for payment at the drawee Bank. Bank may delay the credit of such payment based upon Bank's schedule of funds availability, and interest under this Note shall accrue until the funds are deemed collected. In any action brought under or arising out of this Note, Borrower and any Obligor, including their successors and assigns, hereby consent to the jurisdiction of any competent court within the State of California, as provided in any alternative dispute resolution agreement executed between Borrower and Bank, and consent to service of process by any means authorized by said state's law. The term "Bank" includes, without limitation, any holder of this Note. This Note shall be construed in accordance with and governed by the laws of the State of California. This Note hereby incorporates any alternative dispute resolution agreement previously, concurrently or hereafter executed between Borrower and Bank.

7. CHANGE IN CIRCUMSTANCES

(a) **Inability to Determine Rates.** If, on or before the first day of any Interest Period for any Base Interest Rate Loan, Bank determines that the Base Interest Rate for such Interest Period cannot be adequately and reasonably determined due to the unavailability of funds in or other circumstances affecting the London interbank market, or the certificate of deposit market, as the case may be, which determination by Bank shall be conclusive and binding upon Borrower, Bank shall immediately give notice thereof to Borrower. After the giving of any such notice and until Bank shall otherwise notify Borrower that the circumstances giving rise to such condition no longer exist, Borrower's right to request, and Bank's obligation to offer, a Base Interest Rate Loan shall be suspended. Any Base Interest Rate Loan outstanding at the commencement of any such suspension which affects Base Interest Rate Loans of that type, shall be converted at the end of the then current Interest Period for that loan to a Reference Rate Loan unless such suspension has then ended.

(b) **Illegality.** If, after the date of this Note, the adoption of any applicable law, rule or regulation, or any change therein, or change in the interpretation or administration thereof by any governmental authority, central bank, comparable agency or other Person charged with the interpretation or administration thereof, or compliance by Bank with any request or directive (whether or not having the force of law) of any such authority (a "Change of Law") shall make it unlawful or impossible for Bank to make or maintain a Base Interest Rate Loan, Bank shall immediately notify Borrower of such Change of Law. After Borrower's receipt of such notice, Borrower's right to select, and Bank's obligation to offer, a Base Interest Rate Loan shall be terminated, and the undersigned shall (i) at the end of the current Interest Period for any Base Interest Rate Loan then outstanding, convert such loan to a Reference Rate Loan, or (ii) immediately repay or convert any Base Interest Rate Loan then outstanding if Bank shall notify Borrower that Bank may not lawfully continue to fund and maintain such Base Interest Rate Loan.

(c) **Increased Costs.** If, after the date of this Note, any Change of Law:

(i) shall subject Bank to any tax, duty or other charge with respect to a Base Interest Rate Loan or its obligation to make such Base Interest Rate Loan, or shall change the basis of taxation of payments by Borrower to Bank on such Base Interest Rate Loan or in respect to such Base Interest Rate Loan under this Note (except for changes in the rate of taxation on the overall net income of Bank); or

(ii) shall impose, modify or hold applicable any reserve, special deposit or similar requirement against assets held by, deposits or other liabilities in or for the account of, advances or loans by, or any other acquisition of funds by Bank for any Base Interest Rate Loan (except for any reserve, special deposit or other requirement included in the determination of the Base Rate); or

(iii) shall impose on Bank any other condition directly related to any Base Interest Rate Loan; and the effect of any of the foregoing is to increase the cost to Bank of making, renewing or maintaining a Base Interest Rate Loan beyond any adjustment made by Bank in determining the applicable interest rate for any such Base Interest Rate Loan, or to reduce the amount receivable by Bank hereunder;

then Borrower shall from time to time, upon demand by Bank, pay to Bank additional amounts sufficient to reimburse Bank for such increased costs or reduced amounts. A certificate as to the amount of such increased costs or reduced amounts, submitted to the Borrower by Bank, shall, in the absence of manifest error, be conclusive and binding on Borrower for all purposes.

(d) **Capital Adequacy.** If Bank shall determine that:

(i) any law, rule or regulation, any interpretation or application thereof by any governmental authority, central bank, comparable agency or other Person charged with the interpretation or administration thereof, any directive, request, assessment guideline or other guideline issued by such authority, bank, agency or Person (whether or not having the force of law) or any change in any of the foregoing which is adopted, issued or becomes effective after the date hereof affects the amount of capital required or expected to be maintained by Bank or any Person controlling Bank (a "Capital Adequacy Requirement"); and

(ii) the amount of capital maintained by Bank or such Person which is attributable to or based upon this Note or the amounts outstanding hereunder must be increased as a result of such Capital Adequacy Requirement (taking into account Bank's or such Person's policies with respect to capital adequacy), Borrower shall pay to Bank or such Person, upon demand of Bank, such amounts as Bank or such Person shall determine are necessary to compensate Bank or such Person for the increased costs to Bank or such Person of such increased capital. A certificate of Bank, setting forth in reasonable detail the computation of any such increased costs, delivered by Bank to Borrower shall, in the absence of manifest error, be conclusive and binding on Borrower for all purposes.

8. DEFINITIONS. As used herein, the following terms shall have the meanings respectively set forth below: **"Amended and Restated Credit Agreement"** means that certain Amended and Restated Credit Agreement dated as of February 27, 2003, by and between Diodes and Bank, as amended and as at any time and from time to time further amended, supplemented, extended, restated or renewed. **"Base Interest Rate"** means a rate of interest based on the LIBOR Rate. **"Base Interest Rate Loan"** means amounts outstanding under this Note that bear interest at a Base Interest Rate. **"Base Rate Maturity Date"** means the last day of the Interest Period with respect to principal outstanding under a Base Interest Rate Loan. **"Business Day"** means a day on which Bank is open for business for the funding of corporate loans, and, with respect to the rate of interest based on the LIBOR Rate, on which dealings in U.S. dollar deposits outside of the United States may be carried on by Bank. **"Covenant Agreement"** means that certain Covenant Agreement dated as of the date of this Note, by and between Borrower and Bank, as an any time and from time to time amended, supplemented, extended, restated or renewed. **"Diodes"** means Diodes Incorporated, a Delaware corporation and parent company of Borrower. **"Financial Statement"** has the meaning assigned to such term in the Amended and Restated Credit Agreement. **"Interest Period"** means with respect to funds bearing interest at a rate based on the LIBOR Rate, any calendar period of one (1) month, two (2) months, three (3) months, four (4) months, five (5) months, six (6) months, nine (9) months or twelve (12) months. In determining an Interest Period, a month means a period that starts on one Business Day in a month and ends on and includes the day preceding the numerically corresponding day in the next month. For any month in which there is no such numerically corresponding day, then as to that month, such day shall be deemed to be the last calendar day of such month. Any Interest Period which would otherwise end on a non-Business Day shall end on the next succeeding Business Day unless that is the first day of a month, in which event such Interest Period shall end on the next preceding Business Day. **"Leverage Ratio"** has the meaning assigned to such term in the Amended and Restated Credit Agreement. **"LIBOR Rate"** means a per annum rate of interest (rounded upward, if necessary, to the nearest 1/100 of 1%) at which dollar deposits, in immediately available funds and in lawful money of the United States would be offered to Bank, outside of the United States, for a term coinciding with the Interest Period selected by Borrower and for an amount equal to the amount of principal covered by Borrower's interest rate selection, plus Bank's costs, including the cost, if any, of reserve requirements. **"LIBOR Rate Margin"** shall mean, (i) two and three-quarters percent (2-3/4%) per annum, effective on the date on which Bank receives a consolidated Financial Statement of Diodes and its Subsidiaries (including Borrower) demonstrating that the Leverage Ratio for the fiscal period covered thereby was greater than 2.0 to 1.0, (ii) two and one-half percent (2-1/2%) per annum, effective on the date on which Bank receives a consolidated Financial Statement of Diodes and its Subsidiaries (including Borrower) demonstrating that the Leverage Ratio for the fiscal period covered thereby was less than or equal to 2.0 to 1.0 but greater than 1.5 to 1.0, (iii) two percent (2%) per annum, effective on the date on which Bank receives a consolidated Financial Statement of Diodes and its Subsidiaries (including Borrower) demonstrating that the Leverage Ratio for the fiscal period covered thereby was less than or equal t o 1.5 to 1.0 but greater than 1.0 to 1.0, (iv) one and three-quarters percent (1-3/4%) per annum, effective on the date on which Bank receives a consolidated Financial Statement of Diodes and its Subsidiaries (including Borrower) demonstrating that the Leverage Ratio for the fiscal period covered thereby was less than or equal to 1.0 to 1.0 but greater than 0.75 to 1.0 and (v) one and five-eighths percent (1-5/8%) per annum, effective on the date on which Bank receives a consolidated Financial Statement of Diodes and its Subsidiaries (including Borrower) demonstrating that the Leverage Ratio for the fiscal period covered thereby was less than or equal to 0.75 to 1.0; provided, however, that (x) if at any time there exists an Event of Default under the Covenant Agreement or the Amended and Restated Credit Agreement, or any event which, with notice or the lapse of time, or both, would become an Event of Default under the Covenant Agreement or the Amended and Restated Credit Agreement or (y) if Diodes fails to deliver any quarterly or annual Financial Statement to Bank within the required time period set forth in the
Amended and Restated Credit Agreement, then the Leverage Ratio shall be deemed to be greater than 2.0 to 1.0 until such Event of Default or unmatured Event of Default is cured or otherwise waived by Bank or such quarterly or annual Financial Statement is delivered to Bank, as the case may be; and provided further, however, that the LIBOR Rate Margin shall never be a negative number. **"Origination Date"** means the first day of the Interest Period. **"Reference Rate"** means the rate announced by Bank from time to time at its corporate headquarters as its Reference Rate.

The Reference Rate is an index rate determined by Bank from time to time as a means of pricing certain extensions of credit and is neither directly tied to any external rate of interest or index nor necessarily the lowest rate of interest charged by Bank at any given time. **"Reference Rate Margin"** shall mean (a) one-half of one percent (1/2 of 1%) per annum, effective on the date on which Bank receives a consolidated Financial Statement of Diodes and its Subsidiaries (including Borrower) demonstrating that the Leverage Ratio for the fiscal period covered thereby was thereby was greater than 2.0 to 1.0, (ii) three-eighths of one percent (3/8 of 1%) per annum, effective on the date on which Bank receives a consolidated Financial Statement of Diodes and its Subsidiaries (including Borrower) demonstrating that the Leverage Ratio for the fiscal period covered thereby was less than or equal to 2.0 to 1.0 but greater than 1.5 to 1.0, (iii) one-quarter of one percent (1/4 of 1%) per annum, effective on the date on which Bank receives a consolidated Financial Statement of Diodes and its Subsidiaries (including Borrower) demonstrating that the Leverage Ratio for the fiscal period covered thereby was less than or equal to 1.5 to 1.0 but greater than 1.0 to 1.0 and (iv) zero percent (0%), effective on the date on which Bank receives a consolidated Financial Statement of Diodes and its Subsidiaries (including Borrower) demonstrating that the Leverage Ratio for the fiscal period covered thereby was less than or equal to 1.0 to 1.0; provided, however, that (x) if at any time there exists an Event of Default under the Covenant Agreement or the Amended and Restated Credit Agreement, or any event which, with notice or the lapse of time, or both, would become an Event of Default under the Covenant Agreement or the Amended and Restated Credit Agreement or (y) if Diodes fails to deliver any quarterly or annual Financial Statement to Bank within the required time period set forth in the Amended and Restated Credit Agreement, then the Leverage Ratio shall be deemed to be greater than 2.0 to 1.0 until such Event of Default or unmatured Event of Default is cured or otherwise waived by Bank or such quarterly or annual Financial Statement is delivered to Bank, as the case may be; and provided further, however, that the Reference Rate Margin shall never be a negative number. **"Subsidiary"** has the meaning assigned to such term in the Amended and Restated Credit Agreement.

FABTECH, INC.

By: /s/ Carol Haverkamp
Carol Haverkamp
Chief Financial
Officer/Secretary

Exhibit 10.54

FIRST AMENDMENTTO AMENDED AND RESTATED CREDIT AGREEMENT

THIS FIRST AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT (this "First Amendment"), dated as of July 6, 2004, is made and entered into by and between **DIODES INCORPORATED**, a Delaware corporation ("Borrower"), and **UNION BANK OF CALIFORNIA, N.A.**, a national banking association ("Bank").

RECITALS:

A. Borrower and Bank are parties to that certain Amended and Restated Credit Agreement dated as of February 27, 2003 (the "Agreement"), pursuant to which Bank agreed to extend various credit facilities to Borrower in the amounts provided for therein.

B. Pursuant to the terms and conditions of the Agreement, Bank made available to Borrower, among other credit facilities, a Nonrevolving-To-Term Loan Commitment, providing for Nonrevolving-To-Term Loans by Bank to Borrower during the period from the date of the Agreement to but excluding June 1, 2004 in the aggregate principal amount not to exceed Two Million Dollars ($2,000,000), which was scheduled to convert subject to the terms of the Agreement on June 1, 2004 to a five (5) year fully amortizing term loan maturing on June 1, 2009.

C. As of the date of this First Amendment, the aggregate outstanding principal amount of all Nonrevolving-To-Term Loans under the Nonrevolving-To-Term Loan Commitment is zero Dollars ($0).

D. Borrower has requested that Bank agree to make a term loan to FabTech, Inc., a Delaware corporation ("Guarantor"), in the principal amount of Five Million Dollars ($5,000,000), rather than make the aforementioned Nonrevolving-To-Term Loan Commitment available to Borrower, and Bank is agreeable to such request. In connection with the making by Bank of such term loan to Guarantor, Guarantor has executed or is about to execute various documents, instruments and agreements as required by Bank to evidence Guarantor's obligations thereunder.

E. Borrower and Bank desire to amend the Agreement to eliminate the Nonrevolving-To-Term Loan Commitment, subject, however, to the terms and conditions of this First Amendment.

AGREEMENT:

In consideration of the above recitals and of the mutual covenants and conditions contained herein, Borrower and Bank agree as follows:

1. **Defined Terms**. Initially capitalized terms used herein which are not otherwise defined shall have the meanings assigned thereto in the Agreement.

2. **Amendments to the Agreement**.

(a) Section 1 of the Agreement is hereby amended by adding a definition of "**Guarantor Loan**" thereto in the appropriate alphabetical order, which shall read in full as follows:

"**Guarantor Loan**' shall mean that certain term loan to be made by Bank to Guarantor in the principal amount of Five Million Dollars ($5,000,000), and evidenced by the Guarantor Note."

(b) Section 1 of the Agreement is hereby further amended by adding a definition of "**Guarantor Note**" thereto in the appropriate alphabetical order, which shall read in full as follows:

"**Guarantor Note**' shall mean that certain term note dated April 9, 2004, issued by Guarantor in favor of Bank in the original principal amount of Five Million Dollars ($5,000,000)."

(c) The definition of "**Nonrevolving-To-Term Loan Commitment**" appearing in Section 1 of the Agreement is hereby deleted in its entirety.

(d) The definition of "**Nonrevolving-To-Term Note**" appearing in Section 1 of the Agreement is hereby deleted in its entirety.

(e) The definitions of "**Notes**" and "**Note**" appearing in Section 1 of the Agreement are hereby amended to read in full as follows:

" '**Notes**' and '**Note**' shall mean, respectively, (a) the Revolving Note and the Acquisition Note, and (b) either of such Notes."

(f) The definition of "**Permitted Guaranty Obligations**" appearing in Section 1 of the Agreement is hereby amended to read in full as follows:

" '**Permitted Guaranty Obligations**' shall mean:

(a) Guaranty Obligations existing on the date of this Agreement, and refinancings, renewals, extensions or amendments that do not increase the amount thereof;
(b) Guaranty Obligations under the Loan Documents;
(c) Guaranty Obligations owed to Borrower or any of its Subsidiaries; and
(d) Guaranty Obligations of Borrower to Bank in connection with the Guarantor Loan."

(g) The definition of "**Permitted Indebtedness**" appearing in Section 1 of the Agreement is hereby amended by (i) deleting the word "and" appearing at the end of subsection (j) thereof, (ii) substituting a semicolon and the word "and" for the period appearing at the end of subsection (k), and (iii) adding a new subsection (l) thereto, which shall read in full as follows:

"(l) Indebtedness of Guarantor to Bank under the Guarantor Note."

(h) Section 2.3 of the Agreement is hereby amended to read in full as follows:

"**2.3 Nonrevolving-To-Term Loan Commitment.** [Intentionally Deleted.]"

(i) Section 2.4(c) of the Agreement is hereby deleted in its entirety.

(j) Section 2.9(a) of the Agreement is hereby amended to read in full as follows:

"(a) [Intentionally Deleted.]"

(k) Section 4.1(h) of the Agreement is hereby amended to read in full as follows:

"(h) [Intentionally Deleted]; and"

(l) Section 7.10 of the Agreement is hereby amended by substituting the amount "Twenty-Five Million Dollars ($25,000,000)" for the amount "Sixteen Million Dollars ($16,000,000)" appearing in the last line thereof.

3. **Effectiveness of this First Amendment**. This First Amendment shall become effective as of the date hereof when, and only when, Bank shall have received all of the following, in form and substance satisfactory to Bank:

(a) A counterpart of this First Amendment, duly executed by Borrower and acknowledged by Guarantor where indicated hereinbelow;

(b) A legal fee in connection with the preparation of this First Amendment in the sum of Six Hundred Dollars ($600); and

(c) Such other documents, instruments or agreements as Bank may reasonably deem necessary.

4. **Ratification**.

(a) Except as specifically amended hereinabove, the Agreement shall remain in full force and effect and is hereby ratified and confirmed; and

(b) Upon the effectiveness of this First Amendment, each reference in the Agreement to "this Agreement", "hereunder", "herein", "hereof" or words of like import referring to the Agreement shall mean and be a reference to the Agreement as amended by this First Amendment.

5. **Representations and Warranties**. Borrower represents and warrants as follows:

(a) Each of the representations and warranties contained in Section 5 of the Agreement, as amended hereby, is hereby reaffirmed as of the date hereof, each as if set forth herein;

(b) The execution, delivery and performance of this First Amendment are within Borrower's corporate powers, have been duly authorized by all necessary corporate action, have received all necessary approvals, if any, and do not contravene any law or any contractual restriction binding on Borrower;

(c) This First Amendment is the legal, valid and binding obligation of Borrower, enforceable against Borrower in accordance with its terms; and

(d) No event has occurred and is continuing or would result from this First Amendment which constitutes an Event of Default under the Agreement, or would constitute an Event of Default but for the requirement that notice be given or time elapse or both.

6. **Governing Law**. This First Amendment shall be deemed a contract under and subject to, and shall be construed for all purposes and in accordance with, the laws of the State of California.

7. **Counterparts**. This First Amendment may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

WITNESS the due execution hereof as of the date first above written.

"Borrower"

DIODES INCORPORATED

By: /s/ Carl Wertz
Carl Wertz
Chief Financial Officer

"Bank"

UNION BANK OF CALIFORNIA, N.A.

By: /s/ John Kase

Title: Vice President

Acknowledgment of Guarantor

The undersigned, as Guarantor pursuant to that certain Continuing Guaranty dated as of December 1, 2000 (the "Guaranty"), hereby consents to the foregoing First Amendment and acknowledges and agrees, without in any manner limiting or qualifying its obligations under the Guaranty, that payment of the Obligations (as such term is defined in the Guaranty) and the punctual and faithful performance, keeping, observance and fulfillment by Borrower of all of the agreements, conditions, covenants and obligations of Borrower contained in the Agreement are and continue to be unconditionally guaranteed by the undersigned pursuant to the Guaranty.

FABTECH, INC.

By: /s/ Carol Haverkamp

Title: CFO

Exhibit 10.55

Union Bank of California

July 6, 2004

FabTech, Inc.
777 N.W. Blue Parkway, Suite 350
Lee's Summit, Missouri 64086-5709

Attention: Carol Haverkamp
Chief Financial Officer/Secretary

Dear Mr. Haverkamp:

This Covenant Agreement (this "Agreement") is entered into as of the date set forth above between Union Bank of California, N.A., a national banking association ("Bank"), and FabTech, Inc., a Delaware corporation ("Borrower"), with respect to each and every extension of credit (whether one or more, collectively referred to as the "Loan") from Bank to Borrower.

The Loan is evidenced by one or more promissory notes or other evidences of indebtedness, including each amendment, extension, renewal or replacement thereof, which are incorporated herein by this reference (whether one or more, collectively referred to as the "Note"). Any financial statement required by this Agreement must be prepared in accordance with generally accepted accounting principles and in a form satisfactory to Bank. In consideration of the Loan, Bank and Borrower agree to the following terms and conditions:

Guaranty Requirements
Borrower shall cause Diodes Incorporated, a Delaware corporation ("Guarantor"), to execute and deliver to Bank its Continuing Guaranty ("Guaranty"), on Bank's standard form, in the principal amount of Five Million Dollars ($5,000,000) (exclusive of accrued interest and Bank's expenses, for which Guarantor shall also be obligated).

Borrower Collateral
Borrower's obligations and liabilities to Bank under the Note, this Agreement and any other document, instrument or agreement executed by Borrower shall be secured by a first priority security interest in all or substantially all of Borrower's personal property, pursuant to the terms and conditions of a Security Agreement, on Bank's standard form, executed by Borrower in favor of Bank. Borrower hereby authorizes Bank to file a UCC-1 financing statement describing such collateral in the office of the Secretary of State of the State of Delaware or any other jurisdiction desired by Bank. Borrower shall execute and deliver to Bank such other documents, instruments and agreements as Bank may reasonably require in order to effect fully the purposes of this Agreement.

Guarantor Collateral
Guarantor's obligations and liabilities to Bank under the Guaranty and any other document, instrument or agreement executed by Guarantor shall be secured by a first priority security interest in all or substantially all of Guarantor's personal property, pursuant to the terms and conditions of a Security Agreement, on Bank's standard form, executed by Guarantor in favor of Bank. By executing the Security Agreement, Guarantor shall authorize Bank to file a UCC-1 financing statement describing such collateral in the office of the Secretary of State of the State of Delaware or any other jurisdiction desired by Bank. Borrower shall cause Guarantor to execute and deliver to Bank such other documents, instruments and agreements as Bank may reasonably require in order to effect fully the purposes of this Agreement.

Cross-Default Provision
The occurrence of any Event of Default under the terms and conditions of the Amended and Restated Credit Agreement shall constitute a default under this Agreement and the Note. As used herein, the term "Amended and Restated Credit Agreement" shall mean that certain Amended and Restated Credit Agreement dated as of February 27, 2003, by and between Guarantor and Bank, as amended and as at any time further amended, supplemented, extended, restated or renewed.

Financial Information
Borrower shall provide Bank with such financial statements, lists of property and accounts, budgets, forecasts, reports and other financial information as Bank may from time to time request.

Any provision contained within this Agreement that is in conflict with any provision of any prior agreement between Bank and Borrower or Bank and Guarantor shall supersede such provision of such prior agreement.

If Borrower is in agreement with the foregoing terms and conditions, please sign and date the enclosed counterpart of this Agreement where indicated below and return same to the undersigned as soon as possible.

Sincerely,

"Bank"

UNION BANK OF CALIFORNIA, N.A.

By:_/s/ John C. Kase
John C. Kase
Vice President

Address where notices to Bank are to be sent:

Union Bank of California, N.A.
Commercial Banking Group--
Great Los Angeles Division
445 South Figueroa Street, 10th Floor
Angeles, California 90071
Attention: John C. Kase
Vice President
Telephone No.: (213) 236-7329
Fax No.: (213) 236-7635

Accepted and Agreed
as of July 6, 2004:

"Borrower"

FABTECH, INC.

By:_/s/ Carol Haverkamp

Title:_CFO

Printed Name:_Carol Haverkamp
Address where notices to Borrower are to be sent:

FabTech, Inc.
777 N.W. Blue Parkway, Suite 350
Lee's Summit, Missouri 64086-5709
Attention: Carol Haverkamp
Chief Financial Officer/Secretary
Telephone No.: (816) 251-8800
Fax No.: (816) 251-8850

Exhibit 10.56

Amendment to
“The Sale and Lease Agreement” dated as January 31, 2002 with
Shanghai Ding Hong Electronic Co., Ltd

Ref: LE-0402

Party A: **SHANGHAI KAI HONG ELECTRONIC COMPANY, LIMITED**
Address: East of Chen Chun Road, XinQiao Town, SongJing District, Shanghai, P.R.C..

Party B: **SHANGHAI DING HONG ELECTRONIC EQUIPMENT LIMITED**
Address: No.999, Chen Chun Road, XinQiao Town, SongJiang District, Shanghai,P.R.C..

Whereas:
Party A and Party B have entered into the following “Amendment” to the original agreement of “The Sale and Leasing Agreement”, dated as January 31, 2002 on the lease of the Factory Building and relevant facilities (hereinafter refer to as "Building B") of which stipulating the lease term of Building B of 15 year term and the monthly rental of US$17,541.

Based on the current facts, the parties herein enter into the Supplementary Agreement on the lease of the #4B building and the #5B building of Building B as below after negotiation:

1. The parties agree that the lease of the #4B and the #5B building of Building B shall be terminated on the date of September 30, 2004.

2. Up to the date of the above termination, Party A shall have paid all rental due for the #4B and the #5B. And from the day of October 1 2004. The rental for the #4B and the #5B shall be deducted from the total monthly rental of Building B. The specific figures are as below:
   The gross area of the #4 of Building B is 440 square meters, and the monthly rental is **US$4.12** per square meter and for a total of **US$1,812.80.**
   The gross area of the #5 of Building B is 750 square meters, and the monthly rental is **US$2.57** per square meter and for a total of **US$1,927.50**.
   The total monthly rental for the #4B and the #5B of the Building B shall be **US$3,740.30**.

Therefore the rental for Building B from the day of October 1 2004 shall be **US$13,800.7** after deduction of the rental for the #4B and the #5B of building B.

3. Party B agrees to return the deposit amounted as **US$ 3,740.30** to Party A.
4. This supplementary agreement shall constitute the part of the entire Lease Agreement and shall have the same effectiveness as the entire Lease Agreement. Other matters not contained in the supplementary agreement shall be subject to the Lease Agreement.
5. The supplementary is made two originals and each party will hold one original.
6. The supplementary agreement shall become effective after signature.

Party A: **SHANGHAI KAI HONG ELECTRONIC COMPANY, LIMITED**
Date:

Party B: **SHANGHAI DING HONG ELECTRONIC EQUIPMENT LIMITED**
Date:

Exhibit 10.57

Lease Agreement

Ref: LE-0401

This Lease Agreement (hereinafter referred to as "the Lease") is entered into as June 28, 2004, in the city of Shanghai, by and between Diodes Shanghai Company Limited (hereinafter referred to as "Party A") with its registered office at No.1, Lane 18, SanZhuang Road Songjiang export zone Shanghai, China and SHANGHAI YUAN HAO ELECTRONIC CO., LTD (hereinafter referred to as "Party B") with its registered office at No.1, Lane 18, SanZhuang Road Songjiang export zone Shanghai, China.
Party A and Party B are collectively referred to as the Parties and each as a Party.

WHEREAS,

1. Party B represents that it is the lawful owner of the New Factory Building located in No.1 lane 18, SanZhuang Road Songjiang export zone Shanghai, China (hereinafter refer to as "New Building"), with full legal power to enter into this lease,

2. Party A and Party B entered into the Lease Agreement on the lease of the First Floor and Second Floor of the New Building and relevant facilities, including Distribution building, Power building, Lobby (set forth in Exhibit). The parties enter into the agreement as below:

1. Definitions

Unless otherwise defined in this Lease, the terms used in the Lease shall only have the meanings hereunder.

1.1 "New Building" shall mean the building located in has No.1 lane 18, SanZhuang Road Songjiang export zone Shanghai, China.

1.2 "Effective Date" shall mean the date in which the Lease will take effect after the legal representatives or authorized representatives of the Parties affix their signatures and corporate seals on the Lease.

1.3 "Lease Term" shall mean the period of time on which Party A is entitled to use the Lease Areas and Party B is entitled to receive rent from Party A in accordance with the terms and conditions of the Lease Agreement.

2. Gross Area of the Lease Areas

2.1 The gross area of the First floor of the New Building is 3,081 square meters.
2.2 The gross area of the Second floor of the New Building is 3,081 square meters.

2.3 The gross area of the Distribution building of the New Building is 399.5 square meters.
2.4 The gross area of the Power building of the New Building is 129.4 square meters.
2.5 The gross area of the Lobby of the New Building is 128 square meters, and Party A will share 40% of which is 51.2 square meters.
The total gross area of the lease area is 6742.1 square meters.

3. Lease Term

For the above lease area, the Lease Term shall be automatically renewed for successive __5__year terms from the date of July 1 2004 year to June 30 2009 year unless Party A gives termination notice not less than 30 days before the expiration of any Lease Term. In its operating period, Party A has the priority to the Lease Areas defined in this Contract and Party B shall not terminate this Contract without reasonable cause and Party A's consent in writing.
In the period of renewal, the items relating to the rental stipulated in Article 4 of the Lease shall be adjusted upon consultation on the basis of the market prices at that time.

4. Rental and Other Fees

Party A agrees to pay Party B Rental, Administrant Fee and Ground lease Fee as following:

4.1 Rental
The Parties agree that the monthly Rental of the above lease area shall be US$3.15 per square meter and the specific fees are as below:

(1) The gross area of the First floor of the New Building is 3,081 square meters, and the monthly rental shall be US$9705.15.
(2) The gross area of the Second floor of the New Building is 3,081 square meters, and the monthly rental shall be US$ 9705.15.
(3) The gross area of the Distribution building of the New Building is 399.5 square meters, and the monthly rental shall be US$1258.36.
(4) The gross area of the Power building of the New Building is 129.4 square meters, and the monthly rental shall be US$407.48.
(5) The gross area of the Lobby of the New Building is 128 square meters, and Party A will share 40% of which is 51.2 square meters, and the monthly rental shall be US$ 161.28.

The total rental for the lease area shall be US$21,237.43.

4.2 Building Management Fee
Party A agrees to pay Party B the Building Management Fee based on 5% of the monthly rental (US$21,237.43) referred in above 4.1 term. The monthly Building Management Fee is US$1061.87.

Party B shall provide Party A the management service as below (including but not limited):

(1) the Guard service for the lease area and the public factory area;
(2) the maintenance and remedy of the buildings and facilities of the lease area;
(3) the maintenance and remedy of the public facilities of the public factory area and buildings.
(4) the cleanness and sanitation of the lease area and public area.
(5) the afforest of the lease area and public area, including the planting and protection;
(6) other building management service to be provided by Party B.

4.3 Ground Lease Fee
Party A agrees to pay Ground Lease Fee on the 40% of the gross area of 6,855 square meters. For the first year of the lease term from the date of 1st June 2004 year to the date of 31 May 2005 year, the monthly Ground Lease fee is US$686 which shall be paid by Party A based on the monthly Ground lease fee per square meter is US$0.25. From the second year of the lease term from the date of 1st June 2005 year, the monthly Ground Lease fee is US$1,371, which shall be paid by Party A based on the monthly Ground lease fee per square meter is US$0.5.

4.4 Subject to the above figures, for the first year of the lease term, Party A shall pay monthly US$22,985.30 to Party B; and from the second year of the lease term, Party A shall pay monthly US$23,670.30 to Party B.

5. Method of Payment

Party A shall pay the Rental in RMB Yuan according to the Medium Rate of Exchanges published by the Bank of China on the day of payment to the RMB account as prescribed by Party B before the first day of every month.

6. Deposit

For the lease of the above lease area, Party A shall pay Party B a deposit amounting to US$22,985.30 within 10 days of the effective date of the Lease.

7. Termination of the Lease

If either Party terminates the Lease prior to the expiration of the Rent Term without the consent from the other Party, the former thereby shall pay damages to the latter to compensate its actual loss. The amount of damages shall include, but not be limited to the reasonable profits, out-of- pocket costs, legal fees, accounting fees and removal or relocation fees.

8. Insurance and Repair Costs

8.1 During the term of the rental agreement, Party B shall purchase& maintain insurance coverage to cover any and all casualty damage to the Rent Areas, and shall be responsible for repairs of all structural damages to the building that are not the result of improper use by Party A. Party A shall be responsible for all repair costs arising from improper usage by Party A. If Party B cannot obtain building insurance, the Party A will be requested to obtain insurance, and Party B will reimburse Party A for all costs of such insurance coverage.

8.2 Party B shall be entitled to inspect the Rented Areas at reasonable intervals and upon reasonable notice. Party A shall provide assistance to allow such inspections.

9. Liability for Breach of the Lease

9.1 If Party A violated Article 5 of the Lease for failing to pay the Rental, then Party A shall pay a penalty at the rate of 0.021% of the Rental for each day of delay.

9.2 Where Party B breaches its warranties stipulated in Article 10, Party B shall compensate Party A for all of its losses and damages including consequential damages.

9.3 Party A shall not:

(1) sub-lease the Rented Areas or exchange the use of the Rented Areas with other parties without Party B's prior, written consent.
(2) alter the structure of the Rented Areas or damage the Rented Areas without Party B's prior, written consent.
(3) change the lease purpose stipulated by the competent authorities without Party B's consent.

10. Warranties

10.1 Party B hereby warrants that if the Rent Areas are sold to any third party in the Rent Term or the period of renewal, the third party shall continue to carry out the Contract. In case the third party fails to carry out the Contract, Party B shall compensate Party A fir all of its losses and damages.

10.2 In case Party B mortgages the Rent Areas to the third party, any loss suffered by Party A shall be indemnified by Party B.

11. Force Majeure

11.1 The definition of Force Majeure

Force Majeure shall mean all events which arise after the Effective Date which are beyond the control of the Parties, are unforeseen, unavoidable and insurmountable, and which prevent total or partial performance by either Party. Such events shall include earthquakes, typhoons, flood, fire, war, acts of government or public agencies, strikes and any other event which cannot be foreseen, prevented and controlled, including events which are recognized as Force Majeure in general international commercial practice.

11.2 Consequences of Force Majeure

a. If an event of Force Majeure occurs, the contractual obligation of a Party Affected by such an event shall be suspended during the period of delay the time for performing such obligation shall be extended, without penalty, for a period equal to such suspension.

b. The party claiming Force Majeure shall give prompt notice to the other Party in writing and shall furnish, with in fifteen (15) days thereafter, sufficient proof of the occurrence and expected duration of such Force Majeure. The Party claiming Force Majeure shall also use all reasonable efforts to mitigate or eliminate the effects of the Force Majeure.

c. In the event of Force Majeure, the Parties shall immediately consult with each other in order to find an equitable solution and shall use all reasonable efforts to minimize the consequences of such Force Majeure.

12. The Effectiveness of the Lease

The Lease shall become effective after the legal representatives or authorized representatives of both Parties affix their signatures and company seals on the Lease.

13. Language of the Lease

The Lease is made and executed in Chinese and English, both versions having equal validity.

14. Settlement of Dispute

14.1 Friendly consultations

a. In the event of any dispute, difference, controversy or claim arising out of or related to the Lease, including any regarding the breach, termination or validity of the Lease, (a "Dispute") then upon one Party giving the other Party notice in writing of the Dispute ("Notice of Dispute"), the Parties shall attempt to resolve such Dispute through friendly consultation.

b. If the Dispute has not been resolved through friendly consultations with thirty (30) days from the Notice of Dispute, the Dispute shall be resolved by arbitration in accordance with Article 14.2. Such arbitration may be initiated by either party.

14.2 Arbitration

The arbitration shall be conducted by Shanghai Arbitration Commission in Shanghai in accordance with its procedure rules. The arbitration award shall be final and binding on the Parties. The costs of arbitration shall be borne by the losing Party except as may be otherwise determined by the arbitration tribunal.

14.3 Continuance of performance

Except for the specified matters in dispute which are then currently being arbitrated, the Parties shall continue to perform their respective obligations under the Lease during any friendly consultations or any arbitration pursuant to this Article 14.

14.4 Severability

The provisions of this Article 14 shall be separable from the other terms of the Lease. Neither the terminated nor the invalidity of the Lease shall affect the validity of the provisions of this Article 14.

15. Applicable law

The validity, interpretation and implementation of the Lease and the settlement of disputes herein shall be governed by relevant PRC laws and regulations which are officially promulgated and publicly available.

16. Miscellaneous

16.1 Any amendment to this Lease shall be in writing and duly signed by both Parties. Such Amendment shall constitute the part of the entire Lease.

16.2 Both Parties know their respective right, obligation, liability, very clearly and will execute the Lease in accordance with the provisions of the Lease. Where one Party violated the agreement, the other Party is entitled to claim damages in accordance with the Lease.

16.3 Any notice or written communication requited or permitted by this Lease shall be made in writing in Chinese and English and sent by courier service. The date of receipt of a notice or communication shall be deemed to be seven (7) days after the letter is deposited with the courier service provided the deposit is evidenced by a confirmation receipt. All notice and communications shall be sent to the appropriate address set forth below, until the same is changed by notice given in writing to the other Party.

To: Party A

Diodes Shanghai Company Limited
Address: No. 1, Lane 18, SanZhuang Road
SongJiang, Export zone Shanghai, China
Attn.: Lily Xia

To: Party B

Shanghai YuanHao Electronic Co., Ltd
Address: No. 1, Lane 18, SanZhuang Road
SongJiang, Export zone Shanghai, China
Attn.: Xu Wen Xi

Party A:
Representative: /s/ Joseph Liu
Date: June 28, 2004

Party B:
Representative: /s/ Xing Jian Ya
Date: June 28, 2004

;

Exhibit 10.58
Supplementary to
The "Lease agreement" dated as September 30, 2003 with Shanghai Ding Hong Electronic Co., Ltd

Ref: LE-0401

Party A: **SHANGHAI KAI HONG ELECTRONIC COMPANY, LIMITED**
Address: East of Chen Chun Road, XinQiao Town,SongJing District, Shanghai, P.R.C

Party B: **SHANGHAI DING HONG ELECTRONIC EQUIPMENT LIMITED**
Address: No.999, Chen Chun Road, XinQiao Town, SongJiang District, Shanghai,P.R.C.

Whereas:
Party A and Party B entered into the Lease Agreement on the lease of the First Floor and Second Floor of the 3-story Factory Building A located in the lot 375 of Song Jiang District, Shanghai on September 30, 2003. The Lease Agreement has been in of effective and executed by the parties.

The terms 1.6, 2.5, 3.4 etc. of the Lease Agreement refer to the lease of the Third Floor of the Factory Building A, it reads as Party A shall then have thirty (30) days priority to rent the Third Floor of the Factory Building. For other terms on the lease of the Third Floor, supplementary agreement shall be entered into by the Parties through negotiation. Such amendments shall constitute the part of the entire Lease Agreement and shall have the same effectiveness as the entire Lease Agreement.

The parties further enter into the Supplementary Agreement on the lease of the Third Floor as below after negotiation:

1. Lease Area
The Third Floor of the Factory Building A ([Exhibit Four--3rd Floor Layout for Factory Building (Building A) of the Lease Agreement, hereinafter refer to as "the Third Floor"]. The gross area of the Third Floor of the Building A is **2,067.30** square meters.

2. Rental
The Parties agree that the monthly Rental of the third floor of the Building A shall be **RMB23.18** per square meter and for a total of **RMB47,920.01**

3. Lease Term
For the lease of the Third Floor, the Lease Term shall be from the date of March 1, 2004 to the date of February 28, 2009 and shall be automatically renewed for successive 5 year terms, unless Party A gives termination notice not less than 30 days before the expiration of any Lease Term. In its operating period, Party A has the priority to the Lease Areas defined in this Contract and Party B shall not terminate this Contract without reasonable cause and Party A's consent in writing.

In the period of renewal, the items relating to the rental stipulated in Article 4 of the Lease shall be adjusted upon consultation on the basis of the market prices at that time.

4. This supplementary agreement shall constitute the part of the entire Lease Agreement and shall have the same effectiveness as the entire Lease Agreement. Other matters not contained in the supplementary agreement shall be executed upon the Lease Agreement.

5. The supplementary is made two originals and each party will hold one original.

6. The supplementary agreement shall become effective after signature.

Party A: **SHANGHAI KAI HONG ELECTRONIC COMPANY, LIMITED**
Date:

Party B: **SHANGHAI DING HONG ELECTRONIC EQUIPMENT LIMITED**
Date:

Exhibit – 11

DIODES INCORPORATED AND SUBSIDIARIES

COMPUTATION OF EARNINGS PER SHARE
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	**2004**	2003	**2004**
BASIC				
Weighted average number of common shares outstanding used in computing basic earnings per share	12,678,194	**13,265,146**	12,575,166	**13,180,992**
Net income	$ 2,172,000	**$ 6,123,000**	$ 4,094,000	**$ 10,980,000**
Basic earnings per share	$ 0.17	**$ 0.46**	$ 0.33	**$ 0.83**
DILUTED				
Weighted average number of common shares outstanding used in computing basic earnings per share	12,678,194	**13,265,146**	12,575,166	**13,180,992**
Assumed exercise of stock options	1,590,206	**2,064,614**	1,483,595	**2,125,097**
	14,268,400	**15,329,760**	14,058,761	**15,306,089**
Net income	$ 2,172,000	**$ 6,123,000**	$ 4,094,000	**$ 10,980,000**
Diluted earnings per share	$ 0.15	**$ 0.40**	$ 0.29	**$ 0.72**

Exhibit 31.1

CERTIFICATION PURSUANT TO RULE 15(D)-14(A) UNDER THE SECURITIES EXCHANGE ACT AND SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, C.H. Chen, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Diodes Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ C.H. Chen
C. H. Chen
Chief Executive Officer
Date: August 5, 2004

Exhibit 31.2

CERTIFICATION PURSUANT TO RULE 15(D)-14(A) UNDER THE SECURITIES EXCHANGE ACT AND SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Carl C. Wertz, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Diodes Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Carl C. Wertz
Carl C. Wertz
Chief Financial Officer

Date: August 5, 2004

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. 1350 ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to their knowledge, the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2004 of Diodes Incorporated (the "Company") fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in such periodic report fairly presents, in all material respects, the financial condition and results of operations of the Company as of, and for, the periods presented in such report.

Very truly yours,

/s/ C.H. Chen
C.H. Chen
Chief Executive Officer
Date: August 5, 2004

A signed original of this written statement required by Section 906 has been provided to Diodes Incorporated and will be furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. 1350 ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to their knowledge, the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2004 of Diodes Incorporated (the "Company") fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in such periodic report fairly presents, in all material respects, the financial condition and results of operations of the Company as of, and for, the periods presented in such report.

Very truly yours,

/s/ Carl C. Wertz
Carl C. Wertz
Chief Financial Officer
Date: August 5, 2004

A signed original of this written statement required by Section 906 has been provided to Diodes Incorporated and will be furnished to the Securities and Exchange Commission or its staff upon request.