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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

August 9, 2011

Date of Report (Date of earliest event reported)

DIODES INCORPORATED
(Exact name of registrant as specified in its charter)

Delaware	002-25577	95-2039518
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

4949 Hedgcoxe Road, Suite 200 **Plano, Texas**	**75024**
(Address of principal executive offices)	(Zip Code)

(972) 987-3900
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02 Results of Operations and Financial Condition.

On August 9, 2011, Diodes Incorporated (the "Company") issued a press release announcing its second quarter 2011 financial results. A copy of the press release is attached as Exhibit 99.1.

On August 9, 2011, the Company hosted a conference call to discuss its second quarter 2011 financial results. A recording of the conference call has been posted on its website at www.diodes.com. A copy of the script is attached as Exhibit 99.2.

During the conference call on August 9, 2011, Dr. Keh-Shew Lu, President and Chief Executive Officer of the Company, as well as Richard D. White, Chief Financial Officer and Mark King, Senior Vice President of Sales made additional comments during a question and answer session. A copy of the transcript is attached as Exhibit 99.3.

In the press release and earnings conference call, the Company utilizes financial measures and terms not calculated in accordance with generally accepted accounting principles in the United States ("GAAP") in order to provide investors with an alternative method for assessing our operating results in a manner that enables investors to more thoroughly evaluate our current performance as compared to past performance. We also believe these non-GAAP measures provide investors with a more informed baseline for modeling the Company's future financial performance. Our management uses these non-GAAP measures for the same purpose. We believe that our investors should have access to, and that we are obligated to provide, the same set of tools that we use in analyzing our results. These non-GAAP measures should be considered in addition to results prepared in accordance with GAAP, but should not be considered a substitute for or superior to GAAP results. See Exhibit 99.1, for a description of the non-GAAP measures used.

Item 7.01 Regulation FD Disclosure.

The press release in Exhibit 99.1 also provides an update on the Company's business outlook.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

See exhibit index.

The information in this Form 8-K and the exhibits attached hereto shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except as shall be expressly set forth by specific reference in such filing.

SIGNATURES

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 hereunto duly authorized.

Dated: August 12, 2011

DIODES INCORPORATED

By /s/ Richard D. White

RICHARD D. WHITE

Chief Financial Officer

EXHIBIT INDEX

Exhibit Number	Description
99.1	Press release dated August 9, 2011
99.2	Conference call script dated August 9, 2011
99.3	Question and answer transcript dated August 9, 2011

Exhibit 99.1

Diodes Incorporated Reports Second Quarter 2011 Financial Results

Record Quarterly Revenue Reaches $170 Million

Plano, Texas – August 9, 2011 – Diodes Incorporated (Nasdaq: DIOD), a leading global manufacturer and supplier of high-quality application specific standard products within the broad discrete, logic and analog semiconductor markets, today reported its financial results for the second quarter ended June 30, 2011.

Second Quarter Highlights

- Revenue was a record $169.8 million, an increase of 14 percent over the $149.2 million in the second quarter of 2010, and an increase of 5 percent from the $161.6 million in the first quarter of 2011;
- Gross profit was $55.6 million, an increase of 4 percent over the $53.5 million in the second quarter of 2010, and a decrease of 3 percent from the $57.4 million in the first quarter 2011;
- Gross profit margin was 32.8 percent, compared to 35.8 percent in the second quarter 2010 and 35.5 percent in the first quarter 2011;
- GAAP net income was $18.0 million, or $0.38 per diluted share, compared to second quarter of 2010 GAAP net income of $16.6 million, or $0.37 per diluted share, and first quarter of 2011 GAAP net income of $19.7 million, or $0.42 per diluted share;
- Non-GAAP adjusted net income was $20.1 million, or $0.43 per diluted share, compared to second quarter 2010 adjusted net income of $18.7 million, or $0.41 per diluted share, and first quarter 2011 adjusted net income of $21.8 million, or $0.47 per diluted share;
- Excluding $2.4 million of share-based compensation expense, both GAAP and non-GAAP adjusted net income would have increased by $0.05 per diluted share; and
- Generated $32.4 million cash flow from operations, $11.6 million net cash flow and break-even free cash flow, including $32.6 million of capital expenditures.

Commenting on the results, Dr. Keh-Shew Lu, President and Chief Executive Officer of Diodes Incorporated, stated, “Revenue for the quarter increased over $20 million, or 14 percent, from the prior year period and five percent sequentially as we gained additional market share due to our continued focus on design wins, new products and customer expansion. Beginning in May, we started to see a slowdown in the global markets, in particular the consumer and computing space. This weakness accelerated in the last several weeks of the quarter affecting several of our customers that build product for the U.S. and European markets.

“Gross margin in the second quarter was also impacted by the softening demand, which caused us to change our mix to lower margin commodity products to support revenue. Additionally, there was a slower than expected ramp in productivity due to the training requirements for replacing operators as a result of the previously announced China labor shortages. We expect this productivity issue to be resolved by the end of the third quarter. We have taken several actions, including the delay of capital investments and the freezing of manufacturing manpower, until such time that the demand environment improves. Despite these market challenges, I am confident that we are well positioned with our customers and have a broadened product portfolio, design win momentum and the capacity to expand our revenues and margins as demand improves.”

Second Quarter 2011

Revenue for the second quarter of 2011 was a record $169.8 million, an increase of 14 percent over the $149.2 million in the second quarter of 2010, and an increase of 5 percent from the $161.6 million in the first quarter of 2011. The sequential increase in revenue was due to demand for our products used in tablets, notebooks, smartphones and LED TV's.

Gross profit for the second quarter of 2011 was $55.6 million, or 32.8 percent of revenue, compared to $53.5 million, or 35.8 percent, in the second quarter of 2010 and $57.4 million or 35.5 percent, in the first quarter 2011. The sequential decline in gross profit margin was due primarily to a shift in product mix to lower margin products and reduced fixed cost coverage. Lower factory utilization than expected resulted from a slower than forecasted improvement in productivity related to the manufacturing operators hired to replace employees following the previously disclosed manpower shortages at the Company's Shanghai packaging facilities.

Second quarter 2011 GAAP net income was $18.0 million, or $0.38 per diluted share, compared to GAAP net income of $16.6 million, or $0.37 per diluted share, in the second quarter of 2010 and GAAP net income of $19.7 million, or $0.42 per diluted share, in the first quarter of 2011.

Non-GAAP adjusted net income for the second quarter of 2011 was $20.1 million, or $0.43 per diluted share, which excluded, net of tax, $1.3 million of non-cash interest expense related to the amortization of debt discount on the Convertible Senior Notes and $0.8 million of non-cash acquisition related intangible asset amortization costs, compared to adjusted net income of $18.7 million, or $0.41 per diluted share, in the second quarter of 2010 and adjusted net income of $21.8 million, or $0.47 per diluted share, in the first quarter of 2011. The following is a summary reconciliation of GAAP net income to non-GAAP adjusted net income and per share data, net of tax *(in thousands, except per share data):*

	Three Months Ended June 30, 2011
GAAP net income	**$ 17,981**
GAAP diluted earnings per share	**$ 0.38**
Adjustments to reconcile net income to adjusted net income:	
Amortization of debt discount	**1,318**
Amortization of acquisition related intangible assets	**830**
Non-GAAP adjusted net income	**$ 20,129**
Non-GAAP adjusted diluted earnings per share	**$ 0.43**

(See tables below for further details of the reconciliation)

Included in second quarter 2011 GAAP and non-GAAP adjusted net income was approximately $2.4 million, net of tax, non-cash share-based compensation expense. Excluding this expense, both GAAP and non-GAAP adjusted diluted EPS would have increased by an additional $0.05 per share.

EBITDA, which represents earnings before net interest expense, income tax, depreciation and amortization, for the second quarter of 2011 was $40.5 million, compared to $34.6 million for the second quarter of 2010 and $41.1 million for the first quarter of 2011. For a reconciliation of GAAP net income to EBITDA, see table below.

As of June 30, 2011, Diodes had approximately $290 million in cash and cash equivalents, $316 million in working capital and approximately $132 million of Convertible Senior Notes outstanding.

Business Outlook

Dr. Lu concluded, “The weakening demand that we saw at the end of the second quarter, especially in the consumer and LED TV market, has continued into July and the market outlook for August and September is uncertain. Distributor inventory days were down slightly from the first quarter, while channel inventory was at the high end of the preferred range as we exited the second quarter. As such, for the third quarter we expect revenue to range between $160 million and $170 million, or flat to down 6 percent sequentially. We expect gross margin to be 32 percent, plus or minus 1.5 percent. Operating expenses are expected to be comparable to the second quarter on a dollar basis. We expect our income tax rate to range between 17 and 23 percent, and shares used to calculate GAAP EPS are anticipated to be approximately 48 million.”

Conference Call

Diodes will host a conference call on Tuesday, August 9, 2011 at 4:00 p.m. Central Time (5:00 p.m. Eastern Time) to discuss its second quarter 2010 financial results. Investors and analysts may join the conference call by dialing 1-800-901-5241 and providing the confirmation code 70544571. International callers may join the teleconference by dialing 1-617-786-2963 and enter the same confirmation code at the prompt. A telephone replay of the call will be made available approximately two hours after the call and will remain available until August 12, 2011 at midnight Central Time. The replay number is 1-888-286-8010 with a pass code of 13246647. International callers should dial 1-617-801-6888 and enter the same pass code at the prompt. Additionally, this conference call will be broadcast live over the Internet and can be accessed by all interested parties on the Investors section of Diodes’ website at http://www.diodes.com. To listen to the live call, please go to the Investors section of Diodes’ website and click on the conference call link at least fifteen minutes prior to the start of the call to register, download and install any necessary audio software. For those unable to participate during the live broadcast, a replay will be available shortly after the call on Diodes’ website for approximately 60 days.

About Diodes Incorporated

Diodes Incorporated (Nasdaq: DIOD), a Standard and Poor’s SmallCap 600 and Russell 3000 Index company, is a leading global manufacturer and supplier of high-quality application specific standard products within the broad discrete, logic and analog semiconductor markets. Diodes serves the consumer electronics, computing, communications, industrial, and automotive markets. Diodes’ products include diodes, rectifiers, transistors, MOSFETs, protection devices, functional specific arrays, single gate logic, amplifiers and comparators, Hall-effect and temperature sensors; power management devices, including LED drivers, DC-DC switching and linear voltage regulators, and voltage references along with special function devices, such as USB power switches, load switches, voltage supervisors, and motor controllers. The Company’s corporate headquarters, logistics center, and Americas’ sales office are located in Plano, Texas. Design, marketing, and engineering centers are located in Plano; San Jose, California; Taipei, Taiwan; Manchester, England; and Neuhaus, Germany. The Company’s wafer fabrication facilities are located in Kansas City, Missouri and Manchester, with two manufacturing facilities located in Shanghai, China, another in Neuhaus, and two joint venture facilities located in Chengdu, China. Additional engineering, sales, warehouse, and logistics offices are located in Fort Worth, Texas; Taipei; Hong Kong; Manchester; and Munich, Germany, with support offices located throughout the world. For further information, including SEC filings, visit the Company’s website at http://www.diodes.com.

Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995: Any statements set forth above that are not historical facts are forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. Such statements include statements regarding our expectation that: we expect this productivity issue to be resolved by the end of the third quarter; we have taken several actions, including the delay of capital investments and the freezing of manufacturing manpower, until such time that the demand environment improves; despite these market challenges, I am confident that we are well positioned with our customers and have a broadened product portfolio, design win momentum and the capacity to expand our revenues and margins as demand improves; the weakening demand that we saw at the end of the second quarter, especially in the consumer and LED TV market, has continued into July and the market outlook for August and September is uncertain; distributor inventory days were down slightly from the first quarter, while channel inventory was at the high end of the preferred range as we exited the second quarter; as such, we expect revenue to range between $160 million and $170 million, or flat to down 6 percent sequentially; we expect gross margin to be 32 percent, plus or minus 1.5 percent; operating expenses are expected to be comparable to the second quarter on a dollar basis; and we expect our income tax rate to *range between 17 and 23 percent, and shares used to calculate GAAP EPS for the third quarter are anticipated to be approximately 48 million. Potential risks and uncertainties include, but are not limited to, such factors as: we may not be able to maintain our current growth strategy or continue to maintain our current performance, costs and loadings in our manufacturing facilities; risks of domestic and foreign operations, including excessive operation costs, labor shortages and our joint venture prospects; unfavorable currency exchange rates; our future guidance may be incorrect; the global economic weakness may be more severe or last longer than we currently anticipated; and other information detailed from time to time in the Company's filings with the United States Securities and Exchange Commission.*

Recent news releases, annual reports and SEC filings are available at the Company's website: http://www.diodes.com. Written requests may be sent directly to the Company, or they may be e-mailed to: diodes-fin@diodes.com.

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DIODES INCORPORATED AND SUBSIDIARIES

CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS

(unaudited)

(in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
NET SALES	$169,806	$149,153	$331,361	$286,000
COST OF GOODS SOLD	114,191	95,686	218,353	184,750
Gross profit	55,615	53,467	113,008	101,250
OPERATING EXPENSES				
Selling, general and administrative	22,575	21,422	43,985	42,841
Research and development	6,533	6,815	13,051	13,191
Amortization of acquisition related intangible assets	1,153	1,078	2,288	2,206
Impairment of long-lived assets	—	144	—	144
Total operating expenses	30,261	29,459	59,324	58,382
Income from operations	25,354	24,008	53,684	42,868
OTHER INCOME (EXPENSES)				
Interest income	312	996	533	2,308
Interest expense	(1,036)	(1,396)	(1,970)	(3,378)
Amortization of debt discount	(2,027)	(1,873)	(4,011)	(3,707)
Other	838	(1,150)	304	1,498
Total other expenses	(1,913)	(3,423)	(5,144)	(3,279)
Income before income taxes and noncontrolling interest	23,441	20,585	48,540	39,589
INCOME TAX PROVISION	4,718	3,035	9,553	6,359
NET INCOME	18,723	17,550	38,987	33,230
Less: NET INCOME attributable to noncontrolling interest	(742)	(903)	(1,322)	(1,625)
NET INCOME attributable to common stockholders	$ 17,981	$ 16,647	$ 37,665	$ 31,605
EARNINGS PER SHARE attributable to common stockholders				
Basic	$ 0.40	$ 0.38	$ 0.84	$ 0.72
Diluted	$ 0.38	$ 0.37	$ 0.80	$ 0.70
Number of shares used in computation				
Basic	45,325	43,975	45,074	43,871
Diluted	47,148	45,510	46,837	45,358

Note: Throughout this release, we refer to “net income attributable to common stockholders” as “net income.”

DIODES INCORPORATED AND SUBSIDIARIES

CONSOLIDATED RECONCILIATION OF NET INCOME TO ADJUSTED NET INCOME

(in thousands, except per share data)

(unaudited)

For the three months ended June 30, 2011:

	Operating Expenses	Other Income (Expense)	Income Tax Provision	Net Income
Per-GAAP				**$17,981**
Earnings per share (Per-GAAP)				
Diluted				**$ 0.38**
Adjustments to reconcile net income to adjusted net income:				
Amortization of acquisition related intangible assets	1,153	—	(323)	**830**
Amortization of debt discount	—	2,027	(709)	**1,318**
Adjusted (Non-GAAP)				**$20,129**
Diluted shares used in computing earnings per share				**47,148**
Adjusted earnings per share (Non-GAAP)				
Diluted				**$ 0.43**

Note: Included in GAAP and non-GAAP adjusted net income was approximately $2.4 million, net of tax, non-cash share-based compensation expense. Excluding this expense, both GAAP and non-GAAP adjusted diluted EPS would have increased by an additional $0.05 per share.

For the three months ended June 30, 2010:

	Operating Expenses	Other Income (Expense)	Income Tax Provision	Net Income
Per-GAAP				**$ 16,647**
Earnings per share (Per-GAAP)				
Diluted				**$ 0.37**
Adjustments to reconcile net income to adjusted net income:				
Amortization of acquisition related intangible assets	1,078	—	(302)	**776**
Impairment of long-lived assets	—	144	(55)	**89**
Amortization of debt discount	—	1,873	(730)	**1,143**
Adjusted (Non-GAAP)				**$ 18,655**
Diluted shares used in computing earnings per share				**45,510**
Adjusted earnings per share (Non-GAAP)				
Diluted				**$ 0.41**

Note: Included in GAAP and non-GAAP adjusted net income was approximately $2.1 million, net of tax, non-cash share-based compensation expense. Excluding this expense, both GAAP and non-GAAP adjusted diluted EPS would have increased by an additional $0.05 per share.

DIODES INCORPORATED AND SUBSIDIARIES

CONSOLIDATED RECONCILIATION OF NET INCOME TO ADJUSTED NET INCOME – Cont.

(in thousands, except per share data)

(unaudited)

For the six months ended June 30, 2011:

	Operating Expenses	Other Income (Expense)	Income Tax Provision	Net Income
Per-GAAP				**$ 37,665**
Earnings per share (Per-GAAP)				
Diluted				**$ 0.80**
Adjustments to reconcile net income to adjusted net income:				
Amortization of acquisition related intangible assets	2,288	—	(641)	**1,647**
Amortization of debt discount	—	4,011	(1,404)	**2,607**
Adjusted (Non-GAAP)				**$ 41,919**
Diluted shares used in computing earnings per share				**46,837**
Adjusted earnings per share (Non-GAAP)				
Diluted				**$ 0.89**

Note: Included in GAAP and non-GAAP adjusted net income was approximately $4.5 million, net of tax, non-cash share-based compensation expense. Excluding this expense, both GAAP and non-GAAP adjusted diluted EPS would have increased by an additional $0.09 per share.

For the six months ended June 30, 2010:

	Operating Expenses	Other Income (Expense)	Income Tax Provision	Net Income
Per-GAAP				**$ 31,605**
Earnings per share (Per-GAAP)				
Diluted				**$ 0.70**
Adjustments to reconcile net income to adjusted net income:				
Amortization of acquisition related intangible assets	2,206	—	(618)	**1,588**
Gain on sale of assets	—	(1,837)	661	**(1,176)**
Impairment of long-lived assets	—	144	(55)	**89**
Amortization of debt discount	—	3,707	(1,446)	**2,261**
Adjusted (Non-GAAP)				**$ 34,368**
Diluted shares used in computing earnings per share				**45,358**
Adjusted earnings per share (Non-GAAP)				
Diluted				**$ 0.76**

Note: Included in GAAP and non-GAAP adjusted net income was approximately $4.2 million, net of tax, non-cash share-based compensation expense. Excluding this expense, both GAAP and non-GAAP adjusted diluted EPS would have increased by an additional $0.09 per share.

ADJUSTED NET INCOME

This measure consists of generally accepted accounting principles ("GAAP") net income, which is then adjusted solely for the purpose of adjusting for amortization of acquisition related intangible assets, amortization of debt discount, gain on sale of assets and impairment of long-lived assets, as discussed below. Excluding gain on sale of assets and impairment of long-lived assets provides investors with a better depiction of the Company's operating results and provides a more informed baseline for modeling future earnings expectations. Excluding the amortization of acquisition related intangible assets and amortization of debt discount allows for comparison of the Company's current and historic operating performance. The Company excludes the above listed items to evaluate the Company's operating performance, to develop budgets, to determine incentive compensation awards and to manage cash expenditures. Presentation of the above non-GAAP measures allows investors to review the Company's results of operations from the same viewpoint as the Company's management and Board of Directors. The Company has historically provided similar non-GAAP financial measures to provide investors an enhanced understanding of its operations, facilitate investors' analyses and comparisons of its current and past results of operations and provide insight into the prospects of its future performance. The Company also believes the non-GAAP measures are useful to investors because they provide additional information that research analysts use to evaluate semiconductor companies. These non-GAAP measures should be considered in addition to results prepared in accordance with GAAP, but should not be considered a substitute for or superior to GAAP results and may differ from measures used by other companies. The Company recommends a review of net income on both a GAAP basis and non-GAAP basis be performed to get a comprehensive view of the Company's results. The Company provides a reconciliation of GAAP net income to non-GAAP adjusted net income.

Amortization of acquisition related intangible assets – The Company excluded the amortization of its acquisition related intangible assets including developed technologies and customer relationships. The fair value of the acquisition related intangible assets, which was allocated to the assets through purchase accounting, is amortized using straight-line methods which approximate the proportion of future cash flows estimated to be generated each period over the estimated useful lives of the applicable assets. The Company believes the exclusion of the amortization expense of acquisition related assets is appropriate as a significant portion of the purchase price for its acquisitions was allocated to the intangible assets that have short lives and exclusion of the amortization expense allows comparisons of operating results that are consistent over time for both the Company's newly acquired and long-held businesses. In addition, the Company excluded the amortization expense as there is significant variability and unpredictability across other companies with respect to this expense.

Amortization of debt discount – The Company excluded the amortization of debt discount on its 2.25% Convertible Senior Notes ("Notes"). This amortization was excluded from management's assessment of the Company's core operating performance. Although the amortization of debt discount is recurring in nature, the expected life of the Notes is five years as that is the earliest date in which the Notes can be put back to the Company at par value. The amortization period ends October 1, 2011, at which time the Company will no longer be recording an amortization of debt discount. In addition, the Company has repurchased some of its Notes, which can make the principal amount outstanding and related amortization vary from period to period, and as such the Company believes the exclusion of the amortization facilitates comparisons with the results of other periods that may reflect different principal amounts outstanding and related amortization.

Gain on sale of assets – The Company excluded the gain recorded for the sale assets. During the first quarter of 2010, the Company sold assets located in Germany and this gain was excluded from management's assessment of the Company's core operating performance. The Company believes the exclusion of the gain on sale of assets provides investors an enhanced view of a gain the Company may incur from time to time and facilitates comparisons with results of other periods that may not reflect such gains.

Impairment of long-lived assets – The Company excluded the impairment of long-lived assets. During the second quarter of 2010, the Company impaired certain assets, which was excluded from management's assessment of the Company's core operating performance. The Company believes the exclusion of the impairment of long-lived assets provides investors an enhanced view of a loss the Company may incur from time to time and facilitates comparisons with results of other periods that may not reflect such impairments.

ADJUSTED EARNINGS PER SHARE

This non-GAAP financial measure is the portion of the Company's GAAP net income assigned to each share of stock, excluding amortization of acquisition related intangible assets, amortization of debt discount, gain on sale of assets and impairment of long-lived assets, as described above. Excluding gain on sale of assets and impairment of long-lived assets provides investors with a better depiction of the Company's operating results and provides a more informed baseline for modeling future earnings expectations, as described in further detail above. Excluding the amortization of acquisition related intangible assets and amortization of debt discount allows for comparison of the Company's current and historic operating performance, as described in further detail above. This non-GAAP measure should be considered in addition to results prepared in accordance with GAAP, but should not be considered a substitute for or superior to GAAP results and may differ from measures used by other companies. The Company recommends a review of diluted earnings per share on both a GAAP basis and non-GAAP basis be performed to obtain a comprehensive view of the Company's results. Information on how these share calculations are made is included in the reconciliation table provided.

FREE CASH FLOW (FCF)

Break-even FCF for the second quarter of 2011 is a non-GAAP financial measure, which is calculated by taking cash flow from operations less capital expenditures ($32.4 million less (-) $32.6 million). FCF represents the cash and cash equivalents that we are able to generate after taking into account cash outlays required to maintain or expand property, plant and equipment. FCF is important because it allows us to pursue opportunities to develop new products, make acquisitions and reduce debt.

DIODES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED RECONCILIATION OF NET INCOME TO EBITDA

EBITDA represents earnings before net interest expense, income tax provision, depreciation and amortization. Management believes EBITDA is useful to investors because it is frequently used by securities analysts, investors and other interested parties, such as financial institutions in extending credit, in evaluating companies in our industry and provides further clarity on our profitability. In addition, management uses EBITDA, along with other GAAP measures, in evaluating our operating performance compared to that of other companies in our industry because the calculation of EBITDA generally eliminates the effects of financing, operating in different income tax jurisdictions, and accounting effects of capital spending, including the impact of our asset base, which can differ depending on the book value of assets and the accounting methods used to compute depreciation and amortization expense. EBITDA is not a recognized measurement under GAAP, and when analyzing our operating performance, investors should use EBITDA in addition to, and not as an alternative for, income from operations and net income, each as determined in accordance with GAAP. Because not all companies use identical calculations, our presentation of EBITDA may not be comparable to similarly titled measures used by other companies. Furthermore, EBITDA is not intended to be a measure of free cash flow for management's discretionary use, as it does not consider certain cash requirements such as tax and debt service payments.

The following table provides a reconciliation of net income to EBITDA *(in thousands, unaudited)*:

	Three Months Ended June 30,	
	2011	2010
Net income (per-GAAP)	$17,981	$16,647
Plus:		
Interest expense, net (1)	2,751	2,273
Income tax provision	4,718	3,035
Depreciation and amortization	15,038	12,601
EBITDA (Non-GAAP)	$ 40,488	$34,556

	Six Months Ended June 30,	
	2011	2010
Net income (per-GAAP)	$37,665	$31,605
Plus:		
Interest expense, net (2)	5,448	4,777
Income tax provision	9,553	6,359
Depreciation and amortization	28,961	24,670
EBITDA (Non-GAAP)	$81,627	$67,411

(1) Includes $2.0 million and $1.9 million for the three months ended June 30, 2011 and 2010, respectively, of amortization of debt discount.

(2) Includes $4.0 million and $3.7 million for the six months ended June 30, 2011 and 2010, respectively, of amortization of debt discount.

DIODES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS

ASSETS
(in thousands)

	June 30, 2011 (unaudited)	December 31, 2010
CURRENT ASSETS		
Cash and cash equivalents	$ 290,366	$ 270,901
Accounts receivable, net	144,205	129,207
Inventories	128,730	120,689
Deferred income taxes, current	8,200	8,276
Prepaid expenses and other	17,328	11,679
Total current assets	588,829	540,752
PROPERTY, PLANT AND EQUIPMENT, net	229,793	200,745
DEFERRED INCOME TAXES, non current	1,534	1,574
OTHER ASSETS		
Goodwill	70,207	68,949
Intangible assets, net	27,076	28,770
Other	5,625	5,760
Total assets	$ 923,064	$846,550

DIODES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS

LIABILITIES AND EQUITY
(in thousands, except share data)

	June 30, 2011 *(unaudited)*	December 31, 2010
CURRENT LIABILITIES		
Lines of credit	$ 10,000	$ —
Accounts payable	82,074	70,057
Accrued liabilities	42,197	36,937
Income tax payable	6,014	15,412
Convertible senior notes	132,272	128,261
Other current liabilities	718	698
Total current liabilities	273,275	251,365
LONG-TERM DEBT, net of current portion	3,227	3,393
CAPITAL LEASE OBLIGATIONS, net of current portion	1,234	1,380
OTHER LONG-TERM LIABILITIES	31,899	37,520
Total liabilities	309,635	293,658
COMMITMENTS AND CONTINGENCIES		
EQUITY		
Diodes Incorporated stockholders' equity		
Preferred stock – par value $1.00 per share; 1,000,000 shares authorized; no shares issued or outstanding	—	—
Common stock – par value $0.66 2/3 per share; 70,000,000 shares authorized; 45,474,579 and 44,662,796 issued and outstanding at June 30, 2011 and December 31, 2010, respectively	30,316	29,775
Additional paid-in capital	240,988	231,842
Retained earnings	362,572	324,907
Accumulated other comprehensive loss	(33,718)	(45,080)
Total Diodes Incorporated stockholders' equity	600,158	541,444
Noncontrolling interest	13,271	11,448
Total equity	613,429	552,892
Total liabilities and equity	$ 923,064	$ 846,550

Exhibit 99.2

Call Participants: Dr. Keh-Shew Lu, Richard White, Mark King and Laura Mehrl

Operator:

Good afternoon and welcome to Diodes Incorporated's second quarter 2011 financial results conference call. At this time, all participants are in a listen only mode. At the conclusion of today's conference call, instructions will be given for the question and answer session. If anyone needs assistance at any time during the conference call, please press the star key followed by the zero on your touchtone phone.

As a reminder, this conference call is being recorded today, Tuesday, August 9, 2011. I would now like to turn the call to Leanne Sievers of Shelton Group Investor Relations. Leanne, please go ahead.

Introduction: Leanne Sievers, EVP of Shelton Group

Good afternoon and welcome to Diodes' second quarter 2011 earnings conference call. I'm Leanne Sievers, executive vice president of Shelton Group, Diodes' investor relations firm.

With us today are Diodes' President and CEO, Dr. Keh-Shew Lu; Chief Financial Officer, Rick White; Senior Vice President of Sales and Marketing, Mark King; and Director of Investor Relations, Laura Mehrl.

Before I turn the call over to Dr. Lu, I would like to remind our listeners that management's prepared remarks contain forward-looking statements, which are subject to risks and uncertainties, and management may make additional forward-looking statements in response to your questions.

Therefore, the Company claims the protection of the safe harbor for forward-looking statements that is contained in the Private Securities Litigation Reform Act of 1995. Actual results may differ from those discussed today, and therefore we refer you to a more detailed discussion of the risks and uncertainties in the Company's filings with the Securities and Exchange Commission.

In addition, any projections as to the Company's future performance represent management's estimates as of **today, August 9, 2011.** Diodes assumes no obligation to update these projections in the future as market conditions may or may not change.

Additionally, the Company's press release and management's statements during this conference call will include discussions of certain measures and financial information in GAAP and non-GAAP terms. Included in the Company's press release are definitions and reconciliations of GAAP net income to non-GAAP adjusted net income and GAAP net income to EBITDA, which provide additional details. Also, throughout the Company's press release and management's statements during this conference call, we refer to "net income attributable to common stockholders" as "GAAP net income."

For those of you unable to listen to the entire call at this time, a recording will be available via webcast for 60 days in the investor relations section of Diodes' website at www.diodes.com.

And now I will turn the call over to Diodes' President and CEO, Dr. Keh-Shew Lu. Dr. Lu, please go ahead.

Dr. Keh-Shew Lu, President and CEO

Thank you, Leanne.

Welcome everyone, and thank you for joining us today.

Revenue during the quarter increased over $20 million, or 14 percent, from the prior year period reaching a record of $170 million as we gained additional market share due to our continued focus on design wins, new products and customer expansion. In the second quarter, Asia and North America revenue increased sequentially, while Europe declined as this region began to show signs of increasing weakness during the quarter due to the economic instability in a number of European countries.

In fact, in May we started to see a general market slowdown on a global basis, specifically in the consumer, computer and LCD TV markets, and this trend continued to accelerate during the last several weeks of the quarter. Orders did not materialize as expected in June as customers looked for greater clarity on the global macro environment. We believe the current climate also resulted in weaker consumer confidence during the quarter. This weakness impacted several of our customers that build products specifically for the U.S. and European markets. Distributor inventory days were down slightly in the second quarter, while channel inventory was at the high end of the preferred range as we exited the quarter. In July, we experienced continued weakening in the consumer and computer markets and the demand for the rest of the quarter remains uncertain.

Gross margin in the second quarter was also impacted by the softening demand, which caused a mix change to lower margin commodity products to support revenue. Additionally, there was a slower than expected ramp in productivity due to the training requirements for replacing operators as a result of the previously announced China labor shortages. Although it took longer than anticipated, we currently expect to have fully trained operators in place by end of the third quarter.

Because of the poor macro economic conditions around the world and our own uncertain market conditions, we have taken actions to minimize the impact on us financially. We have delayed approximately 40 percent of our planned capital expenditures for the second half of 2011, not including our Chengdu site development, and are maintaining our current headcount until we see how the market develops.

Despite these short-term market challenges, I am confident that we are well positioned with our customers. We have a broadened product portfolio with design win momentum and the installed capacity that should enable us to expand our revenues and margins as demand improves.

One other comment I would like to make before turning the call over to Rick is about our Chengdu facility. On July 19, Diodes broke ground on our new production site in the Hi-Tech Industrial Development Zone in Chengdu, China. As I have mentioned on previous calls, the Chengdu site will be an expansion of our manufacturing presence in China. The ground breaking was well attended by local officials. We will begin construction of the initial buildings in August with completion scheduled for the first half of 2012. Until the buildings are completed, we have established a pilot line in a leased facility next to our site in Chengdu with about 100 people. The products from this pilot line have been qualified, and we shipped approximately 12 million units in June and 37 million units in July. We expect output will ramp to approximately 120 million per month during the first quarter of 2012.

With that, I will now turn the call over to Rick to discuss our second quarter financial results and third quarter guidance in more detail.

Rick White, CFO

Thanks, Dr. Lu, and good afternoon everyone.

Revenue for the second quarter of 2011 was $169.8 million, an increase of 14 percent over the $149.2 million in the second quarter of 2010, and an increase of 5 percent from the $161.6 million in the first quarter of 2011. The increase in revenue was due to demand for our products used in tablets, notebooks, smartphones and LCD TVs.

Gross profit for the second quarter was $55.6 million, or 32.8 percent of revenue, compared to $53.5 million, or 35.8 percent, in the second quarter of 2010 and $57.4 million, or 35.5 percent, in the first quarter 2011. The sequential decline in gross profit margin was due primarily to a shift in product mix to lower margin products and reduced fixed cost coverage. Lower factory utilization than forecasted was a result of a slower than expected improvement in productivity related to manufacturing operators hired to replace employees following the previously disclosed manpower shortages at our Shanghai packaging facilities.

Total **operating expenses** for the second quarter were $30.3 million, or 17.8 percent of revenue, which was in-line with the 18 percent of revenue last quarter.

Looking specifically at **Selling, General and Administrative** expenses for the second quarter, SG&A was approximately $22.6 million, or 13.3 percent of revenue, which was in line with the 13.3 percent of revenue last quarter and an improvement from the 14.4 percent of revenue in the second quarter of 2010.

Investment in Research and Development for the second quarter was $6.5 million, or 3.8 percent of revenue, which was comparable to last quarter of $6.5 million, or 4 percent of revenue, and a decrease from the $6.8 million, or 4.6 percent of revenue, in the previous year period.

Total Other Expense amounted to $1.9 million for the quarter.

Looking at interest income and expense, we had approximately $312,000 of interest income on our cash balances and approximately $1.0 million of interest expense primarily related to our Convertible Senior Notes.

During the second quarter, we recorded approximately $2 million of non-cash, amortization of debt discount related to the U.S. GAAP requirement to separately account for a liability and equity component of our Convertible Senior Notes. Also included in Total Other Expense was a foreign currency gain of $400,000.

Income Before Income Taxes and Noncontrolling Interest in the second quarter amounted to $23.4 million, compared to income of $20.6 million in the second quarter of 2010 and $25.1 million in the first quarter of 2011.

Turning to **income taxes**, our effective income tax rate in the second quarter was 20.1 percent, which was within our guidance.

GAAP net income for the second quarter was $18.0 million, or $0.38 per diluted share, compared to $16.6 million, or $0.37 per diluted share, in the second quarter of 2010 and $19.7 million, or $0.42 per diluted share, in the first quarter of 2011. The share count used to compute GAAP diluted EPS for the second quarter was 47.1 million shares.

Second quarter **Non-GAAP adjusted net income** was $20.1 million, or $0.43 per diluted share, which excluded, net of tax, $1.3 million of non-cash interest expense related to the amortization of debt discount on the Convertible Senior Notes and $800,000 of non-cash acquisition related intangible asset amortization costs. We have included in our earnings release a reconciliation of GAAP net income to non-GAAP adjusted net income, which provides additional details. Included in second quarter GAAP and non-GAAP adjusted net income was approximately $2.4 million, net of tax, of non-cash share-based compensation expense. Excluding this expense, both GAAP and non-GAAP adjusted diluted EPS would have increased by an additional $0.05 per share.

Turning to the **balance sheet**, at the end of the second quarter, we had approximately $290 million in cash, and our working capital was approximately $316 million. We had approximately $273 million in current liabilities, of which approximately $132 million related to our Convertible Senior Notes, which are redeemable in October 2011.

At the end of the second quarter, inventory was approximately $129 million, an increase of approximately $6 million from the first quarter. This increase was due to a $6 million increase in Finished Goods and a $1 million increase in Work in Process, partially offset by $1 million decrease in Raw Materials. Inventory days improved to 100, compared to 105 days in the first quarter of 2011.

Accounts receivable was approximately $144 million and A/R days were 78.

Capital expenditures were $35.8 million during the second quarter, which included $4.5 million for our Chengdu site expansion. Excluding this amount, CapEx was 18.4 percent of revenue, compared to 11 percent in the first quarter. As Dr. Lu mentioned we are continuing with our Chengdu Site development, but have delayed approximately 40 percent of our second half capex, not including Chengdu, due to market conditions. For 2011 we expect CapEx to be at the low end of our targeted range of 10 to 12 percent of revenue, not including Chengdu.

Depreciation and amortization expense for the second quarter was $15.0 million.

Cash flow from operations for the second quarter was $32.4 million, net cash flow was $11.6 million and free cash flow was break-even, including CapEx investment in the quarter.

Turning to our Outlook…

In terms of third quarter guidance, we expect revenue to range between $160 million and $170 million, or flat to down 6 percent sequentially. We expect gross margin to be 32 percent, plus or minus 1.5 percent. Operating expenses are expected to be comparable to the second quarter on a dollar basis. We expect our income tax rate to range between 17 and 23 percent, and shares used to calculate GAAP EPS for the third quarter are anticipated to be approximately 48 million.

With that said, I will now turn the call over to Mark King.

Mark King, Senior VP of Sales and Marketing

Thank you, Rick, and good afternoon.

As Dr. Lu and Rick have mentioned today, our second quarter revenue increased 5 percent sequentially despite the softening that began in the latter part of the quarter. The increase in revenue was due to demand for our products used in tablets, notebooks and smartphones. The global economic uncertainty began to impact overall demand late in the quarter, in particular the consumer and computing markets. Distributor POP was up 10 percent sequentially, while distributor POS grew 7 percent in the quarter. Inventory days improved slightly from the first quarter, but global channel inventory was up and at the top level of our preferred range. Our new product momentum remains strong and design win activity continued to be at high levels in both quality and quantity, both of which should help drive revenue and margin expansion once the demand environment improves.

In terms of **Global Sales**, Asia represented 74 percent of revenue, Europe 13 percent and North America also 13 percent. Asia and North America increased sequentially in the quarter, while Europe declined due to the accelerating weakness in this region. More recently, we are beginning to see similar trends in North America due to the weaker consumer confidence, but the situation in Europe is far more pronounced than in our other regions.

Our end market breakout consisted of consumer representing 34 percent of revenue, computing 26 percent, industrial 21 percent, communications 16percent, and automotive 3 percent.

Now turning to **new products** – traction remains strong on new product releases, and we reached another quarter of record revenue for SBR ® and MOSFET products on the discrete side and USB power switches on the analog side. We also saw gains in bipolar transistors as well as continued success with our LED drivers, which showed strong growth quarter over quarter. New product introductions and design-in's remain exceptionally high, and we continue to expect this to be a key driver going forward.

Looking specifically at our **discrete** product line, we introduced 63 products across 7 products families. The MOSFET product line continued its record growth trend, and we saw key design wins ramp for LED TV and smartphones. During the quarter, we introduced our first chip-scale MOSFET package, which is ideally suited for ultra-portable applications such as smartphones. Another first for us was the introduction of a range of products packaged in our new powerDI 3333 that delivers equivalent performance to an SO8 package, while occupying only 30 percent of the PCB area also with a lower profile.

In the SBR® product line, we announced the expansion of the DiodeStar product family targeted for high performance applications like LCD/LED television. We also released the first SBR® product family specifically designed for automotive applications, offering low VF while maintaining high temperature stability and reliability. Notable design wins in SBR® included adapters for portable electronics, printers and industrial lighting.

Now turning to **analog** new product introductions, we released 72 new products across 8 product families. We also completed our automotive qualification on our LDO series and LED drivers. New product highlights include the introduction of the industry's smallest dual-output, omnipolar Hall Effect switch. This micropower device was developed specifically for portable and battery-powered consumer electronics, such as cell phones and camcorders.

Design win activity on our Hall Effect switch product line remained strong throughout the quarter with several large wins in major smartphone platforms in addition to continued advances in notebooks. In the power management area, we released our first synchronous DC-DC converters. These highly integrated devices offer a wide operating range while maintaining excellent efficiency. We also continued to expand our USB power switch line with the addition of several new 2Amp devices. These high performance products support both USB 2.0 and 3.0 standards, and their wide operating temperature range is excellent for consumer and industrial applications.

Design-win progress and revenue growth was also notable in our LED lighting products, driven primarily by our general illumination devices. In fact, we are designed into a bulb-replacement application for a major worldwide retailer who has recently announced an initiative to invest in energy-efficient technologies for use in their stores worldwide.

Now, moving to **Logic** – During the quarter, we also significantly expanded our footprint in the Logic market, with the release of several new families of devices. We added dual-gate logic products to our LVC logic family, releasing six of the industry's most popular functions in three different packages, including the miniature DFN1010. We are the only logic supplier that offers 14 LVC logic functions in this extremely space-efficient package. In the second quarter we also released our first low-power, advanced high-speed CMOS logic product family. This product is specifically optimized to operate with TTL input supply voltages enabling communication with legacy circuits, which is a capability currently experiencing strong demand.

In summary, we remain positive on our business, although the macro environment remains uncertain, we are confident in the progress we are making with customer expansion, new product initiatives and design win traction. Because of the recent market weakness we have taken the necessary adjustments in our business and capital investments until such time that the demand environment improves.

With that, I'll open the call for questions – Operator?

Upon Completion of the Q&A…

Dr. Lu: Thank you for your participation today. Operator, you may now disconnect.

DIODES 2Q11 EARNINGS CALL
QUESTION AND ANSWER

Operator

(Operator Instructions) Steve Smigie, Raymond James.

Steve Smigie, Raymond James & Associates – ***Analyst***

I guess I just wanted to follow-up a little bit on the productivity you guys have been working on with the new employees. Sound like it's going to be finished at the end of the third quarter. Obviously, there is some issues here with product utilization due to some slower revenue but what kind of benefit could we potentially see gross margin wise as we got into the December quarter from you getting back up to productivity levels?

Keh-Shew Lu, Diodes Inc – ***President and CEO***

Well, Steve, it will depend on the demand, okay? What we say now is we put enough capacity in third quarter. Our people should be proactive by end of September, so if the business comes in strong, then we'll have the opportunity to gain that GPM%.

Steve Smigie, Raymond James & Associates – ***Analyst***

Okay.

Keh-Shew Lu, Diodes Inc – ***President and CEO***

Right now we've are positioning ourselves, we have enough capacity, we have enough productivity of our worker by end of September then it really depend on what the market will be looking like in 4Q.

Steve Smigie, Raymond James & Associates – ***Analyst***

Okay. And Dr. Lu, last cycle 2008 when things got pretty bad, you were sort of one of the first out there to cut back. Not just CapEx but I think to let people go as well. It seems like although you've cut back CapEx here you really haven't made a decision to start cutting back on the workforce, so does that mean you feel a little bit more comfortable that this might be a shallower revenue drop over the next few quarters or so?

Keh-Shew Lu, Diodes Inc – ***President and CEO***

Yes. You are correct. Because, we are uncertain but I don't think we are now at the state to say we would let people go. So what we do is we canceled the 4Q capitals and we put it on hold and delay it, and therefore, we say 40% of our second-quarter – second half capital was stopped in delay. And then we just say no more increase income, okay. Now we are watching it. Now, if the situation gets worse, then what we do is not hire them back, we will just stop hiring, then attrition would take care of that automatically. And at this moment, we assume, we want to keep that kind of label off the people so we won't run into the problem if the market turned. We don't have enough people to run the equipment. Capacity is already there so we don't want to run into that problem, have the capacity and equipment but no people to run it.

Steve Smigie, Raymond James & Associates – ***Analyst***

Okay great. Last question was just your guidance for September is down a little bit. Obviously normally for a normal environment it would be up a decent amount. What would that suggest in terms of holiday orders and what would happen as we go into the fourth quarter? So if we start to see holiday orders pick up, could that number potentially go up a little bit? And then as we go into December quarter, normally December would be from down from September but since we didn't have the big spike up in September would that mean we wouldn't have as much of a drop-off in December?

Keh-Shew Lu, Diodes Inc – ***President and CEO***

You are right. What you said is exactly in my mind how direct ways. Currently what we see today, we put that mid-point based on what we see today. Now if the holiday purchase coming out strong, obviously we'll go to the high-end. And if the worse than what we see now, then we go to the low-end. But if you don't have a good third quarter, then obviously, the fourth quarter will not be going down either. So I think you have that right.

Steve Smigie, Raymond James & Associates – ***Analyst***

Great. Think a lot, guys. Appreciate it.

Operator

Shawn Harrison, Longbow Research.

Shawn Harrison, Longbow Research – ***Analyst***

Really, maybe, Mark if you have some of these statistics available, just you had some commentary on the distributor POS versus POP, how that traction – for the entire quarter but maybe the June, July timeframe, did that gap widen? And how much of kind of the weakness are you seeing, do you believe is actual underlying demand versus maybe an inventory correction? Any commentary on both those dynamics would be helpful.

Mark King, Diodes Inc – ***SVP, Sales and Marketing***

I think that June and July were relatively soft. I think you could see some conservativeness moving to the channel on POP. But I think you might have seen – I think the June POS was pretty reasonable. And July was relatively soft. But in North America specifically, Asia, I think was reasonably okay, so I think if you look at North America and Europe, they're a little bit more pronounced. You had the holiday season and the first part of this month so you maybe lost a week from a POS standpoint, so I think all-in-all, July was a relatively soft month.

Steve Smigie, Raymond James & Associates – ***Analyst***

Okay. And then just kind of a –

Mark King, Diodes Inc – ***SVP, Sales and Marketing***

Yes. In Europe, is a little bit – looking like the typical Europe that we haven't seen for a couple of years.

Steve Smigie, Raymond James & Associates – ***Analyst***

So some of this is back to normal seasonality within Europe, with maybe North America a little bit weaker than that?

Mark King, Diodes Inc – ***SVP, Sales and Marketing***

Right.

Steve Smigie, Raymond James & Associates – ***Analyst***

Okay. Very helpful. And then the second question, I guess, with getting back to seasonality or worse than seasonal in some geographies, how would you describe the pricing environment? I know it's been relatively benign now for a number of quarters, in part because we've seen better than seasonal growth?

Mark King, Diodes Inc – ***SVP, Sales and Marketing***

Surprisingly enough, obviously we're seeing a little bit more quote activity and a little bit more duplicate quote activity but it seems that the costing environment has made the competitive base a little more sensitive to movement in price, so we haven't seen a great change. So I don't think it's normally – I don't think we're seeing as much pressure as we might expect based on the news, but some of the news that we're seeing right now is pretty new, so maybe it's still a little bit uncertain.

Steve Smigie, Raymond James & Associates – ***Analyst***

Okay.

Keh-Shew Lu, Diodes Inc – ***President and CEO***

If you look at the building material, gold price, everybody faces the same problem, okay? And if you look at the labor shortage, the labor costs increased in China. Again, everybody see the same problem. And therefore, I think people cost is automatically going up, so the price pressure is actually less.

Steve Smigie, Raymond James & Associates – ***Analyst***

Very helpful. And then just Rick, a quick clarification I think you drew on the credit facility in this quarter for the first time in a while. Anything just behind that?

Rick White, Diodes Inc – ***CFO, Secretary and Treasurer***

No. That –

Keh-Shew Lu, Diodes Inc – ***President and CEO***

No.

Rick White, Diodes Inc – ***CFO, Secretary and Treasurer***

That was just a short-term deal in China. I'm pretty sure that's already been paid back. So it's not a long-term deal.

Steve Smigie, Raymond James & Associates – ***Analyst***

Okay. Thanks everyone for the insight.

Operator

Gary Mobley, Benchmark.

Gary Mobley, The Benchmark Company – ***Analyst***

I have 3 questions all relating somewhat to the gross margin. First, I was hoping you could confirm this, I'm assuming your European mix, product mix is higher margins since probably most of that revenue is coming from Zetex right? And then second, is gold inter-connect or the high price of gold a problem for you to this date? Or at the time, I should say? Or have you fully converted over to copper and then, Rick, could you give us what the utilization rates – manufacturing utilization rate was for the quarter and as well what the outlook is for the third quarter?

Keh-Shew Lu, Diodes Inc – ***President and CEO***

Number 1, the gold, okay, I think the gold price will continue going up, and we know that. And that's why we continue putting our efforts to convert from gold to copper. Okay? So I think that – I hope that will cancel each other on the effect. And we continue going to that as a part of the cost reduction mode. Productivity wise, as I mentioned by end of September we should be back to fully trained operator and we should be able to get to full productivity. Now, we will continue improve that productivity, it just part of cost-reduction but continued improving productivity but we should be back to this normal in September, and so move forward should be better.

And from the commodity, we try to do is using the fully utilize our capacity, so we change if the business is not there then we change the product mix to go to commodity product to fully utilize our capacity. So, depend on really the market, which is very uncertain for us. But, if the market turn, that's a big if, then we should be able to move to high-end of the product mix, but if the continue of softness, then we will try to fully utilize it, then the product mix will go to the other way. But we really don't know. Our guidance is – we already give that guidance and that's what we see. What we will do.

Mark King, Diodes Inc – ***SVP, Sales and Marketing***

Gary, and the 1 question you missed was the Europe margins and yes, the European territory carries higher-margin so that would have an impact on the margins.

Gary Mobley, The Benchmark Company – ***Analyst***

And last question I have, can you give us a rough approximation what your analog mix was for the quarter? And then as well, whether you are generating any revenue from the logic products at this point in time?

Mark King, Diodes Inc – ***SVP, Sales and Marketing***

We really don't get into the break-out of the analog and the discrete but I think it's running pretty consistently with what it's always done, and, we continue to make breakthroughs in the logic market, and we continue to win new design wins, and I believe we've been stating we're still on track to starting to see some decent revenues toward the end of the year.

Gary Mobley, The Benchmark Company – ***Analyst***

Thanks, guys.

Operator

Suji De Silva, ThinkEquity.

Suji De Silva, Thinkequity – ***Analyst***

Can you start with maybe by the end markets what you think the third quarter will be, roughly?

Mark King, Diodes Inc – ***SVP, Sales and Marketing***

By end markets –

Suji De Silva, Thinkequity – ***Analyst***

Versus the overall consumer computing which will be in line above/below.

Mark King, Diodes Inc – ***SVP, Sales and Marketing***

I think that we'll be relatively consistent with computer and consumer running between 64% and 65%. You've got the – they are there running right between 32% and 34% and so forth so I think it be relatively consistent.

Keh-Shew Lu, Diodes Inc – ***President and CEO***

Consumer is 34%. Computer is 26%. Actually, industrial is 21%, which is not bad. And now communication is going down to 16% so if you look at it, industrial now is out-perform then communications.

Mark King, Diodes Inc – ***SVP, Sales and Marketing***

Right. So we think that probably the computer and consumer segments of the total will be relatively consistent. The others will just move a little bit and there'll be some movement between those 2 segments during the quarter.

Suji De Silva, Thinkequity – ***Analyst***

Okay. Good. That helps. And then you talked about I guess China being a little bit stronger in demand versus Europe and the US. Do you see any slowing in the China demand domestically or is that something you continue to solve with lower margin product in to help the revenue in the third quarter?

Keh-Shew Lu, Diodes Inc – ***President and CEO***

We need to be careful when we say China, it's actually China manufacturing because our revenue is really go through the manufacturing in Asia, and that's what we said, Asia is strong. We talking about the manufacturing, not really the consumption in China, because that's different story.

Suji De Silva, Thinkequity – ***Analyst***

Dr. Lu, do you have any views on the end demand in China, the trend there?

Keh-Shew Lu, Diodes Inc – ***President and CEO***

Well, I really – I was told when I was in Asia last couple of weeks, actually, I was told that China because the inflation is up significantly the spendable money actually is less, and so people don't have the actual monies, so the consumption actually is going down. Okay? Unlike 2009, the China government spent a lot of money to set aside the product such that people can afford to buy. This time, the government did not really spend the money. They probably tried to control the inflation. They didn't spend the money to set aside the product. Okay? So this year, this time is different for unlike the 2009. If you remember year 2009, twice the China government put in the money to get the people to buy the white goods and those products.

Suji De Silva, Thinkequity – ***Analyst***

Okay. That helps. And last question, Dr. Lu. I remember through the last downturn a few years ago which you referred to, you said that building capacity and CapEx is strategic for you to be able to gain share as we came out of the downturn. At this time point in time, you're trying to modulate your CapEx spend. Is that a difference in the strategy here or is that just timing, we're early in the downturn?

Keh-Shew Lu, Diodes Inc – ***President and CEO***

No, no, no. Nothing is changed. It just more careful, okay, we continue putting the capacity because our strategy always grow profitable growth, so we always want to make sure we put enough capacity to gain the opportunity when the market turned. So we put in our plan to put in additional capacity in 3Q and 4Q but now since we see the 3Q is not as strong as what we forecasted, then we just delay till 4Q. And so – if for some reason or if the 3Q turn out to be strong and the 4Q is okay, is good, then we have enough capacity. And then the other hand, since our operator now is – by September they are fully trained, their productivity can be fully utilized, then we have additional output in our capacity available. So when I look at both I say okay, we have enough head-room for the growth if the market turn. Then I say, let's stop putting in more capacity.

Mark King, Diodes Inc – ***SVP, Sales and Marketing***

So you have to remember that we only delayed – and we delayed, we didn't cancel. We delayed 40% of the capacity and so we still have the other 60% that we're planning on putting in place, so it's more of a modulation rather than a knee-jerk reaction.

Suji De Silva, Thinkequity – ***Analyst***

Yes. Very good. Thanks, guys.

Operator

Ramesh Misra, Brigantine Advisors.

Ramesh Misra, Brigantine Advisors – ***Analyst***

In terms of the inflationary pressures in China, has that begun to impact salaries for your operators, or do you anticipate that to trend up as the year progresses?

Keh-Shew Lu, Diodes Inc – ***President and CEO***

Well, the salary – they do publish the minimum salary every year, and our facility in Shanghai – in Shanghai, in April raised their minimum salary. And we react to that actually before that. So when remember last conference call or 3 months ago when we started to see – we do for the people dealing with the Chinese New Year we cannot hire the people in January. We go ahead raise the salary in February way above the minimum wage published by Shanghai City in April. So we ought to have those costs in and those we should not see any more raise until probably next year when the city raise the minimum wage again. But we should – we tried to take action ahead of that, such that we won't lose the people and we are able to recruit the right people.

Ramesh Misra, Brigantine Advisors – ***Analyst***

Okay. That is helpful. In regards to the changes in the PC business, the ramp in tablets, are you seeing a benefit from that? Are you seeing strength in tablets offsetting the weakness in notebooks or PCs?

Mark King, Diodes Inc – ***SVP, Sales and Marketing***

We see the tablets so far as additive to our Business, okay? And we see strength in the notebook area or we see continued opportunity for growth for us in the notebook area as well as the tablet area. And the PC is not as – except for a narrow customer base, the PC isn't as important to us any longer.

Ramesh Misra, Brigantine Advisors – ***Analyst***

Okay. All right. Then finally, I missed your commentary on CapEx I'm sorry I joined the call a little late. Can you just remind us again what Q2 CapEx was and the amount that you are dealing on your Q3 CapEx?

Rick White, Diodes Inc – ***CFO, Secretary and Treasurer***

Yes. So we said that capital expenditures were $35.8 million during the second quarter, and that included about $4.5 million for our Chengdu site expansion and that was 18.4% of revenue versus 11% in the first quarter. We're continuing our Chengdu site development but we have delayed about 40% of our second half CapEx not including Chengdu, and we expect that our CapEx we'll be at the low-end of our 10% to 12% of revenue model not including Chengdu.

Keh-Shew Lu, Diodes Inc – ***President and CEO***

From now on, we really like to take Chengdu CapEx separate from our operational CapEx. Because Chengdu we start from beginning and we are going to build the building, so output won't be ready until probably 1 year later. And so we always put Chengdu separate from our CapEx for production.

Ramesh Misra, Brigantine Advisors – ***Analyst***

Okay. And just a little clarification on that, Rick, if you're pushing up 40% of your second-half CapEx, shouldn't it be below that 10% to 12% that you usually target?

Rick White, Diodes Inc – ***CFO, Secretary and Treasurer***

No, not necessarily. It we were at 12% last time and we pushed out – remember it's 40% of the second half amount that we were planning on spending without Chengdu.

Keh-Shew Lu, Diodes Inc – ***President and CEO***

And Ramesh you need to remember the way we typically in the first half spend more than the second half. Okay? Because the nature of our Business – and we typically have much bigger growth in second quarter and third quarter and then fourth-quarter typically is flat or slightly down. So to be able to achieve that kind of running rate and put more money in the first half, especially in the second quarter, okay? In the first half especially second quarter, because you get ready for big ramp in the third quarter.

Rick White, Diodes Inc – ***CFO, Secretary and Treasurer***

So we spent 11% in the first quarter and we spent over 18% in the second quarter.

Ramesh Misra, Brigantine Advisors – ***Analyst***

Okay. All right. And then just if I may have 1 last 1. Historically, Dr. Lu, you've managed to outperform Diodes' both in upturns and downturns. Looking forward to 2012, what do you see as the main drivers of you being able to do better than the broader market?

Keh-Shew Lu, Diodes Inc – ***President and CEO***

Well, we sure want to repeat what we've been doing, and so number 1, we put enough capacity, so we always putting capacity ahead of the demand. And we are watching very closely – even now today in third quarter, our demand is not there but we already have additional capacity there, okay? So we could just get ready. We have a lot of new product and if you go through Mark's comments, we still continue pushing out the new products and a lot of design wins so all those what we are doing on the design win, on the new product and the capacity, it's always going to help, and that just give you a couple of more sense. I think you know have we have been doing growth more than everybody in the MOSFETs and SBR, especially the new version of SBR. Yes, we called DIODESTAR okay, those kind of SBR 600 volts, those are the one going to be driver for our growth in the future, and logic, we had a lot of effort and a lot of design win in logic. It's just small and so even growth quite well – it won't be there. It won't be significant but it will be another drive force. And then LED driver business have been doing what quite well too. So we do have several of the key drivers for our growth next year. And I just need to make sure we have enough capacity such that we want to be – we can take opportunity to gain the market share instead of get capacity limited again.

Ramesh Misra, Brigantine Advisors – ***Analyst***

Okay. Thanks for a much.

Operator

Tristan Gerra, Robert W Baird.

Tristan Gerra, Robert W. Baird & Company, Inc. – ***Analyst***

In terms of your mix in the quarter you talked about a mix shift. Could you talk about what was the change in units sequentially in Q2 and also is mix affecting the Q3 revenue guidance?

Mark King, Diodes Inc – ***SVP, Sales and Marketing***

What was the units?

Rick White, Diodes Inc – ***CFO, Secretary and Treasurer***

First of all, what was the unit difference?

Rick White, Diodes Inc – ***CFO, Secretary and Treasurer***

The units increases between first-quarter and second-quarter. We don't normally give that kind of information out, right? The details of the output?

Keh-Shew Lu, Diodes Inc – ***President and CEO***

We don't give the detail of the unit output, but obviously, our second-quarter unit is more but if you remember, in 1Q, we actually don't have enough capacity due to the man shortage and due to the Chinese New Year shorter working day. In 1Q February Chinese New Year and the shorter working days plus reduced people during Chinese New Year so our revenue in 1Q actually make it up by shipping the finished good we have in the inventory, in our own inventory to make up the revenue. You go to the second quarter, the units obviously is up significantly, but you don't have any more finished good to ship it out. And so our revenue – and actually we grow 5% so if you look at the revenue grow 5%, the units is more than 5%. And we don't break out how many but I can tell you it's more than 5% revenue growth.

Tristan Gerra, Robert W. Baird & Company, Inc. – ***Analyst***

Thank you. That's very useful. Just as a quick follow-up, so when we look at the Q3 revenue guidance, should we expect another mix shift which basically will be an upset to your unit growth because it will impact overall ASPs or would you say that your revenue guidance is pretty much in line with what you expect to ship? I'm trying to put this in relation with some of the other guidance's from peer companies.

Keh-Shew Lu, Diodes Inc – ***President and CEO***

Okay. The guidance is really, we move the mix downward such that we can fully utilize our capacity. If the market turn, then obviously we can move our mix upwards and so, it's really depend on how the market. Right now our mid-point of the revenue and GPM is based on what we see today. And then depend on it could be up or could be down.

Tristan Gerra, Robert W. Baird & Company, Inc. – ***Analyst***

Okay. And quick final 1, and sorry if I missed it, could you talk about utilization rate expectation in inventory days at distributor Q3 and your expectation relative to Q2?

Mark King, Diodes Inc – ***SVP, Sales and Marketing***

I think we are seeing that it should come down a little bit in Q3. Actually, days, we hope to improve the days and the raw inventory and create a decrease. That's the expectation.

Tristan Gerra, Robert W. Baird & Company, Inc. – ***Analyst***

Okay. And would that be the case at the distributors as well?

Mark King, Diodes Inc – ***SVP, Sales and Marketing***

Yes. So we believe that the distributor days would decrease as well as the raw inventory dollars.

Tristan Gerra, Robert W. Baird & Company, Inc. – *Analyst*

Great. Thanks a lot.

Keh-Shew Lu, Diodes Inc – *President and CEO*

Our distributor now is very conservative too, so the orders – since we are the POP, then the order obviously would be slow down on the POP.

Mark King, Diodes Inc – *SVP, Sales and Marketing*

So it shouldn't take us long to get right back in the track.

Tristan Gerra, Robert W. Baird & Company, Inc. – *Analyst*

Very good. Thanks again.

Operator

Steven Chin, UBS.

Steven Chin, UBS – *Analyst*

Dr. Lu, first question, probably more for you, just since you're fresh back from a trip to Asia. I was wondering if you could provide some color on what your customers and I guess the Taiwan food chain, or maybe your direct customers, what they've been saying quantitatively and qualitatively about end demand. And if you compare that to previous industry cycles like if you could exclude 2008 and you look at product cycle, does it seem like we're currently in a recession or negative consumption from your perspective or is it still kind of too early to tell whether or not overall consumption is actually declining significantly for quarter more specifically?

Keh-Shew Lu, Diodes Inc – *President and CEO*

Okay. Number 1, most of our customer in Taiwan is actually building the product for the major US and Europe Company. So, you talking about Hon Hai, Foxconn, Quanta, even LG, Samsung, most our direct customer is building the product for US and Europe consumption. When I talk to them, they – nobody really know what's going on. They tell me – and Asia is not – if you look at Asia market itself, is not as bad as what we feel. But the problem is they are waiting for the order from the major customer in US and Europe, and when they ask them what is going to be your loading that can't help. We watching the US market too. So when I talked to my people, they just say the same – you go back to US and tell us what will be going on over there? Okay. So actually, they don't know. And nobody really understands what will be the Christmas sale this year, so they are waiting for the Christmas order. Christmas building order from the major customers in US and Europe.

Steven Chin, UBS – *Analyst*

Okay.

Keh-Shew Lu, Diodes Inc – *President and CEO*

Everybody is waiting.

Steven Chin, UBS – *Analyst*

Got it.

Keh-Shew Lu, Diodes Inc – *President and CEO*

And you say is this a recession, I don't know. I don't think I can say now yes, it's a recession. I don't know. But everybody is waiting.

Steven Chin, UBS – *Analyst*

Okay.

Keh-Shew Lu, Diodes Inc – *President and CEO*

But don't forget, Christmas will come, and so someday somebody going to order for the Christmas. Then we'll know.

Steven Chin, UBS – *Analyst*

Okay. Understood. Great. And next question I had was for Mark, in terms of the PC and consumer end-market to the degree that you could differentiate where your products are going into the end-markets? Any commentary on whether or not the amount of products purchased by your customers, whether it's through the disty or directly. If that – if the amount of orders I guess, sort of seasonal quarter for PC and consumer, or is there sort of potentially some conservatism in the expected demand for Q3?

Mark King, Diodes Inc – *SVP, Sales and Marketing*

I think there is uncertainty in the expected demand for Q3. And obviously we're very consumer and career-based whether it be LCD TV set top box, whether it be tablet, smartphones and so forth, I think where the most question might be is in notebook and the most question might be in LCD and LED TV. Okay? Those could be the things. I think that the smartphone business, I think the tablet business, all those remain pretty firm. Obviously, the numbers in some of those other categories are quite large.

Steven Chin, UBS – *Analyst*

Okay.

Mark King, Diodes Inc – *SVP, Sales and Marketing*

If that answers your question.

Steven Chin, UBS – *Analyst*

That's very helpful. And final question for Rick regarding CapEx once again for Chengdu, is there a dollar estimate for the full year on how much you expect to spend there? And secondly, is that sort for the P&L or is that going to be capitalized –

Rick White, Diodes Inc – *CFO, Secretary and Treasurer*

All the CapEx will be capitalized, and so it won't have any impact on the P&L directly. Of course, we got 100 people there and we're producing products, so those will impact our P&L as well. As far as a specific number, we've said that we will invest about $50 million, $45 million I think in Chengdu, and you could assume that most of that initial investment would go towards buildings and infrastructure development.

Steven Chin, UBS – *Analyst*

Okay. Perfect. Thanks. And good luck on the quarter, guys.

Operator

Christopher Longiaru. Sidoti and Company.

Christopher Longiaru, Sidoti & Company – *Analyst*

Most my questions have been answered. I just wanted to ask specifically, I know we're a couple of months out from the Japan disaster. I wanted to just see how that specific market is going for you and if you see anything unusual there, based on just the rebuild going on?

Mark King, Diodes Inc – *SVP, Sales and Marketing*

I don't think we see anything there. We're are still seeing some impact on raw materials coming out of there, so hopefully that will settle down and help us get our costs back in line. But outside of that, I do believe that there is still some opportunity for crossing products from people that had difficulties with Japanese vendors during that period so we see some opportunity in that area, but I think outside of that, everything is pretty stable.

Christopher Longiaru, Sidoti & Company – *Analyst*

Okay. That's all I have for now. Thanks, guys.

Operator

Vijay Rakesh, Sterne Agee.

Vijay Rakesh, Stern, Agee & Leach – *Analyst*

So just to get the numbers, what was the CapEx before and what is it now after you push out the 40%?

Keh-Shew Lu, Diodes Inc – *President and CEO*

Sorry, you break up –

Rick White, Diodes Inc – *CFO, Secretary and Treasurer*

He wanted to know what the CapEx was before we pushed it out and versus what we haven't pushed out. What you should do is just look at the 10% to 12% of whatever the revenue is that you have estimated for the year. And you can see what we spent for the first half and you can figure that out. We don't want to give you the specific numbers associated with that.

Vijay Rakesh, Stern, Agee & Leach – ***Analyst***

Got it. And you mentioned that inventory in China was a little high. How many weeks was it versus – and where do you see normal levels at?

Mark King, Diodes Inc – ***SVP, Sales and Marketing***

Yes. We like to have 3 or just below 3, and I think it was running at about 3.2 to 3.4.

Vijay Rakesh, Stern, Agee & Leach – ***Analyst***

Got it. Okay, great. Thanks, guys.

Operator

Ladies and gentlemen, this concludes today's question and answer session. I would now like to turn the call back to Dr. Lu for closing remarks.

Keh-Shew Lu, Diodes Inc – ***President and CEO***

Thank you for your participation today. Operator, you may now disconnect.

Operator

Ladies and gentlemen, we thank you for your participation in today's conference. This concludes the presentation, and you may now disconnect. Have a good day.