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 8, 2012
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 8, 2012, Diodes Incorporated (the "Company") issued a press release announcing its second quarter 2012 financial results. A copy of the press release is attached as Exhibit 99.1.

On August 8, 2012, the Company hosted a conference call to discuss its second quarter 2012 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 8, 2012, Dr. Keh-Shew Lu, President and Chief Executive Officer of the Company, as well as Richard D. White, Chief Financial Officer, Mark King, Senior Vice President of Sales and Marketing and Laura Mehrl, Director of Investor Relations 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 14, 2012

DIODES INCORPORATED

By /s/ Richard D. White

RICHARD D. WHITE
Chief Financial Officer

EXHIBIT INDEX

Exhibit Number	Description
99.1	Press release dated August 8, 2012
99.2	Conference call script dated August 8, 2012
99.3	Question and answer transcript dated August 8, 2012

Exhibit 99.1

Diodes Incorporated Reports Second Quarter 2012 Financial Results

Achieves 10% Sequential Revenue Growth and
Projects Continued Growth in the Third Quarter

Plano, Texas – August 8, 2012 – 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, 2012.

Second Quarter Highlights

- Revenue was $159.2 million, an increase of 10.0 percent from the $144.7 million in the first quarter 2012, and a decrease of 6.2 percent from the record quarterly revenue of $169.8 million in the second quarter 2011;
- Gross profit was $41.0 million, compared to $33.7 million in the first quarter 2012 and $55.6 million in the second quarter 2011;
- Gross profit margin was 25.8 percent, compared to 23.3 percent in the first quarter 2012, and 32.8 percent in the second quarter 2011;
- GAAP net income was $6.7 million, or $0.14 per diluted share, compared to first quarter 2012 of $4.9 million, or $0.10 per diluted share, and second quarter 2011 of $18.0 million, or $0.38 per diluted share;
- Non-GAAP adjusted net income was $6.4 million, or $0.14 per diluted share, compared to first quarter 2012 of $4.1 million, or $0.09 per diluted share, and second quarter 2011 of $20.1 million, or $0.43 per diluted share;
- Excluding $2.3 million of share-based compensation expense, both GAAP and non-GAAP adjusted net income would have increased by $0.05 per diluted share; and
- Achieved $16.8 million cash flow from operations, negative ($8.4) million net cash flow due mainly to the $9.5 million pay down of a line of credit, and $4.5 million free cash flow, including $12.3 million in capital expenditures.

Commenting on the results, Dr. Keh-Shew Lu, President and Chief Executive Officer of Diodes Incorporated, stated, “I am pleased to report 10 percent sequential revenue growth driven by improved demand across all of our geographies and end markets as we continued to gain market share. The quarter benefited from the ramping of new projects for our products used in smartphones and tablets, where Diodes is very well positioned. Our growth is particularly noteworthy considering our stronger than seasonal results last quarter, which was the low point in the demand cycle. Margins also improved in the quarter as we began to slowly shift to higher margin products, while also benefiting from new product initiatives and manufacturing efficiency improvements.

“In response to our expectation for continued growth in the third quarter, we made targeted capital expenditures in our Shanghai facilities to increase capacity for specific packages and products. Although uncertainty remains regarding the global economic environment in the second half of the year, we remain focused on increasing design wins, gaining market share and overall efficiencies.”

Second Quarter 2012

Revenue for the second quarter 2012 was $159.2 million, an increase of 10.0 percent over the $144.7 million in the first quarter 2012, and a decrease of 6.2 percent from the record quarterly revenue of $169.8 million in the second quarter 2011. Revenue was up sequentially due to continued improvements in demand across all of the Company's geographies and end markets.

Gross profit for the second quarter 2012 was $41.0 million, or 25.8 percent of revenue, compared to $33.7 million, or 23.3 percent of revenue, in the first quarter 2012, and $55.6 million, or 32.8 percent, in the second quarter 2011. Gross profit margin improved sequentially due to a greater mix of higher margin products combined with new product initiatives and the benefit of manufacturing efficiencies.

Second quarter 2012 GAAP net income was $6.7 million, or $0.14 per diluted share, compared to GAAP net income of $4.9 million, or $0.10 per diluted share, in the first quarter 2012, and GAAP net income of $18.0 million, or $0.38 per diluted share, in the second quarter 2011.

Non-GAAP adjusted net income for the second quarter 2012 was $6.4 million, or $0.14 per diluted share, which excluded, net of tax, $0.8 million of non-cash acquisition related intangible asset amortization costs and a $1.1 million gain on the sale of assets, compared to non-GAAP adjusted net income of $4.1 million, or $0.09 per diluted share, in the first quarter 2012 and $20.1 million, or $0.43 per diluted share, in the second quarter 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, 2012
GAAP net income	**$ 6,653**
GAAP diluted earnings per share	**$ 0.14**
Adjustments to reconcile net income to adjusted net income:	
Amortization of acquisition related intangible assets	**844**
Gain on sale of assets	**(1,104)**
Non-GAAP adjusted net income	**$ 6,393**
Non-GAAP adjusted diluted earnings per share	**$ 0.14**

(See the reconciliation of net income to adjusted net income tables near the end of the release for further details)

Included in second quarter 2012 GAAP and non-GAAP adjusted net income was approximately $2.3 million, net of tax, non-cash share-based compensation expense. Excluding share-based compensation 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 2012 was $23.2 million, compared to $21.2 million for the first quarter 2012, and $40.5 million for the second quarter 2011. For a reconciliation of GAAP net income to EBITDA (non-GAAP), see the table near the end of the release for further details.

As of June 30, 2012, Diodes had approximately $168 million in cash and cash equivalents, and working capital was approximately $373 million.

Business Outlook

Dr. Lu concluded, “As we look to the second half of 2012, we are approaching the challenging environment cautiously as we began to see demand moderate in June and growth in China is proving to be softer than expected. That said, we remain focused on executing on our profitable growth model and expect revenue in the third quarter to increase to a range between $162 million and $170 million. We expect gross margin to be 28 percent, plus or minus 2 percent. Operating expenses in third quarter are expected to be 21.4 percent of revenue, plus or minus 1 percent. We expect our income tax rate to range between 7 and 13 percent, and shares used to calculate GAAP EPS for the third quarter are anticipated to be approximately 47.2 million.”

Conference Call

Diodes will host a conference call on Wednesday, August 8, 2012 at 4:00 p.m. Central Time (5:00 p.m. Eastern Time) to discuss its second quarter financial results. Investors and analysts may join the conference call by dialing 1-800-510-0146 and providing the confirmation code 30749776. International callers may join the teleconference by dialing 1-617-614-3449 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 Monday, August 13, 2012 at midnight Central Time. The replay number is 1-888-286-8010 with a pass code of 86613825. 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 15 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: Projects Continued Growth in Third Quarter; in response to our expectation for continued growth in the third quarter, we made targeted capital expenditures in our Shanghai facilities to increase capacity for specific packages and products; although uncertainty remains regarding the global economic environment in the second half of the year, we remain focused on increasing design wins, gaining market share and overall efficiencies; as we look to the second half of 2012, we are approaching the challenging environment cautiously as we began to see demand moderate in June and growth in China is proving to be softer than expected; that said, we remain focused on executing on our profitable growth model and expect revenue in the third quarter to increase to a range between $162 million and $170 million; we expect gross margin to be 28 percent, plus or minus 2 percent; operating expenses in third quarter are expected to be 21.4 percent of revenue, plus or minus 1 percent; and we expect our income tax rate to range between 7 and 13 percent, and shares used to calculate GAAP EPS for the third quarter are anticipated to be approximately 47.2 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, higher tax rates 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.

# # #

Company Contact:
Diodes Incorporated
Laura Mehrl
Director of Investor Relations
P: 972-987-3959
E: laura_mehrl@diodes.com

Investor Relations Contact:
Shelton Group
Leanne Sievers
EVP, Investor Relations
P: 949-224-3874
E: lsievers@sheltongroup.com

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,	
	2012	2011	2012	2011
NET SALES	$159,239	$169,806	$ 303,902	$ 331,361
COST OF GOODS SOLD	118,211	114,191	229,168	218,353
Gross profit	41,028	55,615	74,734	113,008
OPERATING EXPENSES				
Selling, general and administrative	24,760	22,575	46,906	43,985
Research and development	8,218	6,533	15,382	13,051
Amortization of acquisition related intangible assets	1,103	1,153	2,198	2,288
Gain on sale of assets	(1,357)	—	(3,556)	—
Total operating expenses	32,724	30,261	60,930	59,324
Income from operations	8,304	25,354	13,804	53,684
OTHER INCOME (EXPENSES)				
Interest income	115	312	287	533
Interest expense	(171)	(1,036)	(294)	(1,970)
Amortization of debt discount	—	(2,027)	—	(4,011)
Other	307	838	945	304
Total other income (expenses)	251	(1,913)	938	(5,144)
Income before income taxes and noncontrolling interest	8,555	23,441	14,742	48,540
INCOME TAX PROVISION	856	4,718	1,474	9,553
NET INCOME	7,699	18,723	13,268	38,987
Less: NET INCOME attributable to noncontrolling interest	(1,046)	(742)	(1,744)	(1,322)
NET INCOME attributable to common stockholders	$ 6,653	$ 17,981	$ 11,524	$ 37,665
EARNINGS PER SHARE attributable to common stockholders				
Basic	$ 0.15	$ 0.40	$ 0.25	$ 0.84
Diluted	$ 0.14	$ 0.38	$ 0.25	$ 0.80
Number of shares used in computation				
Basic	45,642	45,325	45,551	45,074
Diluted	46,859	47,148	46,916	46,837

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

DIODES INCORPORATED AND SUBSIDIARIES

RECONCILIATION OF NET INCOME TO ADJUSTED NET INCOME

(in thousands, except per share data)

(unaudited)

For the three months ended June 30, 2012:

	Operating Expenses	Other Income (Expense)	Income Tax Provision	Net Income
Per-GAAP				**$ 6,653**
Earnings per share (Per-GAAP)				
Diluted				**$ 0.14**
Adjustments to reconcile net income to adjusted net income:				
Amortization of acquisition related intangible assets	1,103	—	(259)	**844**
Gain on sale of assets	(1,330)	—	226	**(1,104)**
Adjusted (Non-GAAP)				**$ 6,393**
Diluted shares used in computing earnings per share				**46,859**
Adjusted earnings per share (Non-GAAP)				
Diluted				**$ 0.14**

Note: Included in GAAP and non-GAAP adjusted net income was approximately $2.3 million, net of tax, non-cash share-based compensation expense. Excluding share based compensation 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 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 $2.1 million, net of tax, non-cash share-based compensation expense. Excluding share based compensation 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, 2012:

	Operating Expenses	Other Income (Expense)	Income Tax Provision	Net Income
Per-GAAP				**$ 11,524**
Earnings per share (Per-GAAP)				
Diluted				**$ 0.25**
Adjustments to reconcile net income to adjusted net income:				
Amortization of acquisition related intangible assets	2,198	—	(549)	**1,649**
Gain on sale of assets	(3,452)	—	735	**(2,717)**
Adjusted (Non-GAAP)				**$ 10,456**
Diluted shares used in computing earnings per share				**46,916**
Adjusted earnings per share (Non-GAAP)				
Diluted				**$ 0.22**

Note: Included in GAAP and non-GAAP adjusted net income was approximately $4.6 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 $0.10 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 $4.2 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 (Non-GAAP)

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, gain on sale of assets and amortization of debt discount, as discussed below. Excluding gain on sale of 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.

Gain on sale of assets - The Company excluded the gain recorded for the sale of certain assets. During the first quarter 2012, the Company sold an intangible asset located in Europe and this gain was excluded from management's assessment of the Company's core operating performance as this long-lived asset was a non-core intellectual asset. During the second quarter 2012, the Company sold a building located in Taiwan 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 these assets provides investors an enhanced view of gains the Company may incur from time to time and facilitates comparisons with results of other periods that may not reflect such gains.

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 was recurring in nature, the expected life of the Notes was five years as that was the earliest date in which the Notes could be put back to the Company at par value. The amortization period ended October 1, 2011, therefore the Company no longer records amortization of debt discount.

ADJUSTED EARNINGS PER SHARE (Non-GAAP)

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, gain on sale of assets and amortization of debt discount as described above. Excluding gain on sale of 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 tables provided.

CASH FLOW ITEMS

Free cash flow (FCF) (Non-GAAP)

FCF for second quarter 2012 is a non-GAAP financial measure, which is calculated by taking cash flow from operations less capital expenditures. For second quarter 2012, the amount was $4.5 million ($16.8 million less (-) $12.3 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,	
	2012	2011
Net income (per-GAAP)	$ 6,653	$ 17,981
Plus:		
Interest expense, net (1)	56	2,751
Income tax provision	856	4,718
Depreciation and amortization	15,590	15,038
EBITDA (Non-GAAP)	$ 23,155	$ 40,488

	Six Months Ended June 30,	
	2012	2011
Net income (per-GAAP)	$ 11,524	$ 37,665
Plus:		
Interest expense, net (2)	7	5,448
Income tax provision	1,474	9,553
Depreciation and amortization	31,363	28,961
EBITDA (Non-GAAP)	$ 44,368	$ 81,627

(1) Includes $0.00 and $2.0 million for the three months ended June 30, 2012 and 2011, respectively, of amortization of debt discount.

(2) Includes $0.00 million and $4.0 million for the six months ended June 30, 2012 and 2011, respectively, of amortization of debt discount.

DIODES INCORPORATED AND SUBSIDIARIES

CONSOLIDATED CONDENSED BALANCE SHEETS

ASSETS

(in thousands)

	June 30, 2012	December 31, 2011
CURRENT ASSETS	*(unaudited)*	
Cash and cash equivalents	$ 168,293	$129,510
Accounts receivable, net	149,990	132,408
Inventories	137,734	140,337
Deferred income taxes, current	6,006	5,450
Prepaid expenses and other	24,466	19,093
Total current assets	486,489	426,798
PROPERTY, PLANT AND EQUIPMENT, net	226,943	225,393
DEFERRED INCOME TAXES, non current	26,863	26,863
OTHER ASSETS		
Goodwill	68,450	67,818
Intangible assets, net	22,187	24,197
Other	28,861	21,995
Total assets	$ 859,793	$ 793,064

DIODES INCORPORATED AND SUBSIDIARIES

CONSOLIDATED CONDENSED BALANCE SHEETS

LIABILITIES AND EQUITY

(in thousands, except share data)

	June 30, 2012	December 31, 2011
CURRENT LIABILITIES	*(unaudited)*	
Lines of credit	$ 1,004	$ 8,000
Accounts payable	77,313	66,063
Accrued liabilities	35,662	30,793
Income tax payable	—	4,855
Total current liabilities	113,979	109,711
LONG-TERM DEBT, net of current portion	42,685	2,857
CAPITAL LEASE OBLIGATIONS, net of current portion	925	1,082
OTHER LONG-TERM LIABILITIES	35,458	30,699
Total liabilities	193,047	144,349
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; 45,821,854 and 45,432,252 issued and outstanding at June 30, 2012 and December 31, 2011, respectively	30,549	30,423
Additional paid-in capital	271,649	263,455
Retained earnings	387,168	375,644
Accumulated other comprehensive loss	(39,320)	(35,762)
Total Diodes Incorporated stockholders' equity	650,046	633,760
Noncontrolling interest	16,700	14,955
Total equity	666,746	648,715
Total liabilities and equity	$ 859,793	$ 793,064

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 2012 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, Wednesday, August 8, 2012. 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 2012 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 8, 2012.** 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, GAAP net income to EBITDA and free cash flow, 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.

I am pleased to report that revenue in the second quarter grew 10 percent sequentially driven by improved demand across all of our geographies and end markets as we continued to gain market share. The quarter benefited from the ramping of new projects for our products used in smartphones and tablets, where Diodes is very well positioned. As you may recall, we achieved stronger than seasonal results last quarter, which proved to be the low point in the demand cycle. This above-market growth has resulted in market share gains and serves as the basis for continued growth in the second and third quarters.

Additionally, margins improved in the second quarter as we began to slowly shift our mix to higher margin products, while also benefiting from our new product initiatives and manufacturing efficiency improvements. When the demand and pricing environment improves, we can continue to transition available capacity to higher margin products to further enhance our product mix and margins.

At the end of the quarter, we completed the construction of our Chengdu facility. We have begun the process of obtaining final acceptance of the building and are now installing power, which may take 9 to 10 months. We plan to close our pilot line and move it to the new facility and start production mid-year next year. Further equipment additions to the building will be made in line with market requirements. This facility will be an important asset for our future growth and expansion.

As we look to the second half of 2012, we are approaching the challenging environment cautiously as we began to see demand moderate in June and growth in China is proving to be softer than expected. That said, we still expect to achieve continued growth in the third quarter and have made targeted capital expenditures in our Shanghai facilities to increase capacity for specific packages and products. We remain focused on increasing design win activity, capitalizing on the introduction of new products and overall efficiencies.

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 2012 was $159.2 million, an increase of 10.0 percent over the $144.7 million in the first quarter 2012, and a decrease of 6.2 percent from the record quarterly revenue of $169.8 million in the second quarter 2011. Revenue was up sequentially due to continued improvement in demand across all of the Company's geographies and end markets.

Gross profit was $41.0 million, or 25.8 percent of revenue, in the second quarter 2012 compared to $33.7 million, or 23.3 percent of revenue, in the first quarter 2012, and $55.6 million, or 32.8 percent, in the second quarter 2011. Gross profit margin improved sequentially due to a greater mix of higher margin products combined with the benefit of manufacturing efficiencies.

Total **operating expenses** for the second quarter were $32.7 million, or 20.6 percent of revenue, including a $1.4 million gain on sale of assets. Without consideration of the gain in the second quarter, operating expenses were $34.1 million, or 21.4 percent of revenue, compared to $30.4 million, or 21.0 percent, last quarter. This compared to $30.3 million, or 17.8 percent of revenue, in the second quarter 2011. The increase in operating expenses above our guidance was due primarily to an approximately $1.0 million bad debt reserve, or about $0.02 per diluted share, related to an Asia distributor that was terminated. Without consideration of the gain on sale of assets and this bad debt reserve, operating expenses would have been 20.8 percent of revenue in the second quarter.

Looking specifically at **Selling, General and Administrative** expenses for the second quarter, SG&A was approximately $24.8 million, or 15.5 percent of revenue, compared to $22.1 million, or 15.3 percent of revenue, in the first quarter 2012 and $22.6 million, or 13.3 percent of revenue, in the year ago quarter.

Investment in Research and Development for the second quarter was approximately $8.2 million, or 5.2 percent of revenue, compared to $7.2 million, or 5.0 percent of revenue, in the first quarter 2012, and $6.5 million, or 3.8 percent of revenue in the second quarter 2011. We continue to increase our investment in R&D to further advance our new product initiatives.

Total Other Income amounted to approximately $250,000 for the second quarter.

Income Before Income Taxes and Noncontrolling Interest in the second quarter 2012 amounted to $8.6 million, compared to income of $6.2 million in the first quarter 2012, and $23.4 million in the second quarter 2011.

Turning to **income taxes**, our effective income tax rate in the second quarter was 10.0 percent, which was within our guidance of 7 to 13 percent.

GAAP net income for the second quarter was $6.7 million, or $0.14 per diluted share, compared to GAAP net income of $4.9 million, or $0.10 per diluted share, in the first quarter 2012, and GAAP net income of $18.0 million, or $0.38 per diluted share, in the same quarter last year. The share count used to compute GAAP diluted EPS for the second quarter was 46.9 million shares.

Second quarter **Non-GAAP adjusted net income** was $6.4 million, or $0.14 per diluted share, which excluded, net of tax, approximately $800,000 of non-cash acquisition related intangible asset amortization costs and a $1.1 million gain on the asset sale. 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 $2.3 million, net of tax, of non-cash share-based compensation expense. Excluding share-based compensation expense, both GAAP and non-GAAP adjusted diluted EPS would have increased by an additional $0.05 per diluted share.

Cash flow from operations for the second quarter was $16.8 million.

Net cash flow for the quarter was a negative ($8.4 million), due mainly to a $9.5 million pay-off of a short-term line of credit; and

Free cash flow was a $4.5 million increase, including $12.3 million in capital expenditures.

Turning to the **balance sheet**, at the end of the second quarter, we had approximately $168 million in cash and cash equivalents. Working capital was approximately $373 million.

At the end of the second quarter, **inventory** was approximately $138 million, a $4 million increase from the approximately $134 million in the first quarter 2012. Inventory days improved to 105 in the second quarter, compared to 118 days last quarter. Inventory in the quarter reflects a $1.8 million increase in raw materials and a $1.6 million increase in finished goods, while work-in-process remained relatively flat.

At the end of the second quarter**, Accounts receivable** was approximately $150 million and A/R days improved to 83, compared to 86 last quarter.

Capital expenditures in the second quarter totaled $15.2 million and $31 million for the first six months 2012. CapEx in the second quarter included $1.4 million for the Chengdu building construction. Excluding this amount, CapEx was 8.7 percent compared to 5.2 percent of revenue last quarter. For 2012, excluding Chengdu building expenditures, we expect CapEx to be at the lower end of our 10 to 12 percent of revenue model.

Depreciation and amortization expense for the second quarter was $15.6 million.

Turning to our Outlook…

As Dr. Lu mentioned, we are approaching the second half of the year cautiously, but remain focused on executing on our profitable growth model. We expect revenue in the third quarter to increase to a range between $162 million and $170 million. We expect gross margin to be 28 percent, plus or minus 2 percent. Operating expenses in third quarter are expected to be 21.4 percent of revenue, plus or minus 1 percent. We expect our income tax rate to range between 7 and 13 percent, and shares used to calculate GAAP EPS for the third quarter are anticipated to be approximately 47.2 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 mentioned, revenue was up sequentially driven equally by all regions across our end markets. Growth was led by computing, which was coming off a seasonally low first quarter. Consumer also grew sequentially due to strong increases from smartphones and tablets, partially offset by weakness in LED TVs, which we expect to rebound in the third quarter. We also achieved broad-based growth in the industrial market in North America and Europe following solid increases last quarter across all regions.

POS sales were up 13 percent sequentially, while OEM sales were up 6 percent. Distributor inventory was down one percent and global inventory is in line and under three months.

Turning to **Global Sales**, Asia represented 77 percent of revenue, Europe 12 percent and North America 11 percent.

Our end market breakout consisted of consumer representing 32 percent of revenue, computing 27, industrial 22, communications 16, and automotive 3 percent.

Our achievement of solid revenue growth in the quarter was primarily driven by **new products** as we further benefit from our new product initiatives and increased content with customers. We continue to make significant advances on our SBR ® and MOSFET products, specifically in solutions for portables, power and lighting, and we also saw strong gains on Bi-polar transistors in the quarter. We achieved record revenue for our CMOS LDOs, made further advances with our LNB controllers for DBS applications, and grew our logic products by 3X as we gain additional revenue and design momentum. Overall, design win activity remains strong across all regions, and we have a solid pipeline going into the second half of the year.

In the second quarter, our **discrete** product introductions totaled 54 new products across 14 product families.

Diodes once again proved its commitment to penetrating high-growth, high-volume applications with product releases focused specifically on the portable device segment. We are targeting a wide range of devices including smartphones, handsets and tablets by leveraging our packaging expertise to create new Wafer Level Chip Scale Package (WLCSP) platforms. These efforts further reinforce our position in miniature packaged devices and confirm Diodes leadership in power density and space-saving.

The launch of our family of WLCSP MOSFET's is an important milestone in Diodes' development of both wafer and packaging level technology. These devices are developed specifically for the portable market, in particular for smartphones and tablet PC's. We anticipate significant adoption of these devices and ramping volume in the second half of the year. Diodes will use this technology as a springboard to further develop product families across our entire discrete portfolio in the coming quarters.

Other notable launches in the period that showcase our packaging expertise aimed at space-constrained portable devices, include low Vf Schottky's in the tiny DFN0603 package; a low Vf SBR ® bridge rectifier in the ultra-small DFN3030-4 package; BJT's in the miniature DFN1006; a functional array (ASMCC) for wireless charger applications; and a range of dual ultra-miniature BJT's and switching diodes in SOT963 packaging.

In addition to our strong design wins for the portable segment, we also achieved significant wins in computing, LED TV, solar, consumer goods and automotive applications confirming Diodes position as an innovative broad-based supplier of discretes.

Turning to **analog** new product introductions, we released 28 new analog products across 4 product families. New product highlights include the expansion of our line of Hall Effect switches with the release of the AH1892. This device is the market's smallest Omnipolar Hall sensor and offers user-selectable sensitivity and a micropower sleep mode, making it very attractive for portable battery-operated equipment such as cell phones, ultrabooks, and tablets.

Further expanding our support of the consumer market, we also released the AP9060, an over-voltage clamp designed to protect the latest generation of power management units for portable applications, such as smartphones and USB "on-the-go" enabled handheld devices.

Also in the consumer products space, we had continued design win momentum for our LDO, USB power switch and standard linear products as well as major wins for our DC-DC converters into cable modem systems. Leveraging our strong system-level knowledge and support of the satellite receiver and set-top box market, we released the ZLPM8000 series of devices. These cost-effective, feature-rich and highly-efficient devices offer a reliable and innovative LNB power management and control solution within the set-top box. New product acceptance and early revenue growth has been very promising across our satellite products during the quarter.

Turning to our **logic** products, we released two new families of LVC devices to complement and deepen our range of single, dual, and multi-gate LVC products. These devices support a wide array of computing and consumer applications. We are seeing continued market interest for our expanding logic portfolio and secured two significant design wins in support of tablet applications that will ramp in the back half of the year. We are very pleased with the progress we have made with this new product family and are encouraged by the large volume design opportunities we have secured for these products to date.

As we look to the third quarter, we expect to continue to grow revenue and gain market share in spite of the market environment. We remain focused on ramping new projects for our products used in smartphones and tablets, and also expect to benefit from a rebound in LED TVs. We believe our profitable growth model will continue to produce above industry average returns and produce consistent value to our shareholders.

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.

Exhibit 99.3

DIODES 2Q 2012 EARNINGS CALL
QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Stephen Chin - UBS - Analyst

Nice job on navigating the tough macro environment currently.

Keh-Shew Lu - Diodes Incorporated - President and CEO

Thank you.

Stephen Chin - UBS - Analyst

A couple questions on your end markets, in particular, the industrial end markets where you mentioned North America and Europe were pretty healthy and strong and I think the growth there was pretty broad. Can you talk a little bit more about how your products are positioned in those two regions in particular and also how Asia was faring as well? High end versus low end products, or is it products going into factory, power management, for example?

Mark King - Diodes Incorporated - SVP, Sales and Marketing

The industrial market, I would say it would be in our high-end product areas. I think it's really pretty broad based, everything from security and smoke to climate control and various other industrial-type things. It's pretty broad-based when you look at the size of the accounts in North America. If you look into Asia, it's pretty much power-based and probably more focused in the adapter base for portable markets.

Stephen Chin - UBS - Analyst

Okay. Got it. Also, how are the demand trends for the telecom and automotive business going into Q3?

Mark King - Diodes Incorporated - SVP, Sales and Marketing

I think that telecom business seems a little bit softer. Again, our exposure is pretty broad-based in that and really roughly only 16% and automotive appears pretty strong, but obviously that's our smallest segment.

Stephen Chin - UBS - Analyst

Just one last question, either for Rick or Dr. Lu. In terms of the CapEx that you're spending on Shanghai, in terms of the new capacity for new packaging types, I understand that that's mainly for new product. Once we get through the high demand of Q3 and starts to enter Q4, will that capacity be somewhat idle going into Q4 because of seasonality or are these new product sets where you're expecting there to be fairly steady demand exiting the year?

Keh-Shew Lu - Diodes Incorporated - President and CEO

It would be very steady demand because those new product. We have been doing a lot of design wins and therefore, it will continue that capacity demand will continue, and we might need to continue putting up the capacity. If you know what we driving in the past, we have been it driving smaller and thinner and another one is better power efficiency. Those are products we putting up, like a Powerdi 5, like our SOT 323, those can be very thin or very power efficiency. Those are thin, and those are our future. We believe the demand will continue so I don't think the capacity will be idle.

Stephen Chin - UBS - Analyst

Great, thanks.

Operator

Harsh Kumar, Stephens Inc.

Harsh Kumar - Stephens Inc. - Analyst

Dr. Lu with the softness you talked about in China and also the macro environment, how confident are you guys about the ability to shift the mix up given the conditions that exist?

Keh-Shew Lu - Diodes Incorporated - President and CEO

Okay, I think I might take this opportunity to explain about our GPM percent improvement. If you look at, from 1Q of 23.3% GPM to second quarter of 25.8%, and now we forecast third quarter, 28% plus minus 2, we're going to continue to improve our GPM percent and I think I've been talking about the GPM percent affected by four factors. One is ASP. We now are seeing, is it just is normal season ASP decline? No, it's typically we are running about, I think I've been talking about in the past, 2% a quarter. That kind of normal ASP drop, we don't see a significant drop like in the past.

Second one is the product mix improvement. In the second quarter and forecast in the third quarter, most product mix improvement is coming out due to the new product or new project ramped production. Third one, I think what I've been talking about is gold wire conversion, that is because the gold price is stable, therefore, it's not getting worse. But the improvement from that is very slowly due to now we are waiting for the major customer to convert and typically they are very slow and very careful. Then the fourth one is our manufacturing and productivity improvement or we say manufacturing utilization those kinds of areas, it continues. We continue to see the improvement in cost reduction continue driving the cost reduction and implement that and therefore, you are able to cover the ASP drop, plus the improvement we forecasted. I think we continue our effort and we will continue to see this kind of GPM percent improvement in the third quarter.

Harsh Kumar - Stephens Inc. - Analyst

Very helpful, Dr. Lu. That was really helpful. Dr. Lu, if I can ask you for your guidance, how booked are you from a coverage angle or just what is your backlog, 80% booked, 70% booked? Just any help.

Keh-Shew Lu - Diodes Incorporated - President and CEO

Most of our products is not really by the book. Like a lot of stuff we put in a hub and our direct customer, they just want to us put four weeks or six weeks inventory in the hub. They use it, then they come to tell us. We don't really use the order or the backlog to drive in our business.

Mark King - Diodes Incorporated - SVP, Sales and Marketing

Harsh, I think our coverage is pretty typically the way it is normally quarter in and quarter out.

Harsh Kumar - Stephens Inc. - Analyst

Fair enough. Then Dr. Lu, I noticed that the OpEx is creeping up a little bit. You talked about new products and R&D efforts there. Is this the new normal rate that we should think of in the 21% or would you kind of help us out and give us some goal of what we should think long term?

Keh-Shew Lu - Diodes Incorporated - President and CEO

Okay. This is a good question, because our model is still targeted at 20% operational cost. Sometimes it will be up slightly, sometime it will be low, and like this time we due to some special mass costs, some special R&D costs, our GPM, our R&D supposed to be 5% from 1Q. It's now 5.2%, so slightly up and this just, sometimes you cannot control the mix, but we have been driving the new product, new project and new technology, so I'm still target 20%. Sometimes 21%, could be, and I think we forecast in third quarter should not be changed.

Harsh Kumar - Stephens Inc. - Analyst

Fair enough. One last one for Rick. Rick, most other companies take out option expenses, stock comp expenses when they do non-GAAP. I noticed now for several quarters, you guys have it in there. It's about a $0.20 difference between your numbers and everybody else's numbers. Can you just explain why that happens?

Rick White - Diodes Incorporated - CFO

Sure. The SEC, back in 2008, sent us a letter and their request was that any recurring expense needs to be not excluded from our non-GAAP reporting. They specifically said that share-based or stock-based compensation was recurring on a quarter-by-quarter basis, and that we should not take that out. Since 2008, we have had our reporting - we talk about the $0.05 difference between GAAP and non-GAAP. Both of them would be higher if we added back this $0.05.

Keh-Shew Lu - Diodes Incorporated - President and CEO

If you wanted, you can just say GAAP result, the share-based compensation is $0.19 and non-GAAP that's $0.19.

Harsh Kumar - Stephens Inc. - Analyst

That's fair. Thanks, guys.

Operator

Steve Smigie, Raymond James.

Steven Smigie - Raymond James & Associates - Analyst

First question, Dr. Lu, your guidance is up about 4% sequential. I've seen some of the comps guide about flat and I think Fairchild's may be up about 2% if I look at TI and I back out some of the wireless stuff, their analog, by my math, is up about 2%. I would say it's a pretty good guide in this environment. Would you say that the guide here, the guide is more a function of share gains or meaning, you knocked competitors out of the slots or is it more you've been putting out a lot of new products due to your R&D investment and so you've been gaining some pretty big design wins or some other factor? Just how should I be thinking about that? Thanks.

Keh-Shew Lu - Diodes Incorporated - President and CEO

Steve, thank you for the good comments and we continue gaining market share, no doubt in my mind. That gained share actually is coming from the new products, new design wins, and new projects in our customers. Even the market is not growing as fast as what we expected or as everybody expected, but due to the new projects, new design wins, we are able to grow faster than everybody else, faster than our competitors and that's why we gain market share.

Steven Smigie - Raymond James & Associates - Analyst

Okay. Specifically, in some of your commentary, you've talked a lot about mobility, a lot here about smartphones and tablets. It's been a few years since you started focusing on that, but it was even maybe three and a half, four years ago, it was just a totally new business to you. Could you give some color, if not a percentage, on how much that is of your business or at least talk about to a certain extent how much of your growth you expect to get from one of these tablet handset products? If you could talk a little bit, would you say it's fair to say you are strongly positioned on the two leading handset and tablet companies right now?

Keh-Shew Lu - Diodes Incorporated - President and CEO

Steve, I'm sorry, another thing I cannot really talk about. Mark, if you can make some comments?

Mark King - Diodes Incorporated - SVP, Sales and Marketing

I think that the portables market in our early days was not a strength of Diodes. When we were growing up, cell phones was a very big focus of all the broad line semiconductors and so we tried to focus on secondary things; at that time it was cameras, LCD TV and so forth. As we progressed and as our scale has gotten much bigger, we've come much more focused into those market places. Our entry in those areas is broad-based, both from product and customer base. You look at our consumer number, it's quite strong, but it's pretty broad-based also. We don't really like to talk too much about specific end equipment and percentages of those end equipments and those things, but there's obviously volumes in smartphones at various customers. There's a lot of opportunity in tablets. There's a lot, I guess, I sometimes cross over between ultra book and tablet, so that kind of confuses the issue a little bit. I think that's about as granual (sic) as we want to get in that area. But if you look at some of the products we've come out, for all those segments that new hall sensor, the 1892, that's a perfect device for us in that area. As we've expanded into MOSFETs and hall sensors, and as we start to get into miniature and small and thin, obviously those markets become very key to us.

Steven Smigie - Raymond James & Associates - Analyst

Okay, great. If I could sneak one more in, could you talk a little bit about how we should be thinking about tax rate in calendar 2013? Is it reasonable to think you would continue at roughly the same 10% tax rate you've been seeing so far this year?

Rick White - Diodes Incorporated - CFO

No, I don't think so. I think that we will go back. If you look historically, Diodes' tax rate was around 17% or 18% and I would think in that 2013 we'd be in the upper 15% to 20% range.

Steven Smigie - Raymond James & Associates - Analyst

Okay. Great.

Rick White - Diodes Incorporated - CFO

That's our guess right now.

Steven Smigie - Raymond James & Associates - Analyst

Okay. Thanks. Congratulations on a good quarter and tough environment.

Operator

Sujeeva de Silva, ThinkEquity.

Sujeeva de Silva - ThinkEquity - Analyst

With the manufacturing transitions that you're doing in the back end, is there any gross margin uplift coming as you transition some of the production around your back end facilities in the next few quarters from now?

Keh-Shew Lu - Diodes Incorporated - President and CEO

We will continue. I think we continue and we will continue our product productivity improvement and cost reduction. What we hope is that activity going to be overtaking the ASP decrease. If we continue doing that, we will continue able to show GPM percent improvement.

Sujeeva de Silva - ThinkEquity - Analyst

That makes sense. For the weakness in China that you saw, can you talk about which end market you may have seen that in more so or was it broad-based?

Keh-Shew Lu - Diodes Incorporated - President and CEO

Well, it's more broad based, because when we - in China business, we exit two coming from the China business. One is the OEM, who view for global companies. Those slow down some due to the global economy, but at the same time, the internal, the domestic consumption is actually slow down, too, and therefore, we see the China market slow down.

Mark King - Diodes Incorporated - SVP, Sales and Marketing

In some of our key end equipments, we're starting to see the global players make a much stronger position, which is kind of pushing back some of the more local Chinese suppliers, say in TV and so forth. They're trying to make a stand or something, but they were seeing a shift where the global players are more aggressively building and some of the secondary players are softer.

Sujeeva de Silva - ThinkEquity - Analyst

Got it. My last question, can you just remind us what the fourth quarter seasonality for revenue is typically and whether this year you think it would be a typical year or there are some tail winds to that? Thanks.

Keh-Shew Lu - Diodes Incorporated - President and CEO

We don't really give the forecast on the fourth quarter. You just need to look at the season similarity, typically fourth quarter.

Sujeeva de Silva - ThinkEquity - Analyst

Historically what's that been? Just so I understand.

Keh-Shew Lu - Diodes Incorporated - President and CEO

Historically, it's flat or slightly down.

Sujeeva de Silva - ThinkEquity - Analyst

Great. Thanks.

Keh-Shew Lu - Diodes Incorporated - President and CEO

Somewhere between 0 to 5%. Down somewhere between that. That's seasonally.

Sujeeva de Silva - ThinkEquity - Analyst

Thanks, guys.

Operator

Gary Mobley, Benchmark.

Gary Mobley - The Benchmark Company - Analyst

I wanted to start with a question for Mark. Mark, did you say that distributor inventory was down 1% sequentially as of the end of the June quarter? I think you mentioned inventory in the same channel, distribution is approximately three months. Was that roughly flat sequentially, or perhaps down or up?

Mark King - Diodes Incorporated - SVP, Sales and Marketing

No, the inventory was down 1%, and so it was down 1%, and, yes, it's slightly under three months globally.

Gary Mobley - The Benchmark Company - Analyst

Okay. Three months, you're referring to both hub inventory as pulled by OEMs and then as well as distributor inventory, right?

Mark King - Diodes Incorporated - SVP, Sales and Marketing

No, I'm talk about distributor inventory. We considered hub inventory basically as our inventory.

Gary Mobley - The Benchmark Company - Analyst

All right. Very good. I appreciate the fact that your gross margins are improving roughly 250 basis points sequentially for the first three quarters of the year, but if I look at your revenue expected for the third quarter, call it $166 million, I compare that to what you're generating in previous years, your gross margin expected in the third quarter is about 500 basis points below prior levels. My suspicion is you have a lot more capacity now, your utilization is lower. Could you share with us what your quarterly revenue run rate would need to be, to be at 100% utilization? If not that explicit number, maybe you can share with us what the utilization rate was for the June quarter?

Keh-Shew Lu - Diodes Incorporated - President and CEO

If you will compare to last year, I think there's several things you need to put in consideration. One is ASP and last year second half ASP dropped quite dramatically and, therefore, from that point of view, you lose the GPM percent. Second thing is the product mix. I think the second half of last year, I kept talking about, due to the underloading, we moved our product mix downwards, and now we are stable, and we gradually improve, but it's not back to that level in the second quarter last year yet. Third, it's the gold price, still higher than first half of last year. It's stabilized but not really going down yet. Then the productivity, we continue our productivity improvement. When you're talking about the loading, yes, we are not fully loaded yet and we still put in the capacity to support the high end new product, new packaging, which is the one we don't have enough capacity, but we are not 10% to 12%, at the high end of 12%. We are now the capacity expansion, capital expenditure is somewhere at the low end of that 10% to 12% and the reason we need to still continue, put that capital is to support newer package or new projects. We still have capacity to support if the market really come very hard and we still have enough capacity to support.

Gary Mobley - The Benchmark Company - Analyst

Okay. Assuming you don't equip your Chengdu facility at a rapid rate, what sort of revenue run rate, on a quarterly basis, do you think you can do right now? Do you think you can do $200 million in revenue without adding any additional capacity in Shanghai?

Keh-Shew Lu - Diodes Incorporated - President and CEO

That number, I don't know. I didn't go through a calculation yet. It's really (inaudible) ASP. If the market is low, then even the same capacity, the ASP is low, the revenue will be low. It's very difficult to tell us, but we have enough space in Shanghai to support if we need it to put more capital to support. Chengdu, you don't count it on production until next year, because I think in my speech, I talking about now we are putting out power and it take about 9 to 10 months. Then after the power we put out equipment, we start to qualify to run it and all these, you are not really looking for capacity of Chengdu until second half of next year. We are planting enough space and we have enough capacity to support us, but I cannot really tell you how much revenue it will support because it's really depends on ASP.

Gary Mobley - The Benchmark Company - Analyst

Understood. Last question for Rick, just to be clear, on your operating expense guidance for the third quarter, that 21%, that includes GAAP R&D and as well, GAAP SG&A and then last, it includes amortization?

Rick White - Diodes Incorporated - CFO

Yes, that's right. Those three pieces, right.

Gary Mobley - The Benchmark Company - Analyst

All right. Very good. Thanks, guys.

Operator

Vernon Essi, Needham & Company.

Vernon Essi - Needham & Company - Analyst

I was wondering could you go back to the end market discussion. Just curious what drove the uptick in the computing side? For clarification purposes, earlier you made a comment talking about tablets and I'm wondering if that's included in the computing bucket or do you put that in the consumer side?

Mark King - Diodes Incorporated - SVP, Sales and Marketing

In the consumer side. The uptick is because we had a soft first quarter seasonally, so that was why it grew the fastest, because it was off the most in the first quarter.

Keh-Shew Lu - Diodes Incorporated - President and CEO

You're talking computers and it's high shortage in the first Q. If you look at 1Q, high shortage caused the consumer market slowdown and saw uptick is really just because it's back to normal.

Mark King - Diodes Incorporated - SVP, Sales and Marketing

It was the fastest growing in raw dollars.

Vernon Essi - Needham & Company - Analyst

Okay. Rick, a gross margin-related question, but just to refresh me on your CapEx plans, going into next year, basically this facility will go on-line. I'm just curious, do you expect a big change in your depreciation amount on a quarterly basis or will that change much from the $16 million run rate you've been at?

Rick White - Diodes Incorporated - CFO

No, because the plan is that when we start building out Chengdu with equipment, the equipment that we put into Shanghai will be minimized. Basically we'll shift from Shanghai to Chengdu and so there won't be that much change in the depreciation itself.

Vernon Essi - Needham & Company - Analyst

All right. That's helpful. Thank you.

Operator

Christopher Longiaru, Sidoti & Company.

Christopher Longiaru - Sidoti & Company - Analyst

Can you talk about inventory in the channel a little bit and where that is, where it was relative at the beginning of when you reported the first quarter?

Mark King - Diodes Incorporated - SVP, Sales and Marketing

I don't have the first quarter. Let me see. Maybe I do. I don't have it there. It was down 1%. It was kind of where we expected it to be. It was pretty much POP and POS were relatively flat in the quarter. Maybe POS was slightly higher as a percentage. I expect it to continue to decline in this quarter and we think it's in pretty good shape. North America, and Europe traditionally run at between three and four, and Asia runs at two to 2.5 so probably it's at 2.4, and North America and Europe, traditional spots. I think we're in pretty good shape.

Christopher Longiaru - Sidoti & Company - Analyst

What was utilization?

Keh-Shew Lu - Diodes Incorporated - President and CEO

On what?

Christopher Longiaru - Sidoti & Company - Analyst

What was the fab utilization?

Keh-Shew Lu - Diodes Incorporated - President and CEO

Fab utilization is, especially our OFAB actually quite full, because some of the new products ramping up are coming from our OFAB. Fab utilization is not an issue. We typically use like 80% is the rough sum about full, we consider 80% is in the good or normal level and we are back to that. Assembly, like I said, we still depend on different package. The high end or newer package reach - we are fully loaded. We still need to put in the capacity to support those ramp. Now, the commodity like those package, like commodities, those kind of package, we are underloaded, because we really don't want to building those kind of products.

Mark King - Diodes Incorporated - SVP, Sales and Marketing

Our objective is to round those up. Try to move them up the chain.

Christopher Longiaru - Sidoti & Company - Analyst

All right. That's all I have. Congratulations on the results in the tough environment.

Operator

Shawn Harrison, Longbow research.

Shawn Harrison - Longbow Research - Analyst

Mainly a lot of clarifications, but I guess when looking at distribution into the September quarter, I don't think you commented in terms of what you would expect them to do with inventory. It looks like the decline in your inventory distribution has been waning or that decline has been lessening. Would you expect no further inventory drawdown of distribution in the third quarter?

Mark King - Diodes Incorporated - SVP, Sales and Marketing

I think that North America and Europe will stay relatively in this range and I think we'll see some drawdown in Asia.

Shawn Harrison - Longbow Research - Analyst

Okay.

Mark King - Diodes Incorporated - SVP, Sales and Marketing

But I feel pretty comfortable. We're not seeing a big pressure on our inventory. We think our inventory is in pretty good shape and for the third quarter in Asia, I think our inventory is in the right place. I think that our inventory for North America and Europe in the right place for pretty much all quarters.

Shawn Harrison - Longbow Research - Analyst

Okay. Then secondly, I was a little bit confused, maybe just heard this incorrectly. If the consumer (technical difficulty) 32% of sales for the quarter, that would imply sales are down - was that almost high single or double digits year-over-year?

Mark King - Diodes Incorporated - SVP, Sales and Marketing

What?

Shawn Harrison - Longbow Research - Analyst

The consumer electronics business. If it was 32% of sales, I think it was 34% of sales last year.

Mark King - Diodes Incorporated - SVP, Sales and Marketing

Right.

Shawn Harrison - Longbow Research - Analyst

Down high single or low double digits year-over-year, so I was just trying to triangulate what was the decline.

Mark King - Diodes Incorporated - SVP, Sales and Marketing

I'll to have run through all those numbers and maybe we can get back on it.

Keh-Shew Lu - Diodes Incorporated - President and CEO

Because we don't have that reading of our consumer, is went down or something.

Shawn Harrison - Longbow Research - Analyst

I think I'm just going off the stats provided last year, so maybe I have something wrong. Pricing environment, Dr. Lu, I just want to confirm that you think it's back to normal or a little bit less than normal, so we shouldn't expect the negativity we saw in the back half of '11?

Keh-Shew Lu - Diodes Incorporated - President and CEO

The ASPs reduction?

Shawn Harrison - Longbow Research - Analyst

Yes.

Keh-Shew Lu - Diodes Incorporated - President and CEO

Yes. I think it's slightly better than normal season or normal quarterly ASP reduction.

Shawn Harrison - Longbow Research - Analyst

Finally, for Rick, trying to get my model in terms of SG&A, at 21.4%, that implies a gap, $35.5 million of SG&A for the September quarter at the midpoint of your guidance, which would be up maybe $1 million sequentially, so I'm just trying to figure out where the inflation in SG&A would be, or R&D?

Rick White - Diodes Incorporated - CFO

You've got to remember that we let R&D go up based on the revenue. Since the revenue is going up, the R&D is going to go up and we do have small increase in SG&A. Whether that occurs or not, we don't know, but we're trying to be conservative.

Shawn Harrison - Longbow Research - Analyst

You are going to be running R&D somewhere in the mid 8's, and SG&A of $25 million, $26 million?

Rick White - Diodes Incorporated - CFO

That's right.

Keh-Shew Lu - Diodes Incorporated - President and CEO

Our model is actually that R&D running about 5% of the revenue and that's our goal and we continue doing that. Our SG&A possibly up more though it was 15% of revenue, and we are slightly higher now.

Rick White - Diodes Incorporated - CFO

We have SG&A at 15.5% plus the amortization of intangible costs.

Shawn Harrison - Longbow Research - Analyst

Okay. Thinking about the new designs, is the mix of new designs that you're winning or putting out on the market and things that you're winning, is that share different than your end market mix right now? Is it maybe much more based within the consumer electronics versus the split of revenues that we're seeing?

Mark King - Diodes Incorporated - SVP, Sales and Marketing

I think it's pretty broad-based. I think it would be very, very hard to - I think it would be relative to the same split we're in now. We're very, very diverse and we have - there's obviously some very big ones and then there's obviously just a multitude of smaller, more medium-sized. I would say that when it all comes out, we've been relatively consistent in our market mix for a period of time and I would say it would continue in this direction.

Shawn Harrison - Longbow Research - Analyst

Okay. Thanks so much.

Operator

Tristan Gerra, Baird.

Tristan Gerra - Robert W. Baird & Company, Inc. - Analyst

It looks like utilization rates are no longer really having a negative impact on the gross margin. If we assume a somewhat weak environment with top-line maybe flattish or up slightly over the next few quarters, when do you think you would get back to the type of product mix that you have in Q2, 2011?

Keh-Shew Lu - Diodes Incorporated - President and CEO

All I could tell you would be really if the market's very hot, then but you know, since last year, when market started to slow down, the market's not really that hot or demand. We are gaining the market share, but if you look at the growth rate year-over-year, from semiconductor or from our same point of view, it's not really growing. If the semiconductor SAM back to 10% growth or our SAM, then we'll be able to double that number, then you can see the GPM will be improved dramatically, but the market's is not growing.

Mark King - Diodes Incorporated - SVP, Sales and Marketing

If the market improves on a slight basis, though, we'll be able to continue to grind through changing this mix up and that should drive us towards those margin improvements that you're looking for. We're very focused on what we're trying to sell and where we're trying to sell it and we have a lot of new product initiatives. It's going to fill up what we believe is some of the lower value products that we have out there. If there's no market out there that says we need to aggressively attack those lower end products because we see a big price increase, then naturally our mix under this will round into a better mix overall, which should be positive and drive us towards where you'd like to see us go.

Keh-Shew Lu - Diodes Incorporated - President and CEO

Our biggest model, we really want to focus more on the growth instead of just the GPM percent. That's why I mention that over and over again. Our priority is growth, gaining market share, and we'll continue doing that. We did that and we'll continue to do that.

Tristan Gerra - Robert W. Baird & Company, Inc. - Analyst

Great. That's very useful. Could you remind us what the mix is currently of analog versus discrete and what would be your target by end of next year?

Keh-Shew Lu - Diodes Incorporated - President and CEO

We really never disclose this number and the reason is, we use this year the same back end capacity. They use the same kind of package so we sometimes prioritize based on need, based on customer, based on those, so it's very difficult for us to drive in to separate analog versus discrete, so we just don't separate those business.

Tristan Gerra - Robert W. Baird & Company, Inc. - Analyst

Okay. Directionally, though, is it a fair assumption that mix is going to improve? Is the R&D increase that you are guiding for, for Q3, how much of that is just one-time items versus an improvement in mix in terms of investing into higher margin products?

Keh-Shew Lu - Diodes Incorporated - President and CEO

When I talking about sometimes due to the mix, because masks very expensive. When you we are talking about 500,000 and 800,000 more in the quarter, two or three mask set will make that difference and therefore it's very difficult for us to make the R&D - the number exactly, because sometimes they reduce more or they reduce less. My biggest model is 5% of our revenue go to R&D and that's our goal and that's our model and we try to do that. Sometimes you might be 0.2% more. 0.2% is probably 300,000. 300,000 is only one or two mask sets. We introduce so many new product a quarter. Very difficult to control. I don't want to be caught trying to set 300,000 and slow down a new product. New product still number one priority.

Mark King - Diodes Incorporated - SVP, Sales and Marketing

One other thing is, just because it's analog doesn't mean it's more margin, too. Both discrete and analog both have equal opportunities for higher margin products.

Keh-Shew Lu - Diodes Incorporated - President and CEO

Because it's packaging is where we're winning.

Tristan Gerra - Robert W. Baird & Company, Inc. - Analyst

Okay. That's very useful. Thank you.

Operator

Vijay Rakesh, Sterne Agee.

Vijay Rakesh - Sterne, Agee & Leach, Inc. - Analyst

What was your sell-in versus sell-through on your mix on revenues?

Mark King - Diodes Incorporated - SVP, Sales and Marketing

POP and POS were pretty much flat, I mean, they were equal.

Vijay Rakesh - Sterne, Agee & Leach, Inc. - Analyst

No, I meant, does that recognize all revenues on sell-in?

Mark King - Diodes Incorporated - SVP, Sales and Marketing

Sell-out.

Vijay Rakesh - Sterne, Agee & Leach, Inc. - Analyst

Sell-out, okay.

Mark King - Diodes Incorporated - SVP, Sales and Marketing

Sell-in, through the distributor.

Vijay Rakesh - Sterne, Agee & Leach, Inc. - Analyst

All right. And I know you mentioned POS was coming down, the point of sales was coming down significantly. Are you baking that in with the guidance?

Mark King - Diodes Incorporated - SVP, Sales and Marketing

No, I said POS was up 13% quarter-over-quarter.

Vijay Rakesh - Sterne, Agee & Leach, Inc. - Analyst

No, for the out quarter, for the September quarter, right.

Mark King - Diodes Incorporated - SVP, Sales and Marketing

I don't expect POS to decrease in the quarter. Our POS should be in line with our guidance directionally.

Vijay Rakesh - Sterne, Agee & Leach, Inc. - Analyst

Got it. Okay. Last question here, when you look at the ASPs unusually soft. What is other mix, what are the other levers on the gross margin line trying to get back to last year's margin levels?

Keh-Shew Lu - Diodes Incorporated - President and CEO

I think at the beginning of the call I make it four factors affect our margin. One is ASP. I said ASP still continue going down, but it's not as worse as second half of last year. It's going down better than that. We typically see 2% a quarter type of ASP drop. Second thing is product mix. I said product mix actually improved due to majority our new products, new projects get ramp up the production.

The third one is gold. Gold conversion is steady, but it's not really increased significantly, because now we are waiting for the major customers to convert and major customer typically very, very slowly to convert to the gold wire. Then the fourth one is productivity improvement from our making function and I say those is really continue improved, and that's why we are able to change our GPM percent from 23.3% in 1Q to 25.8% in 2Q. Now we guide another 2.2% up plus minus 2%, and those are because our effort on manufacturing improvement.

Vijay Rakesh - Sterne, Agee & Leach, Inc. - Analyst

Okay. Got it. Thanks.

Operator

Tristan Gerra, Baird.

Tristan Gerra - Robert W. Baird & Company, Inc. - Analyst

Have you talked about the savings of Chengdu once it's ramping versus Shanghai?

Keh-Shew Lu - Diodes Incorporated - President and CEO

I don't think we're talking about that yet because Chengdu won't be ramped up until second half of next year, so we still have one year away, so we are not. We know the labor costs will be low. But since their capacity beginning will be lower, so the costs may not be as good as SKE, but labor costs will be cheaper. We do not really do any comparison yet. But, yes, for long run, yes, it will be major manufacturing facility for us. When they get to the same or bigger capacity, then they can be more cost effective.

Tristan Gerra - Robert W. Baird & Company, Inc. - Analyst

Are the labor costs in that region lower than in Shanghai?

Keh-Shew Lu - Diodes Incorporated - President and CEO

Right now? The labor today?

Tristan Gerra - Robert W. Baird & Company, Inc. - Analyst

Currently, yes.

Keh-Shew Lu - Diodes Incorporated - President and CEO

Yes.

Mark King - Diodes Incorporated - SVP, Sales and Marketing

And more stable.

Tristan Gerra - Robert W. Baird & Company, Inc. - Analyst

Great.

Keh-Shew Lu - Diodes Incorporated - President and CEO

Because Shanghai, most of the people come from inland, and Chengdu, most of the people coming from the province, the Sichuan province. That's the difference.

Tristan Gerra - Robert W. Baird & Company, Inc. - Analyst

Great. Thanks again, very useful.

Operator

Ladies and gentlemen that concludes today's Q and A. Now let's turn the conference over to Dr. Keh-Shew Lu for closing remarks.

Keh-Shew Lu - Diodes Incorporated - President and CEO

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

Operator

Thank you. Ladies and gentlemen that concludes today's conference. You may now disconnect, and have a great day.