

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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF  
THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended MARCH 31, 1996

or  
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

COMMISSION FILE NUMBER: 1-5740

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

DELAWARE  
(State or other jurisdiction of  
incorporation or organization)

95-2039518  
(I.R.S. Employer  
Identification Number)

3050 EAST HILLCREST DRIVE  
WESTLAKE VILLAGE, CALIFORNIA  
(Address of principal executive offices)

91362  
(Zip Code)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (805) 446-4800

SECURITIES REGISTERED PURSUANT TO SECTION 12(B) OF THE ACT:

COMMON STOCK, PAR VALUE \$0.66 2/3	AMERICAN STOCK EXCHANGE
(Title of each Class)	(Name of each exchange on which registered)

Securities registered pursuant to Section 12(g) of the Act: None

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

The number of shares of the registrant's Common Stock outstanding as of March 31, 1996, was 5,675,794 including 717,115 shares of treasury stock.

THIS REPORT INCLUDES A TOTAL OF 18 PAGES  
THE EXHIBIT INDEX IS ON PAGE 17

## DIODES INCORPORATED

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PART I - FINANCIAL INFORMATION  
 ITEM 1 - CONSOLIDATED FINANCIAL INFORMATION

DIODES INCORPORATED AND SUBSIDIARIES  
 CONSOLIDATED CONDENSED BALANCE SHEET

ASSETS

	(UNAUDITED) MARCH 31, 1996	DECEMBER 31, 1995
	-----	-----
CURRENT ASSETS		
Cash	\$ 597,000	\$ 478,000
Accounts receivable		
Customers	7,898,000	7,794,000
Related party	--	233,000
Other	300,000	194,000
	-----	-----
	8,198,000	8,221,000
Less allowance for doubtful receivables	192,000	177,000
	-----	-----
	8,006,000	8,044,000
Inventories	16,144,000	16,295,000
Deferred income taxes	893,000	893,000
Prepaid expenses and other	209,000	173,000
	-----	-----
Total current assets	25,849,000	25,883,000
PROPERTY, PLANT, AND EQUIPMENT, at cost, net of accumulated depreciation and amortization	4,732,000	1,527,000
INVESTMENT IN JOINT VENTURE	--	1,878,000
OTHER ASSETS		
Advances to affiliated entity	1,237,000	--
Other assets	707,000	75,000
TOTAL ASSETS	\$ 32,525,000 =====	\$ 29,363,000 =====

DIODES INCORPORATED AND SUBSIDIARIES  
CONSOLIDATED CONDENSED BALANCE SHEET

LIABILITIES AND STOCKHOLDERS' EQUITY

	(UNAUDITED) MARCH 31, 1996	DECEMBER 31, 1995
	-----	-----
CURRENT LIABILITIES		
Due to bank	\$ 7,377,000	\$ 3,916,000
Accounts payable		
Trade	3,858,000	5,454,000
Related party	620,000	621,000
Accrued liabilities	2,256,000	1,954,000
Income taxes payable	55,000	637,000
Current portion of long-term debt	38,000	38,000
	-----	-----
Total current liabilities	14,204,000	12,620,000
LONG-TERM DEBT, net of current portion	235,000	244,000
DEFERRED COMPENSATION PAYABLE	--	--
MINORITY INTEREST	740,000	--
STOCKHOLDERS' EQUITY		
Class A convertible preferred stock - par value \$1.00 per share; 1,000,000 shares authorized; no shares issued and outstanding at December 31, 1995 and March 31, 1996	--	--
Common stock - par value \$0.66 2/3 per share; 9,000,000 shares authorized; 5,675,619 shares at December 31, 1995 and 5,675,794 shares at March 31, 1996 issued and outstanding	3,784,000	3,784,000
Additional paid-in capital	5,768,000	5,768,000
Retained earnings	9,576,000	8,729,000
	-----	-----
	19,128,000	18,281,000
Less:		
Treasury stock - 717,115 shares of common stock at December 31, 1995 and March 31, 1996, at cost	1,782,000	1,782,000
	-----	-----
Total stockholders' equity	17,346,000	16,499,000
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 32,525,000	\$ 29,363,000
	=====	=====

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

	THREE MONTHS ENDED MARCH 31,	
	1996	1995
NET SALES	\$ 13,206,000	\$ 14,239,000
Cost of goods sold	9,493,000	10,296,000
	-----	-----
Gross profit	3,713,000	3,943,000
Selling, general and administrative expenses	2,457,000	2,437,000
	-----	-----
Income from operations	1,256,000	1,506,000
Other income (expense)		
Interest income	47,000	11,000
Interest expense	(123,000)	(7,000)
Commissions and other	121,000	72,000
	-----	-----
	45,000	76,000
	-----	-----
INCOME BEFORE INCOME TAXES	1,301,000	1,582,000
Provision for income taxes	453,000	599,000
	-----	-----
NET INCOME	\$ 848,000	\$ 983,000
	=====	=====
EARNINGS PER COMMON SHARE	\$ 0.16	\$ 0.19
	=====	=====
Number of shares used in computation	5,228,123	5,122,255
	=====	=====

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

	THREE MONTHS ENDED MARCH 31,	
	1996	1995
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 848,000	\$ 983,000
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation and amortization	82,000	84,000
Increase in allowance for doubtful accounts	15,000	10,000
(Increase) decrease in operating assets:		
Accounts receivable	23,000	(1,984,000)
Inventories	151,000	(713,000)
Prepaid expenses and other	(36,000)	101,000
Other	--	2,000
(Decrease) increase in operating liabilities:		
Trade accounts payable	(2,418,000)	(261,000)
Related party accounts payable	(1,000)	--
Accrued liabilities	302,000	723,000
Income taxes payable	(582,000)	(543,000)
Deferred compensation payable	--	(14,000)
Minority interest	740,000	--
	-----	-----
Net cash provided (used) by operating activities	(876,000)	(1,612,000)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(588,000)	(115,000)
Acquisition of other assets	(1,869,000)	--
	-----	-----
Net cash (used) by investing activities	(2,457,000)	(115,000)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Advances (payments) on line of credit, net	3,461,000	288,000
Repayments of long-term obligations	(9,000)	(8,000)
	-----	-----
Net cash provided (used) by financing activities	3,452,000	280,000
	-----	-----
<b>INCREASE (DECREASE) IN CASH</b>	<b>\$ 119,000</b>	<b>\$ (1,447,000)</b>
<b>CASH AT BEGINNING OF PERIOD</b>	<b>\$ 478,000</b>	<b>\$ 1,733,000</b>
	-----	-----
<b>CASH AT END OF PERIOD</b>	<b>\$ 597,000</b>	<b>\$ 286,000</b>
	=====	=====
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Non-Cash Investing Activities		
Purchase of equipment on accounts payable	\$ 822,000	\$ --
	=====	=====
Conversion of joint venture investment to plant and equipment	\$ 1,878,000	\$ --
	=====	=====

DIODES INCORPORATED AND SUBSIDIARIES  
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS  
(Unaudited)

NOTE A - Basis of Presentation

The accompanying unaudited consolidated, condensed financial statements have been prepared in accordance with the instruction to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the financial position and results of operations have been included. Operating results for interim periods are not necessarily indicative of the results that may be expected for the full year. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's annual report in Form 10-K for the calendar year ended December 31, 1995.

The consolidated financial statements include the accounts of the Company, its wholly-owned subsidiary, Diodes Taiwan Co., Ltd. (a foreign subsidiary), and the accounts of the Kai Hong joint venture in which the Company has 70% controlling interest. All significant intercompany balances and transactions have been eliminated.

NOTE B - Income Taxes

Effective January 1, 1993, the Company adopted Financial Accounting Standards Board's Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes." This pronouncement requires that taxes be provided based upon the tax rate at which the items of income and expense are expected to be settled in the Company's tax return.

SFAS No. 109 requires the recognition of deferred tax assets and liabilities for both the expected future tax impact of differences between the financial statement and tax basis of assets and liabilities, and for the expected future tax benefit to be derived from tax loss carryforwards. SFAS No. 109 additionally requires the establishment of a valuation allowance to reflect the likelihood of realization of deferred tax assets.

Accordingly, the Company has recorded a net deferred tax asset resulting from net deductible temporary differences in the amount of \$893,000. This deferred tax asset results primarily from inventory reserves and expense accruals which are not currently deductible for federal income tax purposes.

## PART I - FINANCIAL INFORMATION

ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS  
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Except for the historical information contained herein, the matters addressed in this Item 2 constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such forward-looking statements are subject to a variety of risks and uncertainties, including those discussed below under the heading "Factors That May Affect Future Results" and elsewhere in this Report on Form 10-Q, that could cause actual results to differ materially from those anticipated by the Company's management. The Private Securities Litigation Reform Act of 1995 (the "Act") provides certain "safe harbor" provisions for forward-looking statements. All forward-looking statements made on this Quarterly Report on Form 10-Q are made pursuant to the Act.

## FINANCIAL CONDITION

The Company's 7.3% decrease in net sales for the three months ended March 31, 1996, compared to the three months ended March 31, 1995, was primarily attributed to a decline in customer demand resulting in a decrease in the number of units shipped. This decrease appears to be industry-wide in light of a recent report from the Semiconductor Industry Association that book-to-bill ratios (the dollar value of new orders scheduled versus the dollar value of orders shipped) throughout the industry fell in early 1996, reaching a 5 year low in March. In the fourth quarter of 1995, the Company experienced a slowing of orders, primarily due to a slow down in the personal computer and related industries, and although the Company's book-to-bill ratio seems to be recovering, there can be no assurance that such recovery will continue or be maintained.

The Company believes that the slowdown throughout the industry is primarily due to excess inventory and may remain soft for the near future as computer and related industries, among others, work off their inventories. Industry sources estimate that, although the 1996 growth rates will not match those of 1995, the industry will experience moderate growth in sales and profits.

The Company was able to increase its gross profit margin to 28.1% for the three months ended March 31, 1996 compared to 27.7% for the same period a year ago, as pricing and product costs have remained relatively stable. However, with decreased sales and competitive pricing, there can be no assurance that the Company will be able to maintain these gross profit margin. Selling, general and administrative expenses as a percentage of net sales increased 1.5 percentage points primarily as a result of additions in personnel and systems, as well as beginning implementation of ISO 9000 certification, all aimed at strengthening the Company for future growth.



Interest expense increased \$116,000 as the Company used approximately \$1.2 million of a new \$14 million credit facility to fund advances to an affiliated entity, FabTech, Inc., and to provide additional working capital. FabTech is wholly-owned by Lite-On Power Semiconductor Corporation ("LPSC"), who owns approximately 40% of the Company's outstanding stock. The Company has used approximately \$2.6 million of its credit line as equity contribution for the recently announced Kai Hong joint venture.

As a result of the 7.3% decrease in net sales and 0.8% increase in operating expenses, primarily due to increased staffing, added marketing efforts as well as the Company's recent commitment to become ISO 9000 certified by the end of 1996, net income and earnings per share for the three months ended March 31, 1996 decreased approximately 13.7% and 15.8%, respectively.

In February 1996, the Company announced an agreement with FabTech, Inc. whereby Diodes will gain a new supply of processed wafers used in the manufacture of several types of discrete semiconductors. The Company will provide FabTech with approximately \$2.5 million in working capital to be used in upgrading, reconfiguring, and starting up operations at an existing wafer fabrication facility located in the AT&T building in Lee's Summit, Missouri. FabTech is a newly-created subsidiary of LPSC.

The Company expects to begin receiving wafers from FabTech by the third quarter of 1996. Given current levels of pricing and demand, it is anticipated that FabTech's production will contribute substantially to Diodes' net sales in 1997, with further increases in subsequent years. Output from the facility will include wafers used in the production of Schottky barrier diodes, fast recovery epitaxial diodes (FREDs), and other widely used value-added products. Schottky barrier diodes, currently in short supply world-wide, are employed in the manufacture of the power supplies found in personal computers, telecommunications devices and myriad other applications where high frequency, low forward voltage and fast recovery are required.

In March 1996, the Company entered into the Kai Hong joint venture for the development of additional manufacturing capacity in Shanghai. The joint venture, originally signed as a compensation trade agreement in June 1995, allows for the manufacturing and sales of diodes and associated electronic components. The Company will have a 70% interest in the joint venture, will be responsible for production and management, and will receive 100% of the production, mainly in SOT-23 packaged components. The venture parties have agreed to make significant equity contribution to the joint venture and anticipate that a portion of the cost of developing the project will be debt financed. The capital contribution will be made in several phases over three years. The project will be implemented in phases according to market demand.

In accordance with generally accepted accounting principles, the Company has accounted for this majority owned joint venture on a consolidated basis. During the first quarter of 1996, the Kai Hong joint venture entity has capitalized start-up costs of approximately \$650,000 which are classified in the consolidated balance sheet as "Other assets".

These alliances, among others, assist the Company in its long-term strategic plan to enhance its ability to acquire -- in a timely fashion and at reasonable cost -- the products that its customers need, while maintaining profitability.

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 1996 AND 1995

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

	PERCENT OF NET SALES THREE MONTHS ENDED MARCH 31,		PERCENTAGE DOLLAR INCREASE (DECREASE)
	1996	1995	'95 TO '96
Net sales	100.0 %	100.0 %	(7.3) %
Cost of goods sold	(71.9)	(72.3)	(7.8)
Gross profit	28.1	27.7	(5.8)
Operating expenses	(18.6)	(17.1)	0.8
Income from operations	9.5	10.6	(16.6)
Interest expense, net	(0.6)	(0.0)	2,000.0
Other income	0.9	0.5	68.1
Income before taxes	9.8	11.1	(17.8)
Income taxes	3.4	4.2	(24.4)
Net income	6.4	6.9	(13.7)

The following discussion explains in greater detail the consolidated operating results and financial condition of the Company. This discussion should be read in conjunction with the consolidated financial statements and notes thereto appearing elsewhere in this quarterly report.

	1996	1995
NET SALES	\$ 13,206,000	\$ 14,239,000

The Company's 7.3% decrease in net sales for the three months ended March 31, 1996, compared to the three months ended March 31, 1995, was primarily attributed to a decline in customer demand resulting in a decrease in the number of units shipped. This decrease appears to be industry-wide in light of a recent report from the Semiconductor Industry Association that book-to-bill ratios (the dollar value of new orders scheduled versus the dollar value of orders shipped) throughout the industry fell in early 1996, reaching a 5 year low in March. In

the fourth quarter of 1995, the Company experienced a slowing of orders, primarily due to a slow down in the personal computer and related industries, and although the Company's book-to-bill ratio seems to be recovering, there can be no assurance that such recovery will continue or be maintained.

The Company believes that the slowdown is primarily due to continued inventory pressures and may remain soft for the next few months as computer and related industries, among others, work off their inventories. Industry sources estimate that, although the 1996 growth rates will not match those of 1995, the industry will experience moderate growth in sales and profits.

	1996 ----	1995 ----
GROSS PROFIT	\$ 3,713,000	\$ 3,943,000
GROSS MARGIN PERCENTAGE	28.1%	27.7%

The Company's gross profit for the three months ended March 31, 1996 decreased approximately \$230,000 or 5.8%, primarily due to the 7.3% decrease in net sales. The gross margin percentage increased 0.4 percentage points primarily as a result of pricing remaining stable and product cost slightly decreasing.

	1996 ----	1995 ----
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES ("SG&A")	\$ 2,457,000	\$ 2,437,000

The Company's SG&A for the three months ended March 31, 1996 increased approximately 0.8% compared to the same period last year. This \$20,000 increase was primarily attributable to an increase in the Company's sales and marketing efforts. The 1996 SG&A amount includes the cost of additions in personnel and systems, as well as beginning implementation of ISO 9000 certification, all aimed at strengthening the Company for continued growth. The total SG&A as a percentage of net sales increased from 17.1% in 1995, to 18.6% in 1996. The Company continues to manage SG&A by implementing cost controls, but believes that the slowdown in orders is only temporary and thus will continue to implement its plan for future growth.

	1996 ----	1995 ----
INCOME FROM OPERATIONS	\$ 1,256,000	\$ 1,506,000

The Company's fiscal 1996 comparative decrease in operating profit of approximately \$250,000, or 16.6%, is primarily the net result of the Company's 7.3% decrease in net sales and 1.5 percentage point increase in SG&A as a percentage of net sales.

	1996 ----	1995 ----
INTEREST INCOME	\$ 47,000	\$ 11,000
INTEREST EXPENSE	\$ 123,000	\$ 7,000

The Company's interest income for the three months ended March 31, 1996, increased approximately \$36,000 compared to the same period last year as the Company is advancing funds under its sourcing agreements. The Company's interest expense for 1996 increased \$116,000, primarily as a result of an increase in the Company's usage of its new credit facility to expand the Company's inventory and finance additional sourcing agreements, primarily FabTech, Inc. and Kai Hong. The interest income is primarily the interest charged to FabTech under the Company's loan agreement.

	1996 ----	1995 ----
OTHER INCOME	\$ 121,000	\$ 72,000

The Company's other income for the three months ended March 31, 1996 increased approximately \$49,000, or 68.1% compared to other income for the same period in 1995 primarily as a result of increased commissions earned by the Company's Taiwan subsidiary on drop shipment sales in Asia.

	1996 ----	1995 ----
NET INCOME	\$ 848,000	\$ 983,000
EARNINGS PER SHARE	\$ 0.16	\$ 0.19

The Company's net income for the three months ended March 31, 1996 decreased 13.7% or approximately \$135,000 compared to the same period in 1995. Earnings per share decreased approximately 15.6% for the three months ended March 31, 1996, compared to the three months ended March 31, 1995. Decreases in both net income and earnings per share are primarily attributable to a 7.3% decrease in net sales, a 1.5 percentage point increase in SG&A as a percentage of net sales, combined with a 0.6 percentage point increase in interest expense as a percentage of net sales.

#### LIQUIDITY AND CAPITAL RESOURCES

Cash used by operating activities in 1996 was \$876,000, compared to cash used by operating activities of \$1.6 million as of March 31, 1995. The primary use of cash flows for the three months ended March 31, 1996 was a \$1.6 million decrease in accounts payable. The ratio of the Company's current assets to current liabilities on March 31, 1996, was 1.8 to 1 compared to a ratio of 2.1 to 1 as of December 31, 1995.

Cash used by investing activities was \$2.5 million for the three months ended March 31, 1996, compared to \$115,000 in 1995. The Company has provided approximately \$2.6 million to Kai Hong - for the construction of a new facility for the manufacture of SOT-23s; and approximately \$1.2 million to FabTech - to be used in upgrading, reconfiguring, and starting up operations at an existing wafer fabrication facility. The Company will have a 70% interest in the Kai Hong joint venture, will be responsible for production and management, and will receive 100% of the production. The venture parties have agreed to make significant equity contributions to the joint venture and anticipate that a portion of the cost of developing the project will be debt financed. The capital contribution will be made in several phases over three years. Both alliances are indicative of the Company's desire to participate in the sourcing of advanced-technology discrete components, and to enhance its ability to procure products in a timely fashion and at reasonable cost.

Cash provided by financing activities was \$3.5 million as of March 31, 1996, compared to cash provided of \$280,000 in 1995. The Company used its credit facility to fund the advances to FabTech and Kai Hong. The Company anticipates it will continue to utilize such credit facility to support its operations. The Company believes that the continued availability of this credit facility, and new debt financing, together with internally generated funds, will be sufficient to meet the Company's currently foreseeable operating cash requirements. The Company's cash balance at March 31, 1996 increased \$119,000 compared to December 31, 1995 balance.

Accounts receivable increased 1.3% as the Company continues to, through refined customer service and credit review, improve collections on customer receivables. The Company's inventories have decreased 0.9% as the Company's continues its commitment to provide timely delivery of product to customers.

The Company's total working capital decreased 12.2% to \$11.6 million as of March 31, 1996 from \$13.3 million as of December 31, 1995, primarily as a result of the Company's advances to FabTech and Kai Hong. The Company believes that its working capital position will be sufficient for its requirements for the foreseeable future.

As of March 31, 1996, the Company has no material plans or commitments for capital expenditures other than disclosed in the Kai Hong and FabTech agreements previously mentioned. However, to ensure that the Company can secure reliable and cost effective sourcing to support and better position itself for growth, the Company is continuously evaluating additional sources of products. The Company believes its credit and financial position will provide sufficient access to funds should an appropriate investment opportunity arise and, thereby, assist the Company in improving customer satisfaction and in maintaining or increasing

product market penetration. The Company's debt to equity ratio increased to 0.83 at March 31, 1996 from 0.78 at December 31, 1995. The Company anticipates this ratio may increase as the Company continues to use its credit facilities to fund additional sourcing opportunities.

#### Factors That May Affect Future Results

All forward-looking statements contained in this Item 2 are subject to, in addition to the other matters described in this Report on Form 10-Q, a variety of significant risks and uncertainties. The following discussion highlights some of these risks and uncertainties. Further, from time to time, information provided by the Company or statements made by its employees may contain forward-looking information. The Company cautions the reader that there can be no assurance that actual results or business conditions will not differ materially from those projected or suggested in such forward-looking statements as a result of various factors, including those discussed below.

There are many factors that could cause the events in such forward looking statements to not occur, including but not limited to general or specific economic conditions, the ability and willingness of the Company's customers to purchase products provided by the Company, the perceived absolute or relative overall value of these products by the purchasers, including the features, quality, and price in comparison to other competitive products, the level of availability of products and substitutes and the ability and willingness of purchasers to acquire new or advanced products, and pricing, purchasing, financing, operational, advertising and promotional decisions by intermediaries in the distribution channels which could affect the supply of or end-user demands for the Company's products, the amount and rate of growth and the Company's selling, general and administrative expenses, difficulties in obtaining materials, supplies and equipment, difficulties for delays in the development, production, testing and marketing of products including, but not limited to, failure to ship new products and technologies when anticipated, the failure of customers to accept these products or technologies when planned, and defects in products, any failure of economies to develop when planned, the acquisition of fixed assets and other assets, including inventories and receivables, the making or incurring of any expenditures, the effects of and changes in trade, monetary and fiscal policies, laws and regulations, other activities of governments, agencies and similar organizations and social and economic conditions, such as trade restriction or prohibition, inflation and monetary fluctuation, import and other charges or taxes, the ability or inability of the Company to obtain or hedge against foreign currency, foreign exchange rates and fluctuations in those rates, intergovernmental disputes as well as actions affecting frequency, use and availability, spectrum authorizations and licensing, the costs and other effects of legal investigations, claims and changes in those items, developments or assertions by or against the Company relating to intellectual property rights, adaptations of new, or changes in, accounting policies and practices in the application of such policies and practices and the effects of changes within the Company's organization or in compensation benefit plans, and activities of parties with which the Company has an agreement or understanding, including any issues affecting any investment or joint venture in which the Company has an investment, and the amount, and the cost of financing which the Company has, and any changes to that financing.

## PART II - OTHER INFORMATION

## ITEM 1. LEGAL PROCEEDINGS

There are no matters to be reported under this heading.

## ITEM 2. CHANGES IN SECURITIES

There are no matters to be reported under this heading.

## ITEM 3. DEFAULTS UPON SENIOR SECURITIES

There are no matters to be reported under this heading.

## ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

There are no matters to be reported under this heading.

## ITEM 5. OTHER INFORMATION

There are no matters to be reported under this heading.

## ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

## (a) Exhibits

Exhibit 11 - Computation of Earnings Per Share

## (b) Reports on Form 8-K

None

SIGNATURE

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

DIODES INCORPORATED (Registrant)

/s/ Joseph Liu

May 13, 1996

-----  
JOSEPH LIU  
Vice President, Secretary  
and Chief Financial Officer  
(Principal Financial and Accounting Officer)





## DIODES INCORPORATED AND SUBSIDIARIES

## EXHIBIT - 11

## COMPUTATION OF EARNINGS PER SHARE

	THREE MONTHS ENDED	
	1996	1995
PRIMARY		
Weighted average number of common shares outstanding	4,958,596	4,626,009
Weighted average number of preferred shares outstanding	0	169,629
Assumed exercise of stock options	269,527	326,617
	-----	-----
	5,228,123	5,122,255
Net income	\$ 847,529	\$ 982,763
	=====	=====
Primary earnings per share	\$ 0.16	\$ 0.19
	=====	=====
FULLY-DILUTED		
Weighted average number of common shares outstanding	4,958,596	4,626,009
Weighted average number of preferred shares outstanding	0	169,629
Assumed exercise of stock options	261,571	324,422
	-----	-----
	5,220,167	5,120,060
Net income	\$ 847,529	\$ 982,763
	=====	=====
Fully diluted earnings per share	\$ 0.16	\$ 0.19
	=====	=====

3-MOS

	DEC-31-1996	
	JAN-01-1996	
	DEC-31-1996	
		597,000
		0
	8,198,000	
	192,000	
	16,144,000	
	25,849,000	
		4,732,000
		0
	32,525,000	
14,204,000		
		0
0		
		0
	3,784,000	
	13,562,000	
32,525,000		
		13,206,000
	13,206,000	
		9,493,000
	2,457,000	
		0
	192,000	
	123,000	
	1,301,000	
		453,000
		0
		0
		0
		0
	848,000	
	0.16	
	0.16	