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

Date of Report (Date of earliest event reported): August 7, 2014

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)**	**(IRS Employer Identification No.)**

4949 Hedgcoxe Road, Suite 200, Plano, TX	**75024**
(Address of Principal Executive Offices)	**(Zip Code)**

Registrant's Telephone Number, Including Area Code: (972) 987-3900

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

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 (see General Instructions A.2. below):

☐ 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 7, 2014, Diodes Incorporated (the "Company") issued a press release announcing its second quarter 2014 financial results. A copy of the press release is attached as Exhibit 99.1.

As announced in its press release dated April 15, 2014 providing the date, time and live webcast and telephone access information, on August 7, 2014, the Company hosted a conference call to discuss its second quarter 2014 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 7, 2014, 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 the Company's operating results in a manner that enables investors to more thoroughly evaluate its current performance as compared to past performance. The Company also believes these non-GAAP measures provide investors with a more informed baseline for modeling the Company's future financial performance. Management uses these non-GAAP measures for the same purpose. The Company believes that investors should have access to the same set of tools that management uses in analyzing 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 and may differ from similar measures used by other companies

. 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 bus

iness outlook, that is intended to be within the safe harbor provided by the Private Securities Litigation Reform Act of 1995 (the "Act") as comprising forward looking statements within the meaning of the Act.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number	Description
99.1	Press release dated August 7, 2014
99.2	Conference call script dated August 7, 2014
99.3	Question and answer transcript dated August 7, 2014

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.

DIODES INCORPORATED

Dated: August 12, 2014

By /s/ Richard D. White
RICHARD D. WHITE
Chief Financial Officer

EXHIBIT INDEX

Exhibit Number	Description
99.1	Press release dated August 7, 2014
99.2	Conference call script dated August 7, 2014
99.3	Question and answer transcript dated August 7, 2014

Exhibit 99.1

Diodes Incorporated Reports Second Quarter 2014 Financial Results

Achieves Continued Margin Improvement Resulting in Record Gross Profit

Plano, Texas – August 7, 2014 -- 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, 2014.

Second Quarter Highlights

- Revenue was $223.2 million, an increase of 6.3 percent from the $210.0 million in the first quarter of 2014, and an increase of 4.1 percent from the $214.4 million in the second quarter of 2013;
- Gross profit was a record $70.3 million, compared to $61.6 million in the first quarter of 2014 and $61.3 million in the second quarter of 2013;
- Gross profit margin was 31.5 percent, compared to 29.3 percent in the first quarter of 2014 and 28.6 percent in the second quarter of 2013;
- GAAP net income was $17.4 million, or $0.36 per diluted share, compared to $10.2 million, or $0.21 per diluted share in the first quarter of 2014, and $8.6 million, or $0.18 per diluted share in the second quarter of 2013;
- Non-GAAP adjusted net income was $18.2 million, or $0.38 per diluted share, compared to $12.4 million, or $0.26 per diluted share, in the first quarter of 2014 and $15.5 million, or $0.33 per diluted share, in the second quarter of 2013;
- Excluding $2.2 million, net of tax, of share-based compensation expense, GAAP and non-GAAP adjusted net income would have increased by $0.05 per diluted share; and
- Achieved $33.9 million of cash flow from operations, and $22.1 million of free cash flow, including $11.8 million of capital expenditures. Net cash flow was $23.8 million, which includes the pay down of $2.7 million of long-term debt.

Commenting on the results, Dr. Keh-Shew Lu, President and Chief Executive Officer, stated, "Diodes had an exceptional quarter in which results were at the upper end of our guidance range. Revenue grew over six percent sequentially and gross profit reached a quarterly record reflecting our continued improvement of product mix and increased capacity utilization. In fact, our achievement of 31.5 percent gross margin was the highest level since the second quarter of 2011.

"During the quarter, North America and Europe were stronger than expected, which contributed to further gains in the industrial end market. These regions have a solid product mix distribution due to the end markets and customers we serve in these geographies.

"Overall, Diodes continues to execute on our profitable growth strategy across our business. Our strong second quarter results demonstrate the leverage in our operating model, and we expect to generate increased profits and cash as revenue continues to grow."

Second Quarter 2014

Revenue for the second quarter of 2014 was $223.2 million, an increase of 6.3 percent from the $210.0 million in the first quarter of 2014, and an increase of 4.1 percent from the $214.4 million in the second quarter of 2013. Revenue increased due to sequential market share gains across the Company's end markets, in particular for industrial products sold in North America and Europe.

Gross profit for the second quarter of 2014 reached a record $70.3 million, or 31.5 percent of revenue, compared to $61.6 million, or 29.3 percent of revenue in the first quarter of 2014, and compared to $61.3 million, or 28.6 percent of revenue in the second quarter of 2013. The increase in gross profit margin was primarily due to continued improvement of product mix and increased capacity utilization.

Operating expenses for the second quarter of 2014 were $47.1 million, or 21.1 percent of revenue, compared to $47.2 million, or 22.5 percent of revenue, in the first quarter of 2014 and $51.1 million, or 23.8 percent of revenue in the second quarter of 2013.

GAAP net income for the second quarter of 2014 was $17.4 million, or $0.36 per diluted share, compared to $10.2 million, or $0.21 per diluted share in the first quarter of 2014, and compared to $8.6 million, or $0.18 per diluted share in the second quarter of 2013.

Non-GAAP adjusted net income for the second quarter of 2014 was $18.2 million, or $0.38 per diluted share, which excluded, net of tax, $1.6 million of non-cash acquisition related intangible asset amortization costs and a $1.0 million gain on the sale of assets. This compares to non-GAAP adjusted net income of $12.4 million, or $0.26 per diluted share, in the first quarter of 2014 and $15.5 million, or $0.33 per diluted share, in the second quarter of 2013.

The following is a summary reconciliation of GAAP net income to non-GAAP adjusted net income and per share data, net of tax *(unaudited and in thousands, except per share data):*

	Three Months Ended June 30, 2014
GAAP net income	**$ 17,385**
GAAP diluted earnings per share	**$ 0.36**
Adjustments to reconcile net income to adjusted net income:	
Retention costs	**219**
Gain on sale of assets	**(976)**
Amortization of acquisition related intangible assets	**1,581**
Non-GAAP adjusted net income	**$ 18,209**
Non-GAAP adjusted diluted earnings per share	**$ 0.38**

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

Included in the second quarter of 2014 GAAP and non-GAAP adjusted net income was approximately $2.2 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 diluted share. GAAP and non-GAAP adjusted net income would have increased by an additional $0.04 per diluted share in the first quarter of 2014 and $0.05 per diluted share in the second quarter of 2013.

EBITDA, which represents earnings before net interest expense, income tax, depreciation and amortization, was $42.9 million for the second quarter of 2014, compared to $32.8 million for the first quarter of 2014 and $30.2 million for the second quarter of 2013. For a reconciliation of GAAP net income to EBITDA (a non-GAAP measure), see the table near the end of this release for further details.

Net cash provided by operating activities was $33.9 million for the second quarter of 2014. Net cash flow was $23.8 million, which reflects the pay down of $2.7 million of long-term debt. Free cash flow was $22.1 million, which included $11.9 million of capital expenditures.

Balance Sheet

As of June 30, 2014, the Company had approximately $235 million in cash and cash equivalents and approximately $18 million in short-term investments. Long-term debt totaled approximately $163 million. Working capital was approximately $520 million.

Business Outlook

Dr. Lu concluded, "For the third quarter of 2014, we expect revenue to increase to a range of $228 million to $238 million, or up 2.1 percent to 6.6 percent sequentially. We expect gross margin to be 31.8 percent, plus or minus 2 percent. Operating expenses are expected to decrease to approximately 21.0 percent of revenue, plus or minus 1 percent. We expect our income tax rate to be 22 percent, plus or minus 3 percent, and shares used to calculate diluted EPS for the third quarter are anticipated to be approximately 48.8 million."

Conference Call

Diodes will host a conference call on Thursday, August 7, 2014 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 1-855-232-8957 and providing the confirmation code 69511742 at the prompt. International callers may join the conference call by dialing 1-315-625-6979 and providing 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 Thursday, August 14, 2014 at midnight Central Time. The replay number is 1-855-859-2056 with a pass code of 69511742. International callers should dial 1-404-537-3406 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 and 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, AC-DC converters and controllers, 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. Diodes' corporate headquarters 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. Diodes' wafer fabrication facilities are located in Kansas City, Missouri and Manchester, with two additional facilities located in Shanghai, China. Diodes has an assembly and test facility located in Shanghai, in Chengdu, China, as well as in Neuhaus and in Taipei. Additional engineering, sales, warehouse, and logistics offices are located in Fort Worth, Texas; Taipei; Hong Kong; Manchester; Shanghai; Shenzhen, China; Seongnam-si, South Korea; Suwon, South Korea; Tokyo, Japan; and Munich, Germany, with support offices throughout the world. For further information, including SEC filings, visit Diodes' 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: overall, Diodes continues to execute on our profitable growth strategy across our business; our strong second quarter results demonstrate the leverage in our operating model, and we expect to generate increased profits and cash as revenue continues to grow; for the third quarter of 2014, we expect revenue to increase to a range of $228 million to $238 million, or up 2.1 percent to 6.6 percent sequentially; we expect gross margin to be 31.8 percent, plus or minus 2 percent; operating expenses are expected to decrease to approximately 21.0 percent of revenue, plus or minus 1 percent; and we expect our income tax rate to be 22 percent, plus or minus 3 percent, and shares used to calculate diluted EPS for the third quarter are anticipated to be approximately 48.8 million. Potential risks and uncertainties include, but are not limited to, such factors as: the risk that BCD's business will not be integrated successfully into Diodes'; the risk that the expected benefits of the acquisition may not be realized; the risk that BCD's standards, procedures and controls will not be brought into conformance within Diodes' operations; difficulties coordinating Diodes' and BCD's new product and process development, hiring additional management and other critical personnel, and increasing the scope, geographic diversity and complexity of Diodes' operations; difficulties in consolidating facilities and transferring processes and know-how; the diversion of our management's attention from the management of our business; the risk that 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; the risk of 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 including the "Risk Factors," detailed from time to time in Diodes' filings with the United States Securities and Exchange Commission.

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

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DIODES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
(unaudited)
(in thousands, except per share data)

	Three Months Ended June 30, 2014	Three Months Ended June 30, 2013	Six Months Ended June 30, 2014	Six Months Ended June 30, 2013
NET SALES	$ 223,217	$ 214,379	$ 433,203	$ 391,343
COST OF GOODS SOLD	152,913	153,086	301,318	283,867
Gross profit	70,304	61,293	131,885	107,476
OPERATING EXPENSES				
Selling, general and administrative	33,291	35,080	65,621	65,456
Research and development	12,781	12,145	25,701	22,225
Amortization of acquisition related intangible assets	1,991	2,295	3,973	4,204
Restructuring	—	1,535	—	1,535
Gain on sale of assets	(902)	—	(896)	42
Total operating expenses	47,161	51,055	94,399	93,462
Income from operations	23,143	10,238	37,486	14,014
OTHER INCOME (EXPENSES)				
Interest income	437	323	834	403
Interest expense	(1,154)	(1,567)	(2,415)	(2,512)
Other	1,076	1,521	590	2,907
Total other income (expenses)	359	277	(991)	798
Income before income taxes and noncontrolling interest	23,502	10,515	36,495	14,812
INCOME TAX PROVISION	5,651	1,475	8,198	8,049
NET INCOME	17,851	9,040	28,297	6,763
Less: NET INCOME attributable to noncontrolling interest	(466)	(405)	(710)	(54)
NET INCOME attributable to common stockholders	$ 17,385	$ 8,635	$ 27,587	$ 6,709
EARNINGS PER SHARE attributable to common stockholders				
Basic	$ 0.37	$ 0.19	$ 0.59	$ 0.15
Diluted	$ 0.36	$ 0.18	$ 0.57	$ 0.14
Number of shares used in computation				
Basic	46,889	46,148	46,794	46,085
Diluted	48,423	47,507	48,223	47,383

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

DIODES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED RECONCILIATION OF NET INCOME TO ADJUSTED NET INCOME
(in thousands, except per share data)
(unaudited)

For the three months ended June 30, 2014:

	Operating Expenses	Other Income (Expense)	Income Tax Provision	**Net Income**
Per-GAAP				**$ 17,385**
Earnings per share (Per-GAAP)				
Diluted				**$ 0.36**
Adjustments to reconcile net income to adjusted net income:				
Retention costs	258	—	(39)	**219**
Gain on sale of assets	(1,176)	—	200	**(976)**
Amortization of acquisition related intangible assets	1,991	—	(410)	**1,581**
Adjusted (Non-GAAP)				**$ 18,209**
Diluted shares used in computing earnings per share				**48,423**
Adjusted earnings per share (Non-GAAP)				
Diluted				**$ 0.38**

Note: Included in GAAP and non-GAAP adjusted net income was approximately $2.2 million, net of tax, non-cash share-based compensation expense. Excluding share-based compensation expense, both GAAP and non-GAAP adjusted diluted earnings per share would have improved by $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, 2013:

	Cost of Goods Sold	Operating Expenses	Other Income (Expense)	Income Tax Provision	Net Income
Per-GAAP					**$ 8,635**
Earnings per share (Per-GAAP)					
Diluted					**$ 0.18**
Adjustments to reconcile net income to adjusted net income:					
Inventory valuations	3,656	—	—	(548)	**3,108**
Restructuring	—	1,533	—	(406)	**1,127**
Retention costs	—	975	—	(146)	**829**
Amortization of acquisition related intangible assets	—	2,295	—	(470)	**1,825**
Adjusted (Non-GAAP)					**$ 15,524**
Diluted shares used in computing earnings per share					**47,507**
Adjusted earnings per share (Non-GAAP)					
Diluted					**$ 0.33**

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 earnings per share would have improved by $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, 2014:

	Operating Expenses	Other Income (Expense)	Income Tax Provision	Net Income
Per-GAAP				**$ 27,587**
Earnings per share (Per-GAAP)				
Diluted				**$ 0.57**
Adjustments to reconcile net income to adjusted net income:				
Retention costs	948	—	(143)	**805**
Gain on sale of assets	(1,176)	—	200	**(976)**
Amortization of acquisition related intangible assets	3,972	—	(826)	**3,146**
Adjusted (Non-GAAP)				**$ 30,562**
Diluted shares used in computing earnings per share				**48,223**
Adjusted earnings per share (Non-GAAP)				
Diluted				**$ 0.63**

Note: Included in GAAP and non-GAAP adjusted net income was approximately $4.3 million, net of tax, non-cash share-based compensation expense. Excluding share-based compensation expense, both GAAP and non-GAAP adjusted diluted earnings per share would have improved by $0.09 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, 2013:

	Cost of Goods Sold	Operating Expenses	Other Income (Expense)	Income Tax Provision	Net Income
Per-GAAP					**$ 6,709**
Earnings per share (Per-GAAP)					
Diluted					**$ 0.14**
Adjustments to reconcile net income to adjusted net income:					
Inventory valuations	5,484	—	—	(823)	**4,661**
Acquisition costs	—	600	—	110	**710**
Retention costs	—	1,300	—	(195)	**1,105**
Restructuring	—	1,533	—	(406)	**1,127**
Amortization of acquisition related intangible assets	—	4,204	—	(913)	**3,291**
Tax expense related to tax audit	—	—	—	5,447	**5,447**
Adjusted (Non-GAAP)					**$ 23,051**
Diluted shares used in computing earnings per share					**47,383**
Adjusted earnings per share (Non-GAAP)					
Diluted					**$ 0.49**

Note: Included in GAAP and non-GAAP adjusted net income was approximately $4.3 million, net of tax, non-cash share-based compensation expense. Excluding share-based compensation expense, both GAAP and non-GAAP adjusted diluted earnings per share would have improved by $0.09 per share.

ADJUSTED NET INCOME (Non-GAAP)

This measure consists of accounting principles generally accepted in the United States ("GAAP") net income attributable to common stockholders ("net income"), which is then adjusted solely for the purpose of adjusting for retention costs, amortization of acquisition related intangible assets, gain on sale of assets, inventory valuations, acquisition costs, restructuring and tax payments related to tax audit, as discussed below. Excluding retention costs, gain on sale of assets, inventory valuations, acquisition costs, restructuring and tax payments related to tax audit 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 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. For example, we do not adjust for any amounts attributable to noncontrolling interest except for one-time non-cash items outside the course of ordinary business, such as impairment of goodwill. 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.

Detail of non-GAAP adjustments:

Retention costs – The Company excluded costs accrued within operating expenses in regard to the $5 million employee retention plan in connection with the BCD Semiconductor Manufacturing Limited ("BCD") acquisition. The retention payments are payable at the 12, 18 and 24 month anniversaries of the acquisition with the majority of the expense occurring in the first 12 months. Although these retention costs will be recurring every quarter until the final retention payment has been made, they are not part of the employees' normal annual salaries and therefore are being excluded. The Company believes the exclusion of retention costs related to the BCD acquisition provides investors with a more accurate reflection of costs likely to be incurred in the absence of an unusual event such as an acquisition and facilitates comparisons with the results of other periods that may not reflect such costs.

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 recognized through acquisition 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 among companies with respect to this expense.

Gain on sale of assets –During the second quarter of 2014, 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 assets provides investors an enhanced view of a gain the Company may incur from time to time and facilitates comparisons with results of other periods that may not reflect such gains.

Inventory valuations – The Company excluded cost incurred for inventory valuations. The Company adjusted the inventory acquired from the BCD acquisition to account for the reasonable profit allowance for the selling effort on finished goods inventory and the reasonable profit allowance for the completing and selling effort on the work–in-progress inventory. This non-cash adjustment to inventory is not recurring in nature, however it could be recurring to the extent there are additional acquisitions. The Company believes the exclusion of the BCD inventory valuation provides investors with a more accurate reflection of costs likely to be incurred in the absence of an usual event such as an acquisition and facilitates comparisons with the results of other periods that may not reflect such costs.

Acquisition costs – The Company excluded costs associated with acquiring BCD, which consisted of advisory, legal and other professional and consulting fees. These costs were expensed in the first quarter of 2013 when the costs were incurred and services were received, and in which the corresponding tax adjustments were made for the non-deductible portions of these expenses. The Company believes the exclusion of the acquisition related costs provides investors with a more accurate reflection of costs likely to be incurred in the absence of an usual event such as an acquisition and facilitates comparisons with the results of other periods that may not reflect such costs.

Restructuring – The Company has recorded restructuring charges to reduce its cost structure in order to enhance operating effectiveness and improve profitability. These restructuring activities related to our UK development team and the closure of our New York sales office. These restructuring charges are excluded from management's assessment of the Company's operating performance. The Company believes the exclusion of the restructuring charges provides investors an enhanced view of the cost structure of the Company's operations and facilitates comparisons with the results of other periods that may not reflect such charges or may reflect different levels of such charges.

Tax expense related to tax audit – The Company excluded additional tax expense in regard to a tax audit of the China tax authorities. The China government audited the Company's High and New Technology Enterprise ("HNTE") status for the years 2009 through 2014 and determined there was an underpayment for the tax year 2013. The Company has been approved for the HNTE status for 2013 through 2014. Given that 2013 is an isolated occurrence, the additional tax and any penalties and interest associated with the audit are being excluded. The Company believes the exclusion of tax expense related to this tax audit provides investors with a more accurate indication of tax expense likely to be incurred on an ongoing basis and facilitates comparisons with the results of other periods that may not reflect such audit determinations.

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 retention costs, amortization of acquisition related intangible assets, inventory valuations, acquisition costs and tax payments related to tax audit, as discussed above. Excluding retention costs, inventory valuations, acquisition costs and tax payments related to tax audit 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 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. For example, we do not adjust for any amounts attributable to noncontrolling interest except for one-time non-cash items outside the course of ordinary business, such as impairment of goodwill**.** 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 the second quarter of 2014 is a non-GAAP financial measure, which is calculated by taking cash flow from operations less capital expenditures. For the second quarter of 2014, the amount was $22.1 million ($33.9 million less (-) $11.8 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.

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 and non-GAAP measures, in evaluating our operating performance compared to that of other companies in our industry. 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. For example, our EBITDA takes into account all net interest expense, income tax provision, depreciation and amortization without taking into account any attributable to noncontrolling interest. 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,	
	2014	**2013**
Net income (per-GAAP)	$ 17,385	$ 8,635
Plus:		
Interest expense, net	717	1,244
Income tax provision	5,651	1,475
Depreciation and amortization	19,157	18,877
EBITDA (Non-GAAP)	$ 42,910	$ 30,231

	Six Months Ended June 30,	
	2014	**2013**
Net income (per-GAAP)	$ 27,587	$ 6,709
Plus:		
Interest expense, net	1,581	2,109
Income tax provision	8,198	8,049
Depreciation and amortization	38,333	36,435
EBITDA (Non-GAAP)	$ 75,699	$ 53,302

DIODES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS

ASSETS
(in thousands)

	June 30, 2014 (unaudited)	December 31, 2013
CURRENT ASSETS		
Cash and cash equivalents	$ 235,465	$ 196,635
Short-term investments	17,656	22,922
Accounts receivable, net	187,839	192,267
Inventories	182,781	180,396
Deferred income taxes, current	9,823	10,513
Prepaid expenses and other	54,628	47,352
Total current assets	688,192	650,085
PROPERTY, PLANT AND EQUIPMENT, net	312,542	322,013
DEFERRED INCOME TAXES, non current	22,360	28,237
OTHER ASSETS		
Goodwill	85,960	84,714
Intangible assets, net	49,976	53,571
Other	26,705	23,638
Total assets	$ 1,185,735	$ 1,162,258

DIODES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS

LIABILITIES AND EQUITY
(in thousands, except share data)

	June 30, 2014 (unaudited)	December 31, 2013
CURRENT LIABILITIES		
Lines of credit	$ 2,487	$ 5,814
Accounts payable	101,050	89,212
Accrued liabilities	63,134	60,684
Income tax payable	1,241	1,206
Total current liabilities	167,912	156,916
LONG-TERM DEBT, net of current portion	162,702	182,799
OTHER LONG-TERM LIABILITIES	74,324	78,866
Total liabilities	404,938	418,581
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; 47,078,198 and 46,680,973 issued and outstanding at June 30, 2014 and December 31, 2013, respectively	31,387	31,120
Additional paid-in capital	298,920	289,668
Retained earnings	453,915	426,328
Accumulated other comprehensive loss	(45,070)	(44,374)
Total Diodes Incorporated stockholders' equity	739,152	702,742
Noncontrolling interest	41,645	40,935
Total equity	780,797	743,677
Total liabilities and equity	$ 1,185,735	$ 1,162,258

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 2014 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, Thursday, August 7, 2014. I would now like to turn the call over to Leanne Sievers of Shelton Group Investor Relations. Leanne, please go ahead.

Leanne Sievers *- Diodes Inc - EVP of Shelton Group*

Good afternoon and welcome to Diodes' second quarter 2014 financial results 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 7, 2014. 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 to non-GAAP items, 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.

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

Thank you, Leanne. Welcome everyone, and thank you for joining us today.

Diodes had an exceptional second quarter in which results were at the upper end of our guidance range. Revenue grew over six percent sequentially and gross profit reached a quarterly record reflecting our continued improvement of product mix and increased capacity utilization. In fact, our achievement of 31.5 percent gross margin was the highest level since the second quarter of 2011.

During the quarter, North America and Europe were stronger than expected, which contributed to further gains in the industrial end market. These regions have a solid product mix distribution due to the end markets and customers we serve in these geographies.

Overall, Diodes continues to execute on our profitable growth strategy across our business. Our strong second quarter results demonstrate the leverage in our operating model, and we expect to generate increased profits and cash as revenue continues to grow.

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

Rick White - *Diodes Inc - CFO*

Thanks, Dr. Lu, and good afternoon everyone.

Revenue for the second quarter of 2014 was $223.2 million, an increase of 6.3 percent from the $210.0 million in the first quarter of 2014, and an increase of 4.1 percent from the $214.4 million in the second quarter of 2013. Revenue increased due to sequential market share gains across the Company's end markets, in particular for products sold in North America and Europe.
.
Gross profit for the second quarter of 2014 was a record $70.3 million, or 31.5 percent of revenue, compared to the first quarter of 2014 of $61.6 million, or 29.3 percent of revenue, and second quarter of 2013 of $61.3 million, or 28.6 percent of revenue. The increase in gross profit margin was primarily due to continued improvement of product mix and increased capacity utilization.

GAAP operating expenses for the second quarter were $47.2 million, or 21.1 percent of revenue, compared to $47.2 million, or 22.5 percent of revenue, in the first quarter of 2014 and $51.1 million, or 23.8 percent of revenue in the second quarter of 2013. Non-GAAP operating expenses, excluding non-cash acquisition related intangible asset amortization costs and the gain on the sale of assets, were $46.1 million, or 20.6 percent of revenue, in the second quarter of 2014.

Looking specifically at Selling, General and Administrative expenses, SG&A was approximately $33.3 million for the second quarter, or 14.9 percent of revenue, compared to $32.3 million, or 15.4 percent of revenue, in the first quarter and $35.1 million, or 16.4 percent of revenue, in the second quarter of 2013.

Investment in Research and Development for the second quarter was approximately $12.8 million, or 5.7 percent of revenue, compared to $12.9 million, or 6.1 percent of revenue last quarter and $12.1 million, or 5.7 percent of revenue, in the second quarter of 2013.

SG&A plus R&D combined equaled 20.6 percent of revenue which was down 90 basis points sequentially and 140 basis points from 22.0 percent in the second quarter of 2013.

Total Other Income amounted to $360,000 for the second quarter. We had approximately $1.8 million of gain on securities, approximately $440,000 of interest income and approximately $1.2 million of interest expense as well as a $760,000 currency loss.

Income Before Taxes and Noncontrolling Interest in the second quarter of 2014 amounted to $23.5 million, compared to the income of $13.0 million in the first quarter of 2014, and $10.5 million in the second quarter of 2013.

Turning to income taxes, our effective income tax rate for the second quarter was approximately 24 percent, which was at the high end of our guidance of between 19 and 25 percent due to the higher profits from U.S. and Europe.

GAAP net income for the second quarter of 2014 was $17.4 million, or $0.36 (cents) per diluted share, compared to first quarter of 2014 GAAP net income of $10.2 million, or $0.21 (cents) per diluted share, and second quarter of 2013 GAAP net income of $8.6 million, or $0.18 (cents) per diluted share. The share count used to compute GAAP diluted EPS for the second quarter of 2014 was 48.4 million shares.

Second quarter non-GAAP adjusted net income was $18.2 million, or $0.38 (cents) per diluted share, which excluded, net of tax, $1.6 million of non-cash acquisition related intangible asset amortization costs and a $1.0 million gain on the sale of assets. This compares to non-GAAP adjusted net income of $12.4 million, or $0.26 (cents) per diluted share, in the first quarter of 2014 and $15.5 million, or $0.33 (cents) per diluted share, in the second quarter of 2013.

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 the second quarter of 2014 GAAP and non-GAAP adjusted net income was approximately $2.2 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 (cents) per diluted share in the second quarter.

Cash flow generated from operations for the second quarter of 2014 was $33.9 million.

Free cash flow for the second quarter of 2014 was $22.1 million, which included $11.9 million of capital expenditures, and

Net cash flow for the second quarter was a positive $23.8 million, which includes the pay-down of approximately $2.7 million of our long-term debt.

Turning to the balance sheet, at the end of the second quarter, we had approximately $235 million in cash and cash equivalents and $18 million in short-term cash investments. Working capital was approximately $520 million.

At the end of the second quarter, inventory increased by $6 million to approximately $183 million, compared to approximately $177 million at the end of the first quarter of 2014. Inventory in the quarter reflects a $4 million increase in finished goods, a $3 million increase in work-in-process which were partially offset by a $1 million decrease in raw materials. Inventory days were 107 in the second quarter, compared to 108 days last quarter.

At the end of the second quarter, Accounts receivable was approximately $188 million, up about $12 million from first quarter. A/R days were 74, compared to 79 last quarter.

Our long term debt totaled approximately $163 million down $2.7 million from the first quarter.

Second quarter Capital expenditures were $13.3 million, or 6.0 percent of revenue, which was within of our reduced CapEx spending target range of 5 to 9 percent of revenue.

Depreciation and amortization expense for the second quarter was $19.2 million.

Now, turning to our outlook: For the third quarter of 2014, we expect revenue to increase to a range of $228 million and $238 million, or up 2.1 percent to 6.6 percent sequentially. We expect gross margin to be 31.8 percent, plus or minus 2 percent. Operating expenses are expected to be approximately 21.0 percent of revenue, plus or minus 1 percent. We expect our income tax rate to be 22 percent, plus or minus 3 percent, and shares used to calculate diluted EPS for the third quarter are anticipated to be approximately 48.8 million.

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

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

Thank you, Rick, and good afternoon.

As Dr. Lu mentioned, our six percent sequential revenue growth was driven by continued sales expansion in North America and Europe as well as OEM sales globally. OEM sales were up 11 percent while distributor POS increased 2 percent. Distributor POP was up 5 percent and inventory increased 5.6 percent as distributors built inventory in preparation for third quarter ramps. Global channel inventory is healthy and in line and remains under 3 months.

In terms of our end markets, consumer represented 33 percent of revenue, communications 22, industrial 21 percent, computing 20 and automotive was 4 percent. Our strongest market in the quarter was industrial primarily due to strength in North America and Europe, as well as communications as a result of continued gains in smartphones and smartphone chargers. We also had a strong quarter in automotive and better than expected results in computing.

Turning to Global Sales, Asia represented 79 percent of revenue, Europe 11 percent and North America 10 percent.

Design wins were solid across all regions, markets and product lines, and we continue to have a strong pipeline of new products. It was a record quarter for our analog line driven by AC-to-DC, CMOS LDO, LED lighting and load switches, and we also had a strong quarter in discrete for our bipolar transistors and MOSFET products.

During the quarter, we released 88 new discrete products across 20 product lines. Product launches during the quarter were aimed at applications such as power management, where Diodes' devices help to improve energy and power efficiency in chargers, adapters and power supplies for smartphones, tablets, LED TVs and set-top boxes. In particular, several products were launched aimed at meeting the needs of wireless charging and quick-charge devices. Diodes also continued to build upon its position in the automotive market with product launches, design wins and sales momentum for MOSFETs, rectifiers and TVS products.

Starting with the power supply and charging space, Diodes successfully demonstrated at Computex in early June its first Active Rectification controller for USB Power Delivery in AC adapter solutions. The USB PD standard is important for portable device manufacturers as it features faster charging speed in a small, space-saving form factor. Diodes collaborated with Renesas on this exciting development to provide a total solution. Diodes secondary side controller is able to provide exceptional power efficiency both under light load and heavy load charging conditions. In addition to power supply, wireless charging is an important emerging trend. Diodes new Lateral D-MOS technology is well-suited for this space with its ultra-low gate charge and lower on-resistance than competing solutions. Also in the second quarter, Diodes launched two ultra-high density LD-MOS devices in the tiny chip scale packages offering exceptional power efficiency to portable device manufacturers. Lastly, Diodes launched six additional devices from its recently introduced proprietary and ultra-high efficiency TrenchSBR rectifier technology aimed at quick–charging applications.

Next, looking at the Automotive market Diodes continues to execute on our strategy of expanding our presence and footprint in the automotive space. In Q2, we secured a design-in for a tail-light system with a major manufacturer for the 2015 model year. This win was for our miniature-packaged, triple isolated, high-voltage switching diode product. We also introduced a family of automotive-qualified rectifier devices in the PowerDi package series for applications in lighting and reverse battery protection.

Turning to analog, we had a very strong quarter with 95 new analog product releases across 11 product lines during the quarter. In support of the consumer products market, we released a new 5Amp DC-to-DC converter with an adaptive constant on-time control that is targeted at the TV and monitor markets. We also introduced a low voltage DC-to-DC converter for portable products, such as GPS receivers, that maximizes battery life. Also in the consumer products space, we expanded our audio product line with the release of a filterless Class-D audio amplifier for portable wireless speakers. In addition, we increased our packaging options for our single and dual gate logic products, offering the industry's widest range of packages for logic devices in portable applications where board space is at a premium.

Key design wins in the consumer space included Hall sensor and audio amplifier adoption for the rapidly emerging wearables space, including a win on a very high profile consumer device. We also saw major wins for our audio products in TVs, monitors and IP camera applications. Other large-scale consumer product wins included LDOs, load switches and logic into TVs, DVRs and set-top boxes. Key wins in portable applications included an AC-to-DC converter for mobile charging of a portable projector as well as a WiFi dongle for streaming video.

In the communications market, we released a family of low noise, low dropout regulators that are specifically designed for high-density, noise-sensitive smartphone applications. Design win activity remained strong in the cell phone charger market with seven major wins for AC-to-DC converters and voltage reference designs. We also saw the adoption of our filterless Class-D audio amplifiers into a key cell phone platform targeting the China market.

Turning to the industrial space, we released a high performance motor driver that combines PWM and temperature controls as well as a motor pre-driver targeting fans and blowers. We also introduced a family of industrial op-amps and comparators that offer very low power consumption and operate across a wide voltage range. These devices are well-suited for process automation and motion control systems. Key industrial design wins during the quarter included the adoption of our Hall Sensors into several e-meter platforms, as well as a motor control win in the white goods space.

In the LED lighting, we have been seeing strong customer interest for our new triac dimmable LED drivers, which use Pulse Frequency Modulation technology to regulate output current and achieve deep dimming as low as one percent. We also released two new constant current LED drivers targeted at automotive lighting applications. Significant new lighting design wins during the quarter included more than 10 LED bulb replacement sockets, including both dimmable PAR and MR16 lamps.

In summary, Diodes has once again had a strong quarter in terms of product introductions as well as design win momentum across portable, consumer, computing, automotive and industrial applications. We remain focused on expanding our product offerings and customer content across our end markets to ensure continued growth in the coming quarters.

With that, I'll open the floor to questions - Operator?

Exhibit 99.3

DIODES 2Q 2014 EARNINGS CALL

QUESTION AND ANSWER

Operator

(Operator Instructions)

Steve Smigie - *Raymond James & Associates - Analyst*

Great, thanks a lot. Congratulations on a pretty nice quarter, Dr. Lu.

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

Yes, thank you, Steve.

Steve Smigie - *Raymond James & Associates - Analyst*

Sure, no problem. I was hoping you could comment a little bit on industrial strength, and how sustainable you see that?

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

I think that Mark answer this one.

Mark King - *Diodes Inc – SVP Sales & Marketing*

Yes, I think the North American market and European marketplace, which drives a good percentage of our industrial, has been -- continues to be rela strong going into the third quarter. So, I think it's sustainable, certainly into the third quarter. Percentages might tighten a little bit as things ramp little bit, but I think the business base looks okay.

Steve Smigie - *Raymond James & Associates - Analyst*

Okay great, and also you guys had some pretty nice gross margin improvement. I was hoping we could get more of an update on where you are on the B integration the fab utilizations?

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

Well, BCD integration went very smoothly so far, okay, but they do as expected. You remember I kept mention about when they start to ramp up their F there're going to be -- cost some, the reduction or drag down on our GP percent. Okay, because when you put in a new fab, their cost typically is higher t mature fab like their Fab 1 and our K Fab or O Fab. But you know, they're going to continue to ramp, and when we have more and more new product design in and ramp up that new product which -- by the way, most our new products now from analog point of view, is all used in BCD Fab 2 for the new product. A if our new products start to ramp, then their load-in will start to continue, start to get improved, and then of course our Fab 2 will be, go down.

But in general, integration is good.

Steve Smigie - *Raymond James & Associates - Analyst*

Okay great, thank you. I was just hoping you could comment just a little bit on a couple of little nits. As we look into the September quarter, any sp what we might be thinking about interest expense, and what we might be thinking about in terms of options expense?

Rick White - ***Diodes Inc - CFO***

Yes, so interest expense is going to be approximately what it was in this quarter. We had $1.2 million of interest expense, and we had about $400,0
$450,000 worth of interest income. Option expense has been about $2 million, $2.2 million a quarter. We expect that to be about the same next quarter.

Steve Smigie - ***Raymond James & Associates - Analyst***

Okay great, thanks, and just the last question is you paid down some debt in the quarter. Just curious about what your thoughts are about cash use
Obviously paying down the debt's good, but we're also seeing a lot of consolidation in the industry. Any thoughts of cash, or more debt paydown, or hol
it back for acquisitions? Thanks.

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

Okay. We, our plan is, every time we're moving money back, then we'll try to pay off. The goal, the goal is try to pay off $15 million a quarter, and the
will reduce our interest cost. So, that's my plan, but every time we make enough cash and we don't need it for CapEx, then we'd like to bring back to re
pay off some loans.

Steve Smigie - ***Raymond James & Associates - Analyst***

Thank you very much, congratulations.

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

Thank you.

Operator

Our next question comes from the line of Harsh Kumar from Stephens. Your question, please?

Harsh Kumar - ***Stephens, Inc. - Analyst***

Good afternoon, Dr. Lu. I had a couple of questions. Let me start off by asking you about the September guidance. That's typically the quarter whe
would think there'd be a lot of build for the Christmas time frame, and I would have expected somewhat of a better growth. I'm curious if there's any o
events that are going on, Dr. Lu, that you guys are seeing in your business that are affecting maybe growth to some degree?

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

Well, I don't know this Christmas drive already exist, for currently now, you know. In the last several years, before that typically yes, third qua
Christmas drive. But I don't know that Christmas is already exist for the last couple years. You can see you know, last year, and even before l
probably since 2011, we don't see the Christmas ramp-up any more. It's more on the new, like new phone, new tablet, new stuff, when they announce, they
driving the revenue. Different customer, they'd announce different new product that's driving the uptick of the business.

So, I no longer see a major Christmas season any more. That's why our [cyclical] revenue is out of -- is no longer really that much significant there anymore.

Harsh Kumar - ***Stephens, Inc. - Analyst***

Okay, that's helpful, Dr. Lu. And I'm curious if I can ask maybe Mark and Dr. Lu to look out past the September quarter. Historically, you guys have
slightly down, just slightly down a little bit in the December quarter. Should we still expect that to be the case, or will it be different? Or are y
anything different this time?

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

Okay, number one, we really don't give the guidance in the fourth quarter. One quarter away, but I was thinking right now, we see slightly down but i
going to be a big down like last year. Last year, you can see the fourth quarter went down quite a bit, but so

far, the feeling, the market -- I just came back from Taiwan, from Asia Monday this week. Just two or three days ago. And the general feeling over ther see a major drop in fourth quarter. But we don't give any guidance, you know, yet.

Harsh Kumar - ***Stephens, Inc. - Analyst***

That's helpful, Dr. Lu. And can I ask you, it's the last question and I'll get back in line, you talked about Fab 2 in the previous answer to the previous that the gross margin is coming down as you're ramping Fab 2. In terms of when would you expect that effect to go away, and Fab 2 maybe not hav negative impact? How long do you think that might take?

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

Number one, when I say the third quarter might be some effect to compare with second quarter, but that is just really due to the loading up and down now if you are asking for long-term when Fab 2 will not be a drag for our GPM percent, I will expect probably one more year to two more years. And i because the new product ramp, it takes time. Second, to get to the level of very cost-effectively, it take a while.

First, today, the only equipment capacity but then we need to expand some of the equipment to make it fully utilize the space. And when you fully-utilize the clean room, the output is high enough compared with S Fab 1, that BCD Fab 1. Then you can be very cost-effective.

Today, other than the loading at the same time, the capacity is not as big as the Fab 1, and so the cost will be higher.

Harsh Kumar - ***Stephens, Inc. - Analyst***

I got you. Very helpful, Dr. Lu. I'll get back in line. Thank you.

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

Okay, thank you, Harsh.

Operator

Thank you. Our next question comes from the line of Gary Mobley from Benchmark, your question please?

Gary Mobley - ***The Benchmark Company - Analyst***

Hi guys, thanks for taking my question. First, I want to extend my congratulations on a solid quarter, but I wanted to nitpick a little bit on the gross line. If I'm not mistaken, didn't you have a currency headwind in the quarter? And how much did that impact the June quarter gross margin?

Rick White - ***Diodes Inc - CFO***

Oh, I don't know about the gross margin. We had a $760,000 currency loss, but that was in other income and expense. We think just from a margin standi that we have a lot of local costs, and the Pound versus the dollar, we pay salaries, we have expenses. So, we have a natural hedge against those kinds o impacting us significantly in the GPM line.

Gary Mobley - ***The Benchmark Company - Analyst***

Okay, and focusing a bit on the third quarter gross margin guide, the midpoint of that guide is up only about 30 basis points sequentially on an expec 4.5% revenue increase on a sequential basis. Given your depreciation, what, 8%, 9% of revenue, I would've expected just more of a gross margin expans Could you talk a little bit about some of the factors that are sort of built into your gross margin guidance with respect to mix and various other factors?

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

Well, like I just mentioned, probably is because in S Fab 2, you know, BCD Fab 2, because we tried to -- we had too much wafer inventory because we looking at in second quarter, we are looking at second quarter growth. Third quarter growth. We built in, in the loading S Fab 2, and you get to inventory.

And when you go to the third quarter, you started looking at fourth quarter, and 1Q next year. Then we tried to adjust our wafer fab loading to matc revenue assumption on 4Q and 1Q next year.

And therefore, we have some headwind, we intentionally under-load the Fab 2, and that give us some GPM percent problem.

Gary Mobley - ***The Benchmark Company - Analyst***

Okay. Mark, I appreciate the comments about inventory. I think you mentioned that inventory held by distributors is still under 3 months, but do you i specifically how much your inventory at your distributors increased on a sequential basis during the June quarter?

Mark King - ***Diodes Inc – SVP Sales & Marketing***

Yes, I think I said 5.6%.

Gary Mobley - ***The Benchmark Company - Analyst***

Okay, 5.6%.

Mark King - ***Diodes Inc – SVP Sales & Marketing***

It's pretty natural for this period in the quarter.

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

Because it's tied to the revenue growth.

Mark King - ***Diodes Inc – SVP Sales & Marketing***

Right, so we advanced, that advances a little bit. But again, our inventory is as clean as it's ever been.

Gary Mobley - ***The Benchmark Company - Analyst***

Okay, no concerns that the days of chip inventory held by end customers and distributors is inching up, and then maybe once we hit a seasonally soft pa of the year, maybe in the fourth quarter, you might see some ratcheting down of days of inventory held?

Mark King - ***Diodes Inc – SVP Sales & Marketing***

I mean, if distributors, if the market takes a sudden shift, distributor enthusiasm shifts. And you're always subject to that, but the products that we, that buying and I think we feel really good about the way they're positioning their inventory and the way we're working with them to get it in there. So, supportive of POS and so forth. So, I think we feel pretty good unless there's obviously a sudden change in attitude.

Gary Mobley - ***The Benchmark Company - Analyst***

Okay, all right, thank you guys.

Operator

Thank you. Our next question comes from the line of Shawn Harrison from Longbow Research. Your question please?

Shawn Harrison - ***Longbow Research - Analyst***

Hi. I guess a bit in that vein, are there any end markets as you look in either the third quarter or the back half of the year where maybe demand tren little bit more uneven or a little bit dodgy?

Mark King - ***Diodes Inc – SVP Sales & Marketing***

There's a lot of data out there, there's a lot of overly -- I really don't think I can make any comment on that. I mean, we watched the continual computer, that's kind of relatively [inconsistent], we're hoping for a reasonably solid communications for the balance of the year. Our consumer's rel strong after a softer second quarter. North America and Europe appear to be running strong, at least through the third quarter, so industrial shoul Automotive looks pretty strong, although it's still a small portion of our overall sales.

Shawn Harrison - ***Longbow Research - Analyst***

Okay, and then I can't remember if you touched on this, but pricing dynamics this past couple quarters have been pretty benign. Has there been any chang that outlook?

Mark King - ***Diodes Inc – SVP Sales & Marketing***

I think if anything, things are pretty stable.

Shawn Harrison - ***Longbow Research - Analyst***

Okay.

Mark King - ***Diodes Inc – SVP Sales & Marketing***

At this point.

Shawn Harrison - ***Longbow Research - Analyst***

And then finally, just in case I missed it Rick, what's the CapEx forecast for the third quarter on a dollar basis, and maybe the rest of the year?

Rick White - ***Diodes Inc - CFO***

Well, we're shooting for 5% to 9% of revenue, so for the year it'd be 5% to 9% of whatever you have for the forecast for the revenue.

Shawn Harrison - ***Longbow Research - Analyst***

Okay, what would push it up toward the upper end of the range for the year?

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

No, I don't think we push -- if you look at it, 7% is the midpoint, and if you look at this second quarter –

Rick White - ***Diodes Inc - CFO***

This quarter was 6%. So, if we're going to hit the midpoint of 7% then we might spend a little bit more in the third quarter or fourth quarter to move th the midpoint, but it's just equipment availability -- when the manufacturing guys need the equipment, those kinds of things. And CAT, CapEx too. Chengd [assembly test].

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

We already start to kick off the CAT, the Chengdu assembly, and are currently is a building, the power -- okay, the government going to bring the po the [red point] and then we will spend the money to bring the power inside. And then we will start to put some MERFEI, get ready to bring the CAT running. So, we spend some money on the CAT.

Shawn Harrison - ***Longbow Research - Analyst***

Okay, very helpful. Thanks so much and congratulations on the results.

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

Thank you.

Operator

Our next question comes from the line of Suji De Silva from Topeka, your question please?

Suji De Silva - ***Topeka Capital Markets - Analyst***

Hi guys, nice job on the quarter. I don't know if you've provided this in the past, but can you provide the third quarter guidance color around end markets?

Mark King - ***Diodes Inc – SVP Sales & Marketing***

We don't, we can't do that.

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

We don't. We just give the guidance on the revenue plan and GP plan, gross profit plan.

Suji De Silva - ***Topeka Capital Markets - Analyst***

Okay. I wasn't sure if we did it in the past, I can't remember. And then, the smartphone and the tablet program wins, and the one you already have, can you talk about whether your mix of exposure there is the premium market versus the emerging sort of China mid-range market and whether there's a gross m differential if one does well versus the other?

Mark King - ***Diodes Inc – SVP Sales & Marketing***

I think we'd probably be more on the premium side with sites of some strong growth in the mid-level, as we go forward. And I don't want to comment on margins of those differences.

Suji De Silva - ***Topeka Capital Markets - Analyst***

Okay. And then lastly, you mentioned somewhat I think were new opportunities end-market-wise, with the wireless charging and wearables. Can you just about whether there's a sizeable opportunity and if those kind of come in at higher margins, since they're newer opportunities? Thanks.

Mark King - ***Diodes Inc – SVP Sales & Marketing***

I think that most of those are premium products, so obviously they would lend themselves towards our -- towards higher margins. And I would say growing market, whether it's sizeable, but it's important.

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

Typically, our new product is target at higher margin, and this charger obviously is a new product.

Suji De Silva - ***Topeka Capital Markets - Analyst***

Great. Thanks, guys.

Operator

Thank you. Our next question comes from the line of Christopher Longiaru from Sidoti & Company. Your question please?

Christopher Longiaru - ***Sidoti & Company - Analyst***

Hey guys, congratulations on the quarter.

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

Okay, thank you, Chris.

Christopher Longiaru - ***Sidoti & Company - Analyst***

So my first question, kind of piggybacking off Suji's question. Even though you can't give kind of specific idea of where your guidance is coming from, ca you comment on some areas where there's relative strength that you're seeing, that gave you the confidence in your guide for September?

Mark King - ***Diodes Inc – SVP Sales & Marketing***

Yes, I think we see improvements in all of our segments. I thought we had a relatively soft second quarter in the consumer market. I think we'll see improvements there. I think we're progressing forward in the communications market. We have stable or -- I mean, as a percentage maybe not as stable on industrial side, because we have some faster-growing markets probably in this quarter in Asia, and I thought automotive was relatively strong. So, I really across the board, the only one that I don't really have a clear picture of exactly of whether it's going to be flat or how up it's going to be, is the market.

Christopher Longiaru - ***Sidoti & Company - Analyst***

Okay, and just to clarify, so computer was -- computing was pretty stable in 2Q?

Mark King - ***Diodes Inc – SVP Sales & Marketing***

Right.

Christopher Longiaru - ***Sidoti & Company - Analyst***

Yes, okay. And then, just in terms of comms, is the strength you're seeing in comms off the weakness you kind of saw in 2Q, is that kind of relatively nor strength that you'd see for 3Q? Is it abnormal? Can you just comment on how it compares to last year?

Mark King - ***Diodes Inc – SVP Sales & Marketing***

We had a reasonably good second quarter in comm, so we were actually up. And we see continued improvements in Q3, although not everybody's running full steam. So, it's a little bit more muted than we would have liked it to be, but it still looks pretty solid.

Christopher Longiaru - ***Sidoti & Company - Analyst***

Okay, and then just lastly, this one's for Rick. You talked about a pretty slight increase in your OpEx actually being down as to percentage of sales. C just kind of break that -- is that kind of an equal move up or is more of it in R&D? Can you just give us an idea of where the numbers lie between the two?

Rick White - ***Diodes Inc - CFO***

Yes. So, if you take the GAAP number, it was 21.1% of revenue in the second quarter, and we said 21% in the third quarter. Now, you have to remember the second quarter included a gain on the sale of assets, and so you would take out of that 21.1% a gain of 1.2%, and then so it really looks like from perspective it's going from 21.5% down to 21%.

Christopher Longiaru - ***Sidoti & Company - Analyst***

Okay.

Rick White - ***Diodes Inc - CFO***

Did that answer your question?

Christopher Longiaru - ***Sidoti & Company - Analyst***

Yes, it does. And just lastly, in terms of the Fab 2 progression, you said -- I think Dr. Lu said it was going to take somewhere between a year and two before it's not a drag on gross margins. Is that kind of a step-up function as you go forward, or do you see that being kind of relative improvements ove course of that time period, and can you give us a little bit of an idea how that progresses?

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

Well, I think as I mentioned, we now most our analog product is design use in the process provided by Fab 2. We move everything we want to move from F 1 to Fab 2, that's already completed and now what we do is all the new products, or majority of new products, for analog which can be loaded in Fab 2 used in Fab 2, [kept to] technology or process technology. But the new product take a while to ramp it up. And then, after they ramp it up and then usei the equipment capacity, then we're adding some more capacity to make sure the capacity can fully utilize the clean room space, and make sure that ou will be big enough or the capacity big enough to bring the costs down.

So, when you asking, when you're looking at when that clean room can be fully utilized, and loading can be fully utilized, it take a while. And that's mention probably you know, up to 2016 because it takes time to ramp it up.

Rick White - ***Diodes Inc - CFO***

I think the specific answer to your question is that it's not going to be a step function. It's going to be an improvement over time, as we ramp up and mo wafers get loaded.

Christopher Longiaru - ***Sidoti & Company - Analyst***

Great guys, thanks, it's helpful. I'll jump out.

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

Yeah, and the question, last year I think we said BCD, I think in the last 2013 we said BCD affect our overall margin 1.5%.

Rick White - ***Diodes Inc - CFO***

Right, that's right.

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

So you can see, you can assume okay, improve some but Diodes improved, too. So, that overall effect, we don't know yet because we are not in the wh year. But 2013, we do announce BCD give us about 1.5% GPM percent effect.

Christopher Longiaru - ***Sidoti & Company - Analyst***

Got it, that's very helpful. Thank you, guys.

Operator

Thank you. Our next question comes from the line of Tristan Gerra, from Baird. Your question, please?

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

Hi, good afternoon. Hopefully you can hear me okay. Could you say whether there was any slight constraint, notably (technical difficulty) –

Mark King - ***Diodes Inc – SVP Sales & Marketing***

You cut out.

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

utilization rates where in Q2 and what do you expect in Q3?

Rick White - ***Diodes Inc - CFO***

So you asked about supply constraints in Q2 and the impact of that on Q3?

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

Well, to know whether there was any supply constraints in Q2 and also your utilization rates in both Q2 and Q3?

Rick White - ***Diodes Inc - CFO***

Yes, so basically there were no significant supply constraints in the second quarter, and Dr. Lu already talked about us dialing back the Fab 2, S
capacity utilization because of the inventory situation on S Fab 2 wafers in the third quarter.

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

Okay, and what about the utilization rates total for the company?

Rick White - ***Diodes Inc - CFO***

For the company?

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

Yeah, the utilization rate as a percentage. Is that a number that you're willing to provide?

Rick White - ***Diodes Inc - CFO***

No, not for the Company, no.

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

Okay. And then, also in terms of your Q3 outlook, are you embedding PC trends relatively in line with seasonal? Do you expect the above-expectatio
trends in Q2 to continue into the second half?

Mark King - ***Diodes Inc – SVP Sales & Marketing***

We don't really trend it. We really view specific customers, so you know, we might buck the trend a little bit based on the customer base that we servi
we expected slight improvements in Q3 off of better-than-expected Q2.

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

Okay, that helps a lot. Thank you very much.

Operator

Thank you. Our next question comes from the line of Vernon Essi from Needham & Company. Your question, please?

Vernon Essi - ***Needham & Company - Analyst***

Thank you very much. I was wondering, Dr. Lu, if you could clarify -- and I may have misheard something here earlier in the call -- you were responding question, you were talking about demand expectations in the fourth quarter over in China dropping? I was wondering if you could just expand upon tha maybe I misheard that?

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

No, I didn't say China going to be, I just said typically 4Q for semiconductor is weaker than 3Q quarter. I didn't particularly mention China. What I relative to is in the past, several years ago, you have a Christmas build in 3Q, and I said no longer for me to see a big upside for the Christmas build. And then, if that happen, then typically 3Q very up and then 4Q down quite a bit because Christmas will be over.

But right now, we don't really tie to that much for the Christmas build. We're more tied to is our customer announce their new gauge or new product, build, they ramp it up, we ramp it up, they ramp down, we ramp down. But I didn't say anything about China fourth quarter would be soft.

Vernon Essi - ***Needham & Company - Analyst***

Okay, thanks for clarifying that. And then the second question, Mark, this is kind of a long one so bear with me. But you mentioned a lot of products LED lighting area, and I admit I tend to ignore these products that most analog companies discuss. It just seems like a tough market, it's hard to get mass, it's very fragmented. So, I guess two questions along that line First off, is this market large enough to move the needle for you? I mean, is this som that could approach 3% to 5% of your revenue maybe in three to five years? And also, is there a dynamic out there where the bulb manufacturers are towards companies of your profile, more general purpose, analog and discretes, as opposed to guys that are producing more advanced solutions for the m due to cost reasons?

Mark King - ***Diodes Inc – SVP Sales & Marketing***

I would say that in the last statement, I would say yes. I mean, I think that the bulb people and the lighting people are looking for cost-effective soluti some of the more traditional suppliers are -- or higher-end analog suppliers -- it'll become a more difficult market for. Regarding the 3% to 5%, at the rate we planned probably not, but it's still an important market and it's an important piece, and it really connects very, very well with our whole strategy on charger and so forth.

So, I think we segment it, but it's really part of an overall product line and an overall product mix that's important from our BCD acquisition. So, we c it important. We think it drives reasonable margins, and we think it's an important part of building our whole analog pie.

Vernon Essi - ***Needham & Company - Analyst***

Okay, thank you.

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

And then we move, in addition of the general market or general lighting, actually we believe you know, the smart lighting is an area you can get profitability for the smart lighting. So, we -- even currently we don't have that much revenue coming from smart lighting, but smart lighting is one of th I'd like to focus on, which is not necessarily going to be a commodity type of product.

Vernon Essi - ***Needham & Company - Analyst***

Okay, thank you.

Operator

Our next question comes from the line of Liwen Zhang from Blaylock, your question please?

Liwen Zhang - ***Blaylock Robert Van, LLC - Analyst***

Thank you for taking my questions, and congratulations, and only one from me. So, you guys narrowed the guidance in early June, and now the results i also a little bit lower than the high end of guidance. So, what prevented Diodes from reaching the high end of the guidance in terms of revenue? Thank you.

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

In terms of revenue, in terms of GP?

Liwen Zhang - ***Blaylock Robert Van, LLC - Analyst***

Revenue.

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

Okay. We update guidance you are talking about, is we raise is the GP, not the revenue. We hold in the revenue the same for our update guidance.

Rick White - ***Diodes Inc - CFO***

Yes, I don't have it with me right here.

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

Yes, so do we -- what's our guidance? Do we, Rick, do we do much better than our revenue guidance?

Rick White - ***Diodes Inc - CFO***

We're right at the midpoint.

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

I know we do better on our GP guidance.

Rick White - ***Diodes Inc - CFO***

Right.

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

And then we raise the guidance, and then we still hitting the high end. Okay.

Rick White - ***Diodes Inc - CFO***

Yes, so why don't you let us look that up and we'll give you a better answer?

Liwen Zhang - ***Blaylock Robert Van, LLC - Analyst***

Okay, thank you.

Operator

Thank you. Our next question is a follow-up question from the line of Harsh Kumar from Stephens. Your question please?

Harsh Kumar - ***Stephens, Inc. - Analyst***

Dr. Lu, I was curious if Mark or Dr. Lu can talk about your relative position in the China handset market. It seems like the local Chinese handset vend growing really fast, and I'm curious how you would characterize your positioning there?

Mark King - ***Diodes Inc – SVP Sales & Marketing***

I would say we're growing our position there. I think in the past we've focused on different customers, but I think that we have a position and we ha growing position. Although the content isn't quite as significant in the China handset markets.

Harsh Kumar - ***Stephens, Inc. - Analyst***

That's fair, thank you so much. Appreciate it.

Operator

Thank you. This does conclude the question-and-answer session of today's program. I'd like to hand the program back to Dr. Lu for any further remarks.

Keh-Shew Lu - Diodes Inc - President and CEO

Okay well, if no more question, thank you for your participation today. Operator, you may now disconnect.

Operator

Thank you. Thank you, ladies and gentlemen, for your participation in today's conference. This does conclude the program. You may now disconnect. Go day.