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

FORM 8-K

CURRENT REPORT

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

May 8, 2012
Date of Report (Date of earliest event reported)

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

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

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

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

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

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

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

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

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

Item 2.02 Results of Operations and Financial Condition.

On May 8, 2012, Diodes Incorporated (the “Company”) issued a press release announcing its first quarter 2012 financial results. A copy of the press release is attached as Exhibit 99.1.

On May 8, 2012, the Company hosted a conference call to discuss its first quarter 2012 financial results. A recording of the conference call has been posted on its website at www.diodes.com. A copy of the script is attached as Exhibit 99.2.

During the conference call on May 8, 2012, Dr. Keh-Shew Lu, President and Chief Executive Officer of the Company, as well as Richard D. White, Chief Financial Officer, Mark King, Senior Vice President of Sales and Marketing, and Laura Mehrl, Director of Investor Relations, made additional comments during a question and answer session. A copy of the transcript is attached as Exhibit 99.3.

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

Item 7.01 Regulation FD Disclosure.

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

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

See exhibit index.

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

SIGNATURES

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

Dated: May 11, 2012

DIODES INCORPORATED

By /s/ Richard D. White

RICHARD D. WHITE
Chief Financial Officer

EXHIBIT INDEX

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

Exhibit 99.1

Diodes Incorporated Reports First Quarter 2012 Financial Results

Achieves Sequential Revenue Growth Despite Typical Seasonality; Strong Revenue Growth Projected for the Second Quarter

Plano, Texas – May 8, 2012 – Diodes Incorporated (Nasdaq: DIOD), a leading global manufacturer and supplier of high-quality application specific standard products within the broad discrete, logic and analog semiconductor markets, today reported its financial results for the first quarter ended March 31, 2012.

First Quarter Highlights

- Revenue was $144.7 million, an increase of 1.0 percent from the $143.3 million in the fourth quarter 2011, and a decrease of 10.5 percent over the $161.6 million in the first quarter 2011;
- Gross profit was $33.7 million, compared to $35.5 million in the fourth quarter 2011 and $57.4 million in the first quarter 2011;
- Gross profit margin was 23.3 percent, compared to 24.8 percent in the fourth quarter 2011, and 35.5 percent in the first quarter 2011;
- GAAP net income was $4.9 million, or $0.10 per diluted share, compared to fourth quarter 2011 of $3.1 million, or $0.07 per diluted share, and first quarter 2011 of $19.7 million, or $0.42 per diluted share;
- Non-GAAP adjusted net income was $4.1 million, or $0.09 per diluted share, compared to fourth quarter 2011 of $4.0 million, or $0.09 per diluted share, and first quarter 2011 of $21.8 million, or $0.47 per diluted share;
- Excluding $2.3 million of share-based compensation expense, both GAAP and non-GAAP adjusted net income would have increased by $0.05 per diluted share; and
- Achieved $13.4 million cash flow from operations, $47.2 million net cash flow, and $1.5 million free cash flow, including $6.6 million in capital expenditures for the Chengdu site development.

Commenting on the results, Dr. Keh-Shew Lu, President and Chief Executive Officer of Diodes Incorporated, stated, “After Chinese New Year we began to see signs of a recovery in our end markets. We took advantage of this renewed strength by significantly reducing our lower margin finished goods inventory, which helped to support revenue and secure incremental market share gains. Overall, we reduced our finished goods inventory by 20 percent while channel inventory declined three percent. As a result, we achieved moderate sequential revenue growth, which is significantly better than the typical seasonal slowness. However, our decision to reduce inventory combined with the increased pricing pressure and lower utilization continued to impact margins during the quarter. We believe the first quarter represents the low point in the cycle and that overall demand is beginning to improve across all of our geographies. As such, we have shifted our strategy back to our growth model to aggressively capture additional market share. We have begun adding capacity for new, more advanced packaging at our Shanghai facilities to support our continued growth. As the demand and pricing environment improves further, we will transition available capacity to higher margin products to enhance our product mix and margins going forward.

"Overall, I am pleased with our results for the quarter, and our expectation for continued growth in the second quarter is further evidence of the improvement in our business and the general economic conditions. As I have stated in the past, the flexibility of our business model has allowed us to consistently deliver profitability, gain market share and even grow revenue during down economic cycles. I believe we are well positioned for growth and that our strategy will continue to produce growth rates that exceed our addressable markets."

First Quarter 2012

Revenue for the first quarter 2012 was $144.7 million, an increase of 1.0 percent over the $143.3 million in the fourth quarter 2011, and a decrease of 10.5 percent from the $161.6 million in the first quarter 2011. Revenue was up sequentially due to general improvements in end market demand late in the quarter.

Gross profit for the first quarter 2012 was $33.7 million, or 23.3 percent of revenue, compared to $35.5 million, or 24.8 percent of revenue, in the fourth quarter 2011, and $57.4 million, or 35.5 percent, in the first quarter 2011. Gross profit margin continued to be impacted by a weak pricing environment, a higher mix of lower margin products, and the Company's decision to strategically reduce lower margin finished goods inventory.

First quarter 2012 GAAP net income was $4.9 million, or $0.10 per diluted share, compared to GAAP net income of $3.1 million, or $0.07 per diluted share, in the fourth quarter 2011, and GAAP net income of $19.7 million, or $0.42 per diluted share, in the first quarter 2011.

Non-GAAP adjusted net income for the first quarter 2012 was $4.1 million, or $0.09 per diluted share, which excluded, net of tax, $0.8 million of non-cash acquisition related intangible asset amortization costs and a $1.6 million gain on the sale of assets, compared to non-GAAP adjusted net income of $4.0 million, or $0.09 per diluted share, in the fourth quarter 2011 and $21.8 million, or $0.47 per diluted share, in the first quarter 2011. The following is a summary reconciliation of GAAP net income to non-GAAP adjusted net income and per share data, net of tax (*in thousands, except per share data):*

	Three Months Ended March 31, 2012
GAAP net income	**$ 4,871**
GAAP diluted earnings per share	**$ 0.10**
Adjustments to reconcile net income to adjusted net income:	
Amortization of acquisition related intangible assets	**805**
Gain on sale of assets	**(1,613)**
Non-GAAP adjusted net income	**$ 4,063**
Non-GAAP adjusted diluted earnings per share	**$ 0.09**

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

Included in first quarter 2012 GAAP and non-GAAP adjusted net income was approximately $2.3 million, net of tax, non-cash share-based compensation expense. Excluding share based compensation expense, both GAAP and non-GAAP adjusted diluted EPS would have increased by an additional $0.05 per share.

EBITDA, which represents earnings before net interest expense, income tax, depreciation and amortization, for the first quarter 2012 was $21.2 million, compared to $19.7 million for the fourth quarter 2011, and $41.1 million for the first quarter 2011. For a reconciliation of GAAP net income to EBITDA (non-GAAP), see the table below.

As of March 31, 2012, Diodes had approximately $177 million in cash and cash equivalents, and working capital was approximately $368 million. In addition, during the first quarter 2012, $40 million was borrowed in the form of a term loan, which may be used for general corporate purposes, potential acquisitions, to finance temporary cash shortages, capital expenditure needs and to fund on-going operations.

Business Outlook

Dr. Lu concluded, "With further evidence of improvement in overall demand as well as our increased new project design win activity we are returning to our growth model and expect revenue in the second quarter to range between $155 million and $164 million, or up 7 percent to 13 percent sequentially. We expect gross margin to be 26 percent, plus or minus 2 percent. Operating expenses, without consideration of any gain on sale of assets, are expected to be down slightly from first quarter on a percent of revenue basis. We expect our income tax rate to range between 7 and 13 percent, and shares used to calculate GAAP EPS for the second quarter are anticipated to be approximately 47.2 million."

Conference Call

Diodes will host a conference call on Tuesday, May 8, 2012 at 4:00 p.m. Central Time (5:00 p.m. Eastern Time) to discuss its first quarter financial results. Investors and analysts may join the conference call by dialing 1-866-825-3308 and providing the confirmation code 49504100. International callers may join the teleconference by dialing 1-617-213-8062 and enter the same confirmation code at the prompt. A telephone replay of the call will be made available approximately two hours after the call and will remain available until Friday, May 11, 2012 at midnight Central Time. The replay number is 1-888-286-8010 with a pass code of 56948236. International callers should dial 1-617-801-6888 and enter the same pass code at the prompt. Additionally, this conference call will be broadcast live over the Internet and can be accessed by all interested parties on the Investors section of Diodes' website at http://www.diodes.com. To listen to the live call, please go to the Investors section of Diodes' website and click on the conference call link at least 15 minutes prior to the start of the call to register, download and install any necessary audio software. For those unable to participate during the live broadcast, a replay will be available shortly after the call on Diodes' website for approximately 60 days.

About Diodes Incorporated

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

Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995: Any statements set forth above that are not historical facts are forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. Such statements include statements regarding our expectation that: Strong Revenue Growth Projected for the Second Quarter; overall demand is beginning to improve across all of our geographies; as such, we have shifted our strategy back to our growth model to aggressively capture additional market share; we have begun adding capacity for new, more advanced packaging at our Shanghai facilities to support our continued growth; as the demand and pricing environment improves further, we will transition available capacity to higher margin products to enhance our product mix and margins going forward; our expectation for continued growth in the second quarter is further evidence of the improvement in our business and the general economic conditions; as I have stated in the past, the flexibility of our business model has allowed us to consistently deliver profitability, gain market share and even grow revenue during down economic cycles; I believe we are well positioned for growth and that our strategy will continue to produce growth rates that exceed our addressable markets; with further evidence of improvement in overall demand as well as our increased new project design win activity we are returning to our growth model and expect revenue in the second quarter to range between $155 million and $164 million, or up 7 percent to 13 percent sequentially; we expect gross margin to be 26 percent, plus or minus 2 percent; operating expenses, without consideration of any gain on sale of assets, are expected to be down slightly from first quarter on a percent of revenue basis; and we expect our income tax rate to range between 7 and 13 percent, and shares used to calculate GAAP EPS for the second quarter are anticipated to be approximately 47.2 million. Potential risks and uncertainties include, but are not limited to, such factors as: we may not be able to maintain our current growth strategy or continue to maintain our current performance, costs and loadings in our manufacturing facilities; risks of domestic and foreign operations, including excessive operation costs, labor shortages and our joint venture prospects; unfavorable currency exchange rates; our future guidance may be incorrect; the global economic weakness may be more severe or last longer than we currently anticipated; and other information detailed from time to time in the Company's filings with the United States Securities and Exchange Commission.

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

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

	Three Months Ended March 31, 2012	Three Months Ended March 31, 2011	Three Months Ended December 31, 2011
NET SALES	$ 144,663	$161,555	$ 143,313
COST OF GOODS SOLD	110,957	104,162	107,818
Gross profit	33,706	57,393	35,495
OPERATING EXPENSES			
Selling, general and administrative	22,146	21,410	22,585
Research and development	7,164	6,518	6,876
Amortization of acquisition related intangible assets	1,095	1,135	1,095
Loss (gain) on sale of assets	(2,199)	53	(80)
Total operating expenses	28,206	29,116	30,476
Income from operations	5,500	28,277	5,019
OTHER INCOME (EXPENSES)			
Interest income	172	221	175
Interest expense	(123)	(934)	(116)
Amortization of debt discount	—	(1,984)	—
Other	638	(481)	(1,020)
Total other income (expenses)	687	(3,178)	(961)
Income before income taxes and noncontrolling interest	6,187	25,099	4,058
INCOME TAX PROVISION	618	4,835	245
NET INCOME	5,569	20,264	3,813
Less: NET INCOME attributable to noncontrolling interest	(698)	(580)	(698)
NET INCOME attributable to common stockholders	$ 4,871	$ 19,684	$ 3,115
EARNINGS PER SHARE attributable to common stockholders			
Basic	$ 0.11	$ 0.44	$ 0.07
Diluted	$ 0.10	$ 0.42	$ 0.07
Number of shares used in computation			
Basic	45,460	44,820	45,425
Diluted	46,935	46,680	46,599

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

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

For the three months ended March 31, 2012:

	Operating Expenses	Other Income (Expense)	Income Tax Benefit	Net Income
GAAP				**$ 4,871**
Earnings per share (GAAP)				
Diluted				**$ 0.10**
Adjustments to reconcile net income to adjusted net income:				
Amortization of acquisition related intangible assets	1,095	—	(290)	**805**
Gain on sale of assets	(2,122)	—	509	**(1,613)**
Adjusted (Non-GAAP)				**$ 4,063**
Diluted shares used in computing earnings per share				**46,935**
Adjusted earnings per share (Non-GAAP)				
Diluted				**$ 0.09**

Note: Included in GAAP and non-GAAP adjusted net income was approximately $2.3 million, net of tax, non-cash share-based compensation expense. Excluding share based compensation expense, both GAAP and non-GAAP adjusted diluted EPS would have increased by an additional $0.05 per share.

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

For the three months ended December 31, 2011:

	Operating Expenses	Other Income (Expense)	Income Tax Provision	Net Income
GAAP				**$ 3,115**
Earnings per share (GAAP)				
Diluted				**$ 0.07**
Adjustments to reconcile GAAP net income to Non-GAAP adjusted net income:				
Amortization of acquisition related intangible assets	1,095	—	(230)	**865**
Adjusted (Non-GAAP)				**$ 3,980**
Diluted shares used in computing earnings per share				**46,599**
Adjusted earnings per share (Non-GAAP)				
Diluted				**$ 0.09**

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

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

For the three months ended March 31, 2011:

	Operating Expenses	Other Income (Expense)	Income Tax Provision	Net Income
GAAP				**$ 19,684**
Earnings per share (GAAP)				
Diluted				**$ 0.42**
Adjustments to reconcile net income to adjusted net income:				
Amortization of acquisition related intangible assets	1,135	—	(318)	**817**
Amortization of debt discount	—	1,984	(694)	**1,290**
Adjusted (Non-GAAP)				**$21,791**
Diluted shares used in computing earnings per share				**46,680**
Adjusted earnings per share (Non-GAAP)				
Diluted				**$ 0.47**

Note: Included in GAAP and non-GAAP adjusted net income was approximately $2.1 million, net of tax, non-cash share-based compensation expense. Excluding this expense, both GAAP and non-GAAP adjusted diluted EPS would have increased by an additional $0.04 per share.

ADJUSTED NET INCOME (Non-GAAP)

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

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

Gain on sale of assets – The Company excluded the gain recorded for the sale of an intangible asset. During the first quarter 2012, the Company sold an intangible asset located in Europe and this gain was excluded from management's assessment of the Company's core operating performance as this long-lived asset was a non-core intellectual asset. The Company believes the exclusion of the gain on sale of this intangible asset 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.

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

ADJUSTED EARNINGS PER SHARE (Non-GAAP)

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

CASH FLOW ITEMS

Free cash flow (FCF) (Non-GAAP)

FCF for first quarter 2012 is a non-GAAP financial measure, which is calculated by taking cash flow from operations less capital expenditures. For first quarter 2012, the amount was $1.5 million ($13.5 million less (-) $12.0 million). FCF represents the cash and cash equivalents that we are able to generate after taking into account cash outlays required to maintain or expand property, plant and equipment. FCF is important because it allows us to pursue opportunities to develop new products, make acquisitions and reduce debt.

DIODES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED RECONCILIATION OF NET INCOME TO EBITDA

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

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

	Three Months Ended March 31,		Three Months Ended December 31,
	2012	2011	2011
Net income (GAAP)	$ 4,871	$19,684	$ 3,115
Plus:			
Interest income (expense), net (1)	(49)	2,697	(59)
Income tax provision	618	4,835	245
Depreciation and amortization	15,773	13,923	16,382
EBITDA (Non-GAAP)	$ 21,213	$ 41,139	$ 19,683

(1) Includes $2.0 million for the three months ended March 31, 2011 and $0.00 for all other periods, of amortization of debt discount.

DIODES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS

ASSETS
(in thousands)

	March 31, 2012 (Unaudited)	December 31, 2011
CURRENT ASSETS		
Cash and cash equivalents	$ 176,728	$129,510
Accounts receivable, net	139,695	132,408
Inventories	134,470	140,337
Deferred income taxes, current	5,358	5,450
Prepaid expenses and other	21,685	19,093
Total current assets	477,936	426,798
PROPERTY, PLANT AND EQUIPMENT, net	227,328	225,393
DEFFERRED INCOME TAXES, non current	26,863	26,863
OTHER ASSETS		
Goodwill	69,424	67,818
Intangible assets, net	23,619	24,197
Other	22,638	21,995
Total assets	$ 847,808	$ 793,064

DIODES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS

LIABILITIES AND EQUITY
(in thousands, except share data)

	March 31, 2012 *(Unaudited)*	December 31, 2011
CURRENT LIABILITIES		
Lines of credit	$ 10,517	$ 8,000
Accounts payable	66,915	66,063
Accrued liabilities	29,455	30,793
Income tax payable	3,117	4,855
Total current liabilities	110,004	109,711
LONG-TERM DEBT, net of current portion	42,826	2,857
CAPITAL LEASE OBLIGATIONS, net of current portion	1,002	1,082
OTHER LONG-TERM LIABILITIES	34,703	30,699
Total liabilities	188,535	144,349
COMMITMENTS AND CONTINGENCIES		
EQUITY		
Diodes Incorporated stockholders' equity		
Preferred stock-par value $1.00 per share; 1,000,000 shares authorized; no shares issued or outstanding	—	—
Common stock-par value $0.66 2/3 per share; 70,000,000 shares authorized; 45,503,469 and 45,432,252 issued and outstanding at March 31, 2012 and December 31, 2011, respectively	30,471	30,423
Additional paid-in capital	267,422	263,455
Retained earnings	380,515	375,644
Accumulated other comprehensive loss	(34,789)	(35,762)
Total Diodes Incorporated stockholders' equity	643,619	633,760
Noncontrolling interest	15,654	14,955
Total equity	659,273	648,715
Total liabilities and equity	$ 847,808	$ 793,064

Exhibit 99.2

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

Operator:

Good afternoon and welcome to Diodes Incorporated's first quarter 2012 financial results conference call. At this time, all participants are in a listen only mode. At the conclusion of today's conference call, instructions will be given for the question and answer session. If anyone needs assistance at any time during the conference call, please press the star key followed by the zero on your touchtone phone.

As a reminder, this conference call is being recorded today, Tuesday, May 8, 2012. I would now like to turn the call to Leanne Sievers of Shelton Group Investor Relations. Leanne, please go ahead.

Introduction: Leanne Sievers, EVP of Shelton Group

Good afternoon and welcome to Diodes' first quarter 2012 earnings conference call. I'm Leanne Sievers, executive vice president of Shelton Group, Diodes' investor relations firm.

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

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

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

In addition, any projections as to the Company's future performance represent management's estimates as of **today, May 8, 2012.** Diodes assumes no obligation to update these projections in the future as market conditions may or may not change.

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

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

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

Dr. Keh-Shew Lu, President and CEO

Thank you, Leanne.

Welcome everyone, and thank you for joining us today.

Our revenue of $145 million in the first quarter represented a moderate sequential increase and was significantly better the than typical seasonal slowness. After the Chinese New Year we began to see signs of a recovery in our end markets. We took advantage of this renewed market strength by significantly reducing our lower margin finished goods inventory, which helped to support revenue and secure incremental market share gains. Overall, we reduced our finished goods inventory by 20 percent, while channel inventory declined three percent. As a result we achieved moderate sequential revenue growth. However, our decision to reduce inventory combined with the increased pricing pressure and lower utilization continued to impact margins during the quarter.

That said, we believe the first quarter represents the low point in the cycle and that overall demand will continue to improve across all of our geographies. As such, we have shifted our strategy back to our growth model to aggressively capture additional market share. With our improved productivity and manufacturing efficiencies in place, we have begun adding capacity for new, more advanced packaging at our Shanghai facilities to support our continued growth. As the demand and pricing environment improves further, we will transition available capacity to higher margin products to enhance our product mix and margins going forward.

Our expectation for strong growth in the second quarter further validates the strengthening of our business. We are focused on executing our growth model and have the investments and capacity in place to support our further expansion. The flexibility of our business model has allowed us to consistently deliver profitability, gain market share and even grow revenue during down economic cycles. I believe this strategy will continue to produce growth rates that exceed our addressable markets as we have consistently done over the past several quarters and years.

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

Rick White, CFO

Thanks, Dr. Lu, and good afternoon everyone.

Revenue for the first quarter of 2012 was $144.7 million, a sequential increase of 1.0 percent over the $143.3 million in the fourth quarter of 2011, and a decrease of 10.5 percent from the $161.6 million in the first quarter of 2011. Revenue was up sequentially due to general improvements in end market demand late in the quarter.

Gross profit was $33.7 million, or 23.3 percent of revenue, in the first quarter of 2012 compared to $35.5 million, or 24.8 percent of revenue, in the fourth quarter 2011, and $57.4 million, or 35.5 percent, in the first quarter of 2011. Gross profit margin continued to be impacted by a weak pricing environment, a higher mix of lower margin products, and our decision to strategically reduce lower margin finished goods inventory.

Total **operating expenses** for the first quarter were $28.3 million, or 19.6 percent of revenue, including a $2.1 million gain on sale of assets. Without consideration of this gain, operating expenses were $30.4 million, or 21.0 percent, compared to $30.6 million, or 21.4 percent of revenue, last quarter and $29.1 million, or 18.0 percent of revenue, in the first quarter of 2011.

Looking specifically at **Selling, General and Administrative** expenses for the first quarter, SG&A was approximately $22.1 million, or 15.3 percent of revenue, compared to $22.6 million, or 15.8 percent of revenue, in the fourth quarter of 2011 and $21.4 million, or 13.3 percent of revenue, in the year ago quarter.

Investment in Research and Development for the first quarter was approximately $7.2 million, or 5.0 percent of revenue, compared to $6.9 million, or 4.8 percent of revenue in the fourth quarter of 2011, and $6.5 million, or 4.0 percent of revenue in the first quarter of 2011. We continue to increase our investment in R&D to further advance our new product initiatives.

Total Other Income amounted to $0.8 million for the first quarter.

Looking at interest income and expense, we had approximately $172,000 of interest income on our cash balances and approximately $123,000 of interest expense. Also included in total other income was a $200,000 foreign currency gain and a $400,000 increase in fair value associated with our Eris stock investment.

Income Before Income Taxes and Noncontrolling Interest in the first quarter of 2012 amounted to $6.2 million, compared to income of $4.1 million in the fourth quarter of 2011, and $25.1 million in the first quarter of 2011.

Turning to **income taxes**, our effective income tax rate in the first quarter was 10.0 percent, which is below our guidance of 17 to 23 percent due mainly to a change in profitability by country.

GAAP net income for the first quarter was $4.9 million, or $0.10 per diluted share, compared to GAAP net income of $3.1 million, or $0.07 per diluted share, in the fourth quarter of 2011, and GAAP net income of $19.7 million, or $0.42 per diluted share, in the same quarter last year. The share count used to compute GAAP diluted EPS for the first quarter was 46.9 million shares.

First quarter **Non-GAAP adjusted net income** was $4.1 million, or $0.09 per diluted share, which excluded, net of tax, approximately $800,000 of non-cash acquisition related intangible asset amortization costs and a $1.6 million gain on the asset sale. We have included in our earnings release a reconciliation of GAAP net income to non-GAAP adjusted net income, which provides additional details. Included in first quarter GAAP and non-GAAP adjusted net income was approximately $2.3 million, net of tax, of non-cash share-based compensation expense. Excluding share based compensation expense, both GAAP and non-GAAP adjusted diluted EPS would have increased by an additional $0.05 per share.

Cash flow from operations for the first quarter was $13.4 million.

Net cash flow for the quarter was $47.2 million, due primarily to a draw down on a $40 million term loan; and

Free cash flow was a $1.5 million increase in cash, including $6.6 million in CapEx for our Chengdu site development.

Turning to the **balance sheet**, at the end of the first quarter, we had approximately $177 million in cash and cash equivalents. Working capital was approximately $368 million.

At the end of the first quarter, **inventory** was approximately $134 million, a $6 million decrease from the approximately $140 million in the fourth quarter of 2011. Inventory days improved to 118 in the first quarter, compared to 119 days last quarter. Inventory in the quarter reflects an $11.0 million decrease in finished goods, partially offset by a $4.1 million increase in raw materials and a $1.0 million increase in work in process.

At the end of the first quarter**, Accounts receivable** was approximately $140 million and A/R days improved to 86, compared to 87 last quarter.

Capital expenditures in the first quarter totaled $15.8 million, which included Chengdu CapEx of $8.2 million, including $6.6 millon paid for during the quarter and $1.6m remaining in accounts payable. Excluding this amount, CapEx was 5.2 percent of revenue. As we mentioned last quarter, we expect to complete the construction at our Chengdu facility by the end of the second quarter. We currently plan to begin outfitting the building in the second half of 2012 with equipment additions being made in line with market requirements. For 2012, excluding Chengdu building expenditures, we expect CapEx to be at the lower end of our 10 to 12 percent of revenue model.

Depreciation and amortization expense for the first quarter was $15.8 million.

Turning to our Outlook

In terms of second quarter guidance, we expect revenue to range between $155 million and $164 million, or up 7 percent to 13 percent sequentially. We expect gross margin to be 26 percent, plus or minus 2.0 percent. Operating expenses, without consideration of any gain on sale of assets, are expected to be slightly lower than first quarter on a percent of revenue basis. We expect our income tax rate to range between 7 and 13 percent, and shares used to calculate GAAP EPS for the second quarter are anticipated to be approximately 47.2 million.

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

Mark King, Senior VP of Sales and Marketing

Thank you, Rick, and good afternoon.

As Dr. Lu and Rick mentioned, revenue for the first quarter increased one percent sequentially led by improvements in Europe and North America where we saw growth in both OEM sales and POS in the quarter. Asia was down primarily due to typical seasonality in the computing and consumer markets. However, we continued to increase revenue for our products used in smartphones and tablets as we began to ramp a number of new projects during the quarter. Growth for these products helped to partially offset seasonality across the broader consumer market, and we ended the quarter with only a slight decline in this market. Products for smartphones and tablets continue to be strong growth drivers for Diodes, and we are well positioned with our customers as we further expand our content in these end markets.

We also saw solid increases in the industrial segment across all regions and in the automotive segment in North America and Europe. As expected, channel inventory declined another three percent after declining 8 percent last quarter.

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

Our end market breakout consisted of consumer representing 34 percent of revenue, computing 26, industrial 20, communications 16, and automotive 4 percent.

Now turning to **new products** – we continue to execute on our new product initiatives with highlights during the quarter including the continued expansion of our discrete products for tablets and smartphones as well as specific developments for the fast growing LED TV market. We also further expanded our standard logic products, and although the revenue contribution is still small, we are beginning to generate significant revenue momentum for this product family. Overall, design win activity and the design pipeline remained strong across all regions.

Looking specifically at our **discrete** product line, we continue to make progress in delivering value to our customer base in a wide range of applications. Our product introductions totaled 95 new products across 13 product families, which was the highest number of quarterly product introductions in the past two years. Diodes continues to target the LED TV market where our market share in backlighting and other power management applications continues to increase. As a result, our BJT and SBR® devices now have a growing presence in many of the leading TV manufacturers in Korea and China with these products being developed and characterized specifically for these applications.

Also during the quarter, we further demonstrated our commitment to advancing innovation of our discrete products with the launch of a range of relay drivers on our proprietary new Smart BJT platform. Target applications include inductive load driving in automotive and industrial applications, as well as a wide range of other high-volume applications including telecommunications, TV, white goods and computer peripherals. These solid-state DC relay drivers improve the reliability of inductive load control circuits and provide a robust driver interface by acting as a buffer between sensitive logic circuits and 3V to 6V DC inductive relay coils.

Additionally, we continued to expand our MOSFET family of products with new offerings in the low–profile DFN2020-6 package. With an off-board height of only 0.4mm and a very small footprint, these devices provide industry leading performance in a package that is 50 percent thinner than competing solutions.

Notable design wins for our discrete products during the quarter were for tablets and notebook computing, smartphones, adaptors, telecommunications and white goods; all high volume applications with the potential for further growth.

Turning to **analog** new product introductions, we released 25 new products across 5 product families. New product highlights included the expansion of our portfolio of high current USB power switches specifically optimized for USB 3.0 requirements. We continued to see outstanding market acceptance for this product line with another quarter of significant design wins, in particular for notebooks, LED TVs and set-top box applications. We also gained further momentum with our emerging family of power switches targeted for use in hot-swap applications, such as HDMI ports, including a major win in a market-leading game console. We also released two new 2-phase pre-drivers for brushless DC motor control, targeted for fan and blower motors in the computing market. These feature-rich devices enable excellent system performance with flexible control, motor protection and reduced system-level EMI, making them very attractive new product offerings.

We also introduced two new general illumination LED drivers, each offering a wider operating range for expanded market opportunities. Our newest high accuracy LED driver has been designed to handle a broad a range of applications, including those subject to the greatest variance of input voltage, such as automotive lighting and 12V AC powered systems. Whereas our recently released AL8807 buck topology driver offers a 36V operating range and supports 24V AC lamps. Also during the quarter, we achieved new LED lighting design wins across a wide range of applications, including off-line lighting, flashlights, under-water lamps and smart meter display.

In terms of our **logic** product family, we continued our emphasis on expanding this product line with the release of 10 very popular quad and hex LVC functions, offered in 14-pin TSSOP packages. We have begun to generate significant revenue momentum for this product family and secured several major logic design wins in the computing and handheld consumer markets, representing a very large volume opportunity for these products.

As we look to the second quarter, we expect improvements in demand across all of our geographies will drive strong growth in the quarter. Distributor order rates are expected to increase further in North America and Europe, while channel inventory is expected to continue decreasing. We also anticipate continued ramping of new projects for our products used in smartphones, tablets and LED TVs, where Diodes is very well positioned in these high volume markets. We believe our continued focus on our new product initiatives and robust design win activity positions us for upside for the remainder of the year.

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

Upon Completion of the Q&A

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

Exhibit 99.3

DIODES 1Q 2012 EARNINGS CALL
QUESTIONS AND ANSWERS

Operator
(Operator Instructions)

Steve Smigie—*Raymond James & Associates – Analyst*

Dr. Lu, you guys had very nice growth in the June quarter, and I just was wondering if you could give us some discussion on where we are in the cycle. I guess I'm getting a little bit, given the strong growth in June, can you still get strong seasonal growth into September? Do we have that kind of strength at this point in the cycle, or is it still too early to see seasonal better growth in September?

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

Hi, Steve. We know our seasonal cycle is 1Q typically is lower than 4Q, and second quarter is going up, and third quarter will be another jump, then fourth quarter depends on the market situation, could be slightly down or slightly up, then go to next year, it go down again. Now, fortunately, this year even most the market went down, we are able to take advantage of warm up the market and ship out our finished good inventory which was built in the fourth quarter when we know slow down and we actually have excess capacity so we build those units and we are able to ship those units out and gain the market share and get growth. And second quarter we continue that market is warm but it's not really very hot. We are able to due to past design wins and our new product efforts, we are able to significantly gain the market share. And we just believe go to the rest of year, we'll try to, like we have been doing, but I can tell you in second quarter we performed better in seasonality, and better in our SAM's growth. Now, third quarter, we don't know yet. So we cannot really make too much comment on third quarter.

Steve Smigie—*Raymond James & Associates – Analyst*

Okay. Thank you. And I guess similarly, on gross margin, there was some I think difficult pricing near term and you guys were making some effort to work down some lower margin product. So it seems that, again, as we go forward, I mean, you have a very nice jump in gross margin here in June but then going forward throughout the rest of the year it seems like you should continue to get gross margin gains as you get better utilization, as you no longer have the significant pricing impacts and as you start to mix in some better products. Is that sort of a fair way to think about it?

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

Yes. Let me put in more detail. In the past at the last conference call I point out the four key issues affect our gross margin. One is ASP dilution and ASP pressure still continues, but we think in move forward that ASP pressure will be reduced and we should be able to keep the ASP. But whatever the pressure in the past, you go down in semiconductor business, it's just very difficult to go to raise the price and we are not — we do not have any intention to go to raise the price. But this I can say, that ASP pressure move forward, we're going to be much more stabilized than the last two, three quarters. Second thing is the product mix. Due to the demand soft, start from probably June last year, I already start talking about we are moving our product mix to utilize our excess capacity, and that excess capacity is still there until probably 2Q we are able to backfill some. But we do not really or seeing it going to be backfilled full in the second quarter. Therefore, we are not moving our product mix. The product mix will keep the same thing. Now, the third one I think is equipment utilization, and equipment utilization in 4Q, we take advantage of that equipment utilization and we know first quarter due to the Chinese New Year, due to the short of people, shortened working day, we're going to have — we will not be able to utilize equipment. Therefore, we building in ahead some of the units using our utilization in 4Q. Then in the first quarter, we ship out those inventory and you know we put — we reduced our finished good inventory about 20% and it's not stacking the channel because the channel inventory actually going down too. So those help us improve the utilization and that's why we focus second quarter our GPM percent will be improved because utilization will be improved too. Copper-wire conversion, we still working on it, but it's not going to be very quickly because the one we can convert, which is general market we have converted but for the major customer they typically won't convert it until the next model year or next design. So that one is going to be slow until we get it. So those four effects which affect our GPM. The one we can really improve is utilization. ASP pressure will be — we are no longer going to be dropping the price but you are not going to raise the price to improve the GPM.

Steve Smigie—*Raymond James & Associates – Analyst*

Great. Thank you very much.

Richard Sewell—*Stephens Inc. – Analyst*

Yes, it's Richard in for Harsh Kumar. Congratulations on the quarter and the guidance. I just had a few housekeeping questions. For the tax rate, should we expect the 7% to 13% for the full year? And then what is your strategy for OpEx as well?

Rick White—*Diodes Inc – CFO*

The tax rate will be that, at that rate, 7% to 13% for the year. That's our projection right now. For OpEx, with the revenue growth, basically our model is to allow OpEx to go up at about half that rate.

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

SG&A.

Rick White—*Diodes Inc – CFO*

SG&A, I'm sorry. SG&A, that's right, to go up about half that rate. So if revenue goes 10%, the SG&A would go up 5%. R&D, we allow to grow at the same rate. That's kind of the model that we're after.

Richard Sewell—*Stephens Inc. – Analyst*

That's great. Thank you for the color on that. And then the other question I had is last year you had some — the labor situation in China impacted the Company. After the Chinese New Year, did you see any of that again this year, or what steps did you take to kind of solve that problem this year?

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

Well, the situation actually is similar because that phenomenon in China, it just during the Chinese new year a lot of people go home and just don't come back. But this year we take some precaution because we know going to be happen, we are not going to repeat the same problem as last year. So like I mentioned, we take the — since we have excess capacity in 4Q last year, which actually build ahead some of the commodity units to use in that capacity. And that's why you see in 1Q we ship out finished goods, and that's what we have been doing. Second thing is, we pay more attention so we hiring the people ahead of the Chinese New Year, so this year we start from December last year, we already start to hire the people, get started getting training and, therefore, this year in 1Q we are much smoother than last year.

Richard Sewell—*Stephens Inc. – Analyst*

That's great. Thank you. I'll jump back in the queue.

Chris Longiaru—*Sidoti & Company – Analyst*

My first question's for Mark. Can you elaborate a little bit more on what you're seeing in Europe and what areas there are weak and what areas might be surprising?

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

Well, Europe is probably the most uncertain market that we're experiencing, although our first quarter was quite strong in Europe relative to fourth quarter. We had a major inventory adjustment in the channel in the fourth quarter, that continued some small decrease but with an actually improved order rates and improved POS rates in Q1. Second quarter is in line with our guidance. I think I mentioned in the speech that we expect continued improvements in Europe, although in the last two weeks we get a little bit more nervous as we're seeing a little bit of adjustment, possible adjustment in the Euro that could have some impact. So I think it's a little uncertain but we don't see dramatic change in the order rates.

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

The key thing, how many percent of our revenue is in Euro instead of US dollar.

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

12%. Actually probably of the 12%, probably 10% of it is in Euro.

Chris Longiaru—*Sidoti & Company – Analyst*

And what's the — in terms of the —?

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

More concern because if Europe, due to the election of the France, and the — make the Europe very weak, then it would affect us because the revenue would go down.

Chris Longiaru—*Sidoti & Company – Analyst*

In terms of that weakness, how much just in relative terms, how sensitive is that revenue to the shift in the Euro? Can you give us an idea?

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

Well, I mean, the only thing — about 10% of our revenue globally is in Euro's, so the impact of that percentage change whether go to 128 or 130, that's where the impact will be.

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

We really don't know what will be the Euro exchange rate versus US, but that is the one — if US significant Euro ratio change, that cause us a problem.

Chris Longiaru—*Sidoti & Company – Analyst*

Just in terms of utilization, because now you're starting to add capacity again, where were you last quarter and with the added capacity, what is your number going to look like for June? I would imagine it would be a little bit lower?

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

Well, we're adding capacity at the area which is newer and advanced package because that's the area our new products start to ramp. So when we say we adding the capacity, that is the area, to support the new product, support new design wins, but from the commodity area which is majority of capacity, we still not fully utilized yet.

Chris Longiaru—*Sidoti & Company – Analyst*

Okay. Okay. And so all these new products have a little bit of a higher gross margin too than the corporate average, I would imagine?

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

Yes.

Chris Longiaru—*Sidoti & Company – Analyst*

Okay. Great. That's all I had for now. Thank you guys.

Gary Mobley—*The Benchmark Company – Analyst*

Dr. Lu, I know you might not answer this question because you always try to emphasize expansion and gross profit dollars versus gross margin, but hoping to narrow you down on a number here. Now, in the past you've delivered gross margins as high as 38%, roughly, and now we're down sub-25%. I'm just wondering when we might get back to the low 30% gross margin level, and what the quarterly revenue level needs to be to achieve that goal?

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

Well, I think like I mentioned our gross margin percent is due to those four factors I mentioned about. So ASP pressure I think is there, is stop. So, we are not going to. The key one really is utilization. So we are looking at if the market's stable, then we can change our product mix to utilize the standard product, then we can improve our margin.

You asked me, that's not my focus anyway. My focus is on GPM dollar and as soon as we can continue improve our GPM dollar, we probably will continue try to gain market share and even 10%, 15% product, our GPM percent product business, why not take it. So I do not really spend the time or the focus in how do we get the GPM percent higher. More, how do we continue improve GPM dollar and, therefore, improve earnings per share.

Gary Mobley—*The Benchmark Company – Analyst*

Okay. Fair enough. With respect to your labor cost in China, it is my understanding that Foxconn has a large facility right across the street from Chengdu, and there's been a lot of highly publicized labor wage increases in China. So I'm just wondering what sort of labor price increases you're having to deal with on a year-over-year basis, and how that might trend for the balance of the year? And how impactful that is to your overall cost of goods sold?

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

Like I say, labor problem in China, nobody can escape from there, we just need to deal with it. But, fortunately, I think — in the past, what I'm talking about is every 10% labor cost increase in China it affects us GPM percent somewhere around 0.5% to 1%. And that is really short-term because short-term, but then long-term you try to improve the productivity, you try to improve your utilization to offset that portion. So that's life. We stick with it, and we just need to work it out and it's not a major — I wouldn't say it's a major because somewhere around 0.5% to 1% for every 10% improve, increase.

Gary Mobley—*The Benchmark Company – Analyst*

Okay. That's helpful. Mark, you mentioned a 3% sequential decrease in channel inventory for your parts out there, following an 8% decline during the fourth quarter. I would imagine your inventory in the channel always decreases sequentially in those respective quarters, so I'm just wondering if you can give us some relative metric like days of inventory to give us a better sense of what's out there in the channel?

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

I don't have the days in front of me. I think that we're probably globally just about, I don't know, 3.2 months. Which is probably pretty accurate. We probably have — we'll probably see a little bit, probably flat to downish again in this quarter and then probably further down in third quarter as the demand increases. We're kind of in our pattern, actually, the end of the first quarter you might start generally seeing inventory ramping a little bit, preparing for later in the year. I'm not sure that ramping down in the first quarter is generally our trend. So I think we were a little bit over and people are still a little bit sensitive to inventory in the channel. So we'll be flattish to down, and probably down again in the third quarter slightly and then we'll start to normalize our pattern again.

Gary Mobley—*The Benchmark Company – Analyst*

Thank you, guys.

Suji De Silva—*ThinkEquity – Analyst*

Dr. Lu, in terms of the capacity I had, had the sense there was flexible around the low margin and the high margin products and I'm surprised you're having to add capacity at the high end. I thought you would just mix up as the demand improved. Can you describe where you're adding this capacity again?

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

Like I said, we're adding at the newer and more advanced package, which is if you want to call, is high end or higher GPM type of capacity for the commodities spender in a capacity since it is still underutilized, we are not putting any capacity. As a matter of fact, some of the — if I can convert some of the equipment for the supporting higher, then we will. But not everything you can convert. Tender, tester, trim and form you cannot convert. — you can.

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

You might say it's kind of a partial add. Some of the areas are very convertible into the new areas but some things we need different or maybe a different precision level than our historic product. So we're making sure that we position those so that we don't miss any of the upside demand opportunities that we see in front of us.

Suji De Silva—*ThinkEquity – Analyst*

Okay. Maybe I can ask a different way. What percent of your capacity is specific to the lower margin products?

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

I don't think it's that easy to say. I just don't think we could really get into that kind of granulation. There's just areas that with certain packages that require certain different types of handlers and, or this that we're trying to make sure that we have upside capability on and as we go forward, this is the type of equipment that we'll buy. And our standard products will move towards this as we progress.

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

But you know, a lot of our new package we announced like PowerDI type of package. PowerDi type of package, I think those new package we announce, those is good package and advanced. If you remember our presentation, we are talking about diode move to the thinner, smaller package and (technical difficulty) type of package. PowerDi great example, and like other —.

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

Some of our historical — most of our historical stuff is wire-bonded and some of our newer products use clip, which is a different type of — gives a different type of performance and so on, so there's just portions of each area of the manufacturing that we need to add to position ourselves to capture this demand.

Suji De Silva—*ThinkEquity – Analyst*

Okay. Quick last question on the second quarter, the guide. I think you said the inventories stay flat to down. Is most of the demand here sell through customers increasing demand or is it some restocking at the customers would this be? Thanks.

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

I would say it's through demand. I think we're going to be supporting demand in the quarter.

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

Yes. I think Mark already say we expect the second quarter this inventory will continue going down so you could see based on that statement it should be sell through.

Suji De Silva—*ThinkEquity – Analyst*

Perfect. Thanks, guys.

Ramesh Misra—*National Securities – Analyst*

First question in regards to balance sheet, I guess cash went up mostly because of this $42 million draw down. Can you tell me a little more about it? You just paid down your debt about three quarters ago. Now you're borrowing money again. What are your thoughts? Why? Why are you increasing —?

Rick White—*Diodes Inc – CFO*

It's a flexibility issue. When you have $300 million or $200 million of cash from a convertible note, you have lots of flexibility and we paid that down and we just decided we wanted to have some additional flexibility for general corporate purposes, M&A, CapEx, if we wanted to do it, those kinds of things.

Ramesh Misra—*National Securities – Analyst*

What are the terms on this debt?

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

The money is for Chengdu expansion.

Rick White—*Diodes Inc – CFO*

Sure. So that's part of the CapEx that we do. It's actually, it's just an adder to the credit line that we have with BofA anyway. It's actually cheaper than —.

Rick White—*Diodes Inc – CFO*

It's actually cheaper than a credit line. I think it's LIBOR plus 1.25.

Ramesh Misra—*National Securities – Analyst*

Okay.

Rick White—*Diodes Inc – CFO*

And the convert was like 2.25, and we're at LIBOR plus 1.25, so that's about 1.5, 1.6, something like that.

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

Cheaper money. So we just said take advantage of that.

Ramesh Misra—*National Securities – Analyst*

Okay.

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

And using it.

Ramesh Misra—*National Securities – Analyst*

Okay. Any thoughts in terms of acquisitions, M&A opportunities?

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

Well, we don't have any major M&A right now under-working.

Ramesh Misra—*National Securities – Analyst*

Okay.

Rick White—*Diodes Inc – CFO*

But we're still open to it. We're talking to investment bankers and everybody on a weekly or — not quite a daily basis, but periodically. So we're open to it.

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

If the opportunity is there, we will take action. But right now we don't have anyone under contract.

Ramesh Misra—*National Securities—Analyst*

Got it. In regards to Chengdu, Dr. Lu, you had, last quarter you had said that you're holding off on expanding capacity over there. You're still kind of continuing to add a little bit. Any update on your thoughts in regards to the build out of Chengdu?

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

I think I'll speak today we already say, we finish the building by end of this quarter and then we'll start to do our — to put the facility —.

Rick White—*Diodes Inc—CFO*

To outfit the building with electricity, Murphy, clean room, that kind of stuff.

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

We're hoping just get it ready next year, because the power it take about nine months to 10 months. So I think we finish the building, we start to do the power line and we started getting ready so whenever the market turns, where we see really the need, then we can take advantage of that. And right now is long detail item like power we're going to start to do the power line, to bring the power in. So this is what we're doing.

Ramesh Misra—*National Securities—Analyst*

Got it. In regards to the capital constraints in China and end demand in China, what are you seeing over there? Do you think the worst is now behind us over there, or is it still kind of a little bit murky?

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

This is very difficult question for me. I pay more attention to our market or our customer.

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

I would say the demand is rising as with the other regions in the second quarter. I don't think that there's any great march forward but I think that the demand is stable to up.

Ramesh Misra—*National Securities—Analyst*

Okay. So you would feel a little better about China than Europe at this point in terms of just recent developments?

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

I mean, yes. I mean, I think Europe is — it's swirling within its own economic turmoil and so the question is, is how people respond to that. I think the underlying issues really haven't changed that much. So we just have to see how everybody handles it going forward. And that will probably sort out in the next month or so.

Ramesh Misra—*National Securities—Analyst*

Got it. And then finally, in regards to the industrial segment, well, at least here in the US we have been seeing more positive signs from the industrial market. In Europe, I guess since a lot of it is kind of export oriented to China, it's still kind of a little bit cloudy. So what are your thoughts and outlook in regards to the industrial end market going forward?

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

I think it looks pretty good. I think we're seeing some of the improvements that we've been talking about in North America have been driven by the industrial segment. Actually, we were up in all regions in the industrial segment in the first quarter, and I think we see solid advances in Asia in the industrial segment in Q2.We do a lot of business in power supply with our SBR products so we're making some good traction there and again, Europe is a big industrial marketplace so how Europe goes we'll see that going forward.

Ramesh Misra—*National Securities—Analyst*

Okay. All right. Thanks very much, folks. That's very helpful.

Shawn Harrison—*Longbow Research—Analyst*

I just wanted to follow up on smartphones and tablets, a lot of conversation in the beginning of the call, the growth there, and the growth outlooks. What percentage of revenues do those products represent right now and maybe where could they run over the next 12 months as a percentage of sales?

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

We really don't break that out. But as you can see, our consumer sector, we're 34%.We're 34% consumer. So that's a strong segment for us, along with smartphones, tablets, LED-TVs, also a strong thing. So we don't really break out those two categories as a percentage of revenue.

Shawn Harrison—*Longbow Research—Analyst*

Okay. I mean, is it something that we could over the next 12 to 24 months approach even half the consumer business? I'm just trying to get an idea.

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

I really don't think we're going to dissect that.

Shawn Harrison—*Longbow Research—Analyst*

I guess second follow-up, just on end demand. We talked about kind of I guess what's good and some questions within Europe. Maybe any end products that you're selling into or markets that we're just not seeing the upturn yet.

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

In Europe specifically, I mean, I think we've seen some decent expansion in our business in the automotive sector. Maybe a little bit in the consumer sector in some TV applications and so forth. And I think the industrial segment actually did in Q1, increase over Q4. I was kind of — when I said I wasn't sure, I was really talking about the outlook for Q2.

Shawn Harrison—*Longbow Research—Analyst*

Okay. And I guess maybe just the notebook PC market in general, expectations for the rest of the year, is it — are we going to see growth or are you kind of a little bit more tempered?

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

No, I think that we'll see — I think we'll see muted growth in that segment for the balance of the year or through its normal cycle.

Shawn Harrison—*Longbow Research—Analyst*

Okay. And then just one final follow-up. Rick, the tax rate being lower for this year, as we move into '13 was this kind of a permanent structural shift in terms of where taxes will be, or does it rise maybe as end demand continues to improve?

Rick White—*Diodes Inc—CFO*

Well, I think in general our tax rate has been higher historically and I would think that we would move back more to the historical perspective going forward next year and beyond.

Shawn Harrison—*Longbow Research—Analyst*

Okay. Very helpful. Thanks so much.

Stephen Chin—*UBS—Analyst*

I have a couple questions on the end markets, so for Dr. Lu or for Mark. I guess going back to the commentary on smartphones and tablets, was wondering if you could talk — give us a little more color on I guess what products growth in those two end markets or product areas are helping the drive? Is it more commodity discretes that you're selling to those products or is it customer specific discretes or potentially any increase in analog content in those smartphone and tablets?

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

I think that we're strong, I think we've seen a lot of action in our bjt products. I think we've seen a lot of action in our MOSFET products. We're seeing — we see that marketplace as a strong place for our logic business. So we're trying to attack with our product line across the board. Yes, we sell commodity products into that area, but we're very much more focused on our premium product in those end equipments.

Stephen Chin—*UBS—Analyst*

Okay. And then also as far as notebook, I guess following up to the previous question on notebooks, any comments on how demand surrounding new product cycles such as Intel's Ivy Bridge and maybe even comments a little further into and looking out into Q3 for example around back-to-school. Any comments around longer term demand, or medium term demand and also PC demand in other areas such as Asia?

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

To be honest with you, we kind of follow that month-to-month. The notebook cycle is not something you can — I don't know, we don't see it predictable outside of what we see in the next 60 to 90 days. And we see some improvements in the sector. We see opportunities for our growth in those sectors through new design wins and new products that we have going into that product in our USB switch area and some logic areas and then the MOSFET product area. So overall demand, sometimes when I look at our revenue versus the overall demand, I'm really more focused on what I see our revenue flow to be and I see some growth opportunities there. Not as much — I don't have — watch the unit output quite as much. Other people might have a better vision of where that's going to be six months out.

Stephen Chin—*UBS – Analyst*

Okay. And just one last one on ASP pressures that you mentioned earlier. Is that expected to abate in the current quarter or in the second half and was this — is this because of competitors that started to cut pricing in order to move product or is it some of your direct customers are looking for more pricing concessions? That would be helpful.

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

Customers are always looking for price concessions. That's their job. And yes, when utilization's down, there's ASP pressure. And as people get out of mix, they sell things that they don't normally sell. So yes, we believe and we hope that demand stabilizes and as we go to even nominal growth, that ASP pressures will be alleviated. We always have ASP pressure. Our goal is to change our ASP mix as well as the improved market should help that situation.

Stephen Chin—*UBS – Analyst*

Great. Thanks, Mark.

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

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

Operator

We thank you for your participation in today's conference, you may now disconnect and have a great day. your week.