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

FORM 8-K

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

August 6, 2009
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.)

15660 North Dallas Parkway, Suite 850 **Dallas, TX**	**75248**
(Address of principal executive offices)	(Zip Code)

(972) 385-2810
(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:

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

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

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

o 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 6, 2009, Diodes Incorporated issued a press release announcing its second quarter 2009 results. A copy of the press release is attached as Exhibit 99.1.

On August 6, 2009, Diodes Incorporated hosted a conference call to discuss its second quarter 2009 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 6, 2009, Dr. Keh-Shew Lu, President and Chief Executive Officer of Diodes Incorporated, as well as Richard D. White, Chief Financial Officer, Mark King, Senior Vice President of Sales and Marketing and Carl C. Wertz, Vice President of Finance and 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, Diodes Incorporated (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. The following, along with others described in Exhibit 99.1, is a description of non-GAAP measures used:

Free Cash Flow (FCF) is operating cash flows minus capital expenditures. FCF represents the cash and cash equivalents that we are able to generate after taking into account investments 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.

Item 7.01 Regulation FD Disclosure.

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

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

See exhibit index.

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

SIGNATURES

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

Dated: August 10, 2009	DIODES INCORPORATED
	By /s/ Richard D. White RICHARD D. WHITE Chief Financial Officer

EXHIBIT INDEX

Exhibit Number	Description
99.1	Press release dated August 6, 2009
99.2	Conference call script dated August 6, 2009
99.3	Question and answer transcript dated August 6, 2009

Diodes Incorporated Reports Second Quarter 2009 Financial Results

Revenue Grew 33 Percent Over the First Quarter

Income Before Taxes and Noncontrolling Interest was $2.8 Million

Dallas, Texas — August 6, 2009 — Diodes Incorporated (Nasdaq: DIOD), a leading global manufacturer and supplier of high-quality application specific standard products within the broad discrete and analog semiconductor markets, today reported financial results for the second quarter ended June 30, 2009.

Financial and Business Highlights

- Revenue was $103.9 million, an increase of $25.8 million, or 33.1 percent, over first quarter revenue of $78.1 million;
- Gross profit was $27.4 million, an increase of 88.9 percent over the first quarter of $14.5 million;
- Gross margin was 26.3 percent, a 770 basis point increase over the first quarter gross margin of 18.6 percent;
- Income before taxes and noncontrolling interest was $2.8 million compared to a first quarter loss of $10.3 million;
- GAAP net loss was $3.0 million, or ($0.07) per share, including a $4.9 million non-cash tax expense related to first quarter of 2009 repatriated earnings;
- Non-GAAP adjusted net income was $2.5 million, or $0.06 per share, which excluded, among other items, the impact of the $4.9 million, or $0.12 per share, non-cash income tax expense related to repatriated earnings; and
- Achieved $17.8 million cash flow from operations, $12.8 million free cash flow and $16.3 million net cash flow.

Revenue for the second quarter of 2009 was $103.9 million, compared to the $78.1 million reported in the first quarter of 2009 and the $116.0 million reported in the second quarter of 2008. Second quarter revenue exceeded the Company's guidance due to improved demand, as production was ramped on previous design wins at new customers and new design wins at existing customers for the Company's products that are utilized primarily in LCD televisions and LCD panels, set-top boxes, mobile handsets and notebooks.

Gross profit for the second quarter of 2009 was $27.4 million, or 26.3 percent of revenue, compared to $14.5 million, or 18.6 percent in the first quarter of 2009 and $39.6 million or 34.1 percent in the second quarter of 2008. The increase was primarily attributable to a significant improvement in utilization at the Company's packaging facilities.

Commenting on the quarter, Dr. Keh-Shew Lu, President and Chief Executive Officer of Diodes Incorporated, said, "The strong financial results achieved in the second quarter reflect continued improvements in demand and order rates, our disciplined cash management, as well as improved capacity utilization at our packaging facilities. Revenue once again exceeded our expectations due to increasing production ramps of previous design wins and the introduction of new product applications for existing customers, resulting in additional market share gains in the quarter, primarily in Asia."

Second quarter GAAP net loss was $3.0 million, or ($0.07) per share, which included, among other items, a $4.9 million of non-cash income tax expense related to the first quarter of 2009 repatriation of earnings.

Non-GAAP adjusted net income was $2.5 million, or $0.06 per share, which excluded, net of tax, non-cash interest expense related to the amortization of debt discount on the Convertible Senior Notes in accordance with FSP APB 14-1 of $1.4 million, non-cash acquisition related intangible asset amortization costs of $0.8 million, gain on forgiveness of debt of $1.3 million, non-cash income tax expense related to the repatriation of earnings of $4.9 million and nominal amounts for restructuring charges and a loss on the extinguishment of debt. The following is a summary reconciliation of GAAP net loss to non-GAAP adjusted net income and per share data, net of tax *(in thousands, except per share data)*:

GAAP net loss	**$ (2,953)**
GAAP diluted loss per share	**$ (0.07)**
Adjustments to reconcile net loss to adjusted net income:	
Amortization of debt discount	**1,391**
Taxes on repatriation of earnings	**4,915**
Other	**(819)**
Non-GAAP adjusted net income	**$ 2,534**
Non-GAAP adjusted diluted earnings per share	**$ 0.06**

See below for further details of the reconciliation.

As of June 30, 2009, Diodes had approximately $429.3 million in cash and short-term investments, consisting of approximately $109.5 million in cash and $319.8 million in short-term investments. As of June 30, 2009 $319.8 million par value auction rate securities and a related “no net cost” loan of $211.9 million were reclassified as short-term investments and current liabilities, respectively, as the auction rate securities can be put back to UBS AG at par on June 30, 2010 under the previously disclosed settlement.

Dr. Lu further stated, “Also notable in the quarter, operating expenses were held effectively flat compared to the first quarter level, which contributed to our achievement of profitability in the second quarter on a non-GAAP adjusted basis. We also further improved our balance sheet, including continued debt reduction resulting from our $15 million repurchase of our Convertible Senior Notes in exchange for common stock and a $3 million reduction of inventory, or an approximately $19 million reduction from fourth quarter levels. As a result of these combined efforts, we achieved positive cash flow from operations, net cash flow and free cash flow in the second quarter. I am very pleased with our Company’s performance in that our decisive actions taken in response to the global market conditions, in conjunction with our uninterrupted focus on new product development and design wins, have resulted in a stronger overall financial position and improved profitability for Diodes.”

Business Outlook

Dr. Lu further commented, “For the third quarter of 2009, we expect our business will continue to grow and show further improvements to the strong results achieved in the second quarter. We estimate that third quarter revenue will increase 10 to 15 percent sequentially, and gross margin will continue to improve to approximately 28 to 32 percent as we continue to benefit from improvements in factory utilization. We also expect operating expenses to be comparable to the second quarter on a percent of revenue basis. In terms of our tax rate, we expect income tax expense for the next two quarters to be a relatively nominal amount of zero to four percent due to the fact that we have recorded all of the non-cash tax expense related to the first quarter repatriation of earnings.”

Conference Call

Diodes will host a conference call on Thursday, August 6, 2009 at 10:00 a.m. Central Time (11:00 a.m. Eastern Time) to discuss its second quarter 2009 financial results. Investors and analysts may join the conference call by dialing 1-866-783-2139 and providing the confirmation code 62419433. International callers may join the teleconference by dialing 1-857-350-1598. A telephone replay of the call will be made available approximately two hours after the call and will remain available until August 10, 2009 at midnight Pacific Time. The replay number is 1-888-286-8010 with a pass code of 59888832. 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

Investor section of Diodes' website at http://www.diodes.com. To listen to the live call, please go to the Investor section of Diodes website and click on the Conference Call link at least fifteen minutes prior to the start of the call to register, download and install any necessary audio software. For those unable to participate during the live broadcast, a replay will be available shortly after the call on Diodes' website for approximately 60 days.

About Diodes Incorporated

Diodes Incorporated (Nasdaq:DIOD), an S&P 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 and analog semiconductor markets, serving the consumer electronics, computing, communications, industrial and automotive markets. Diodes' products include diodes, rectifiers, transistors, MOSFETs, protection devices, functional specific arrays, amplifiers and comparators, Hall-effect sensors and temperature sensors, power management devices including LED drivers, DC-DC switching regulators, linear voltage regulators and voltage references, along with special function devices including USB power switch, load switch, voltage supervisor and motor controllers. The Company's corporate headquarters are located in Dallas, Texas. A sales, marketing, engineering and logistics office is located in Westlake Village, California. Design centers are located in Dallas; 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 a joint venture facility located in Chengdu, China. Additional engineering, sales, warehouse and logistics offices are located in 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: for the third quarter of 2009, we expect our business will continue to grow and show further improvements to the strong results achieved in the second quarter; we estimate that third quarter revenue will increase 10 to 15 percent sequentially, and gross margin will continue to improve to approximately 28 to 32 percent as we continue to benefit from improvements in factory utilization; we also expect operating expenses to be comparable to the second quarter on a percent of revenue basis; and we expect income tax expense for the next two quarters to be a relatively nominal amount of zero to four percent due to the fact that we have recorded all of the non-cash tax expense related to the first quarter repatriation of earnings. Potential risks and uncertainties include, but are not limited to, such factors as: the UBS settlement may not provide us with the liquidity intended; we may not realize or maintain the anticipated cost savings or increase loadings in our manufacturing facilities; 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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CONSOLIDATED CONDENSED INCOME STATEMENT and BALANCE SHEET FOLLOW

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008 (As Adjusted)	**2009**	2008 (As Adjusted)	**2009**
NET SALES	$ 116,018	$ **103,898**	$ 211,598	$ **181,948**
COST OF GOODS SOLD	76,400	**76,528**	140,064	**140,085**
Gross profit	39,618	**27,370**	71,534	**41,863**
OPERATING EXPENSES				
Selling, general and administrative	17,052	**15,240**	31,594	**31,296**
Research and development	4,832	**5,385**	8,406	**10,660**
Amortization of acquisition related intangible assets	237	**1,118**	471	**2,209**
Restructuring	—	**(248)**	—	**(149)**
Total operating expenses	22,121	**21,495**	40,471	**44,016**
Income (loss) from operations	17,497	**5,875**	31,063	**(2,153)**
OTHER INCOME (EXPENSES)				
Interest income	2,554	**1,345**	8,002	**3,102**
Interest expense	(2,207)	**(1,877)**	(3,828)	**(3,925)**
Amortization of debt discount	(2,691)	**(2,281)**	(5,325)	**(4,490)**
Other	(1,202)	**(275)**	(1,496)	**(12)**
Total other expenses	(3,546)	**(3,088)**	(2,647)	**(5,325)**
Income (loss) before income taxes and noncontrolling interest	13,951	**2,787**	28,416	**(7,478)**
INCOME TAX PROVISION	1,762	**5,156**	2,980	**5,553**
NET INCOME (LOSS)	12,189	**(2,369)**	25,436	**(13,031)**
Less: NET INCOME attributable to noncontrolling interest	(675)	**(584)**	(1,279)	**(688)**
NET INCOME (LOSS) attributable to common stockholders	$ 11,514	$ **(2,953)**	$ 24,157	$ **(13,719)**
EARNINGS (LOSS) PER SHARE attributable to common stockholders				
Basic	$ 0.28	$ **(0.07)**	$ 0.60	$ **(0.33)**
Diluted	$ 0.27	$ **(0.07)**	$ 0.57	$ **(0.33)**
Number of shares used in computation				
Basic	40,616	**41,587**	40,431	**41,368**
Diluted	42,843	**41,587**	42,695	**41,368**

Note: The three and six months ended June 30, 2008 amounts were adjusted for the retrospective application of FSP APB 14-1.

DIODES INCORPORATED AND SUBSIDIARIES

CONSOLIDATED RECONCILIATION OF NET INCOME (LOSS) TO ADJUSTED NET INCOME (LOSS)

(in thousands, except per share data)

(unaudited)

For the three months ended June 30, 2009:

	Operating Expenses	Other Income (Expense)	Income Tax Provision	**Net Income (Loss)**
Per-GAAP				**$ (2,953)**
Loss per share (Per-GAAP)				
Diluted				**$ (0.07)**
Adjustments to reconcile net loss to adjusted net income:				
Amortization of acquisition related intangible assets	1,118	—	(315)	**803**
Restructuring	(248)	—	(145)	**(393)**
Loss on extinguishment of debt	—	137	(53)	**84**
Forgiveness of debt	—	(1,501)	188	**(1,313)**
Amortization of debt discount	—	2,281	(890)	**1,391**
Taxes on repatriation of earnings	—	—	4,915	**4,915**
Adjusted (Non-GAAP)				**2,534**
Diluted shares used in computing earnings per share				**$ 42,792**
Adjusted earnings per share (Non-GAAP)				
Diluted				**$ 0.06**

For the three months ended June 30, 2008:

	Operating Expenses	Other Income (Expense)	Income Tax Provision	**Net Income**
Per-GAAP				**$ 11,514**
Earnings per share (Per-GAAP)				
Diluted				**$ (0.27)**
Adjustments to reconcile net income to adjusted net income:				
Amortization of acquisition related intangible assets	237	—	(66)	**171**
Currency hedge on purchase price	—	1,540	(570)	**970**
Amortization of debt discount	—	2,691	(1,049)	**1,642**
Adjusted (Non-GAAP)				**14,297**
Diluted shares used in computing earnings per share				**$ 42,843**
Adjusted earnings per share (Non-GAAP)				
Diluted				**$ 0.33**

DIODES INCORPORATED AND SUBSIDIARIES

CONSOLIDATED RECONCILIATION OF NET INCOME (LOSS) TO ADJUSTED NET INCOME (LOSS) — Con’t

(in thousands, except per share data)

(unaudited)

For the six months ended June 30, 2009:

	Operating Expenses	Other Income (Expense)	Income Tax Provision	Net Loss
Per-GAAP				**$(13,719)**
Adjusted loss per share (Per-GAAP)				
Diluted				**$ (0.33)**
Adjustments to reconcile net loss to adjusted net loss:				
Amortization of acquisition related intangible assets	2,209	—	(619)	**1,590**
Restructuring	(149)	—	(196)	**(345)**
Gain on extinguishment of debt	—	(1,353)	528	**(825)**
Forgiveness of debt	—	(1,501)	188	**(1,313)**
Amortization of debt discount	—	4,490	(1,751)	**2,739**
Taxes on repatriation of earnings	—	—	10,631	**10,631**
Adjusted (Non-GAAP)				**(1,242)**
Diluted shares used in computing loss per share				**$ 41,368**
Adjusted loss per share (Non-GAAP)				
Diluted				**$ (0.03)**

For the six months ended June 30, 2008:

	Operating Expenses	Other Income (Expense)	Income Tax Provision	Net Income
Per-GAAP				**$ 24,157**
Adjusted loss per share (Per-GAAP)				
Diluted				**$ 0.57**
Adjustments to reconcile net income to adjusted net income:				
Amortization of acquisition related intangible assets	471	—	(132)	**339**
Currency hedge on purchase price	—	1,540	(570)	**970**
Amortization of debt discount	—	5,325	(2,077)	**3,248**
Adjusted (Non-GAAP)				**28,715**
Diluted shares used in computing earnings per share				**$ 42,695**
Adjusted earnings per share (Non-GAAP)				
Diluted				**$ 0.67**

ADJUSTED NET INCOME (LOSS)

This measure consists of generally accepted accounting principles ("GAAP") net income (loss), which is then adjusted solely for the purpose of adjusting for amortization of acquisition related intangible assets, restructuring, gain (loss) on extinguishment of debt, forgiveness of debt, amortization of debt discount, taxes on repatriation of earnings and currency hedge on purchase price, as discussed below. Excluding restructuring, gain (loss) on extinguishment of debt, forgiveness of debt, taxes on repatriation of earnings and currency hedge on purchase price 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 view point 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 loss to non-GAAP adjusted net income.

Detail of non-GAAP adjustments:

Amortization of acquisition related intangible assets — The Company has 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 companies with respect to this expense.

Restructuring costs — The Company has recorded various restructuring charges to reduce its cost structure in order to enhance operating effectiveness and improve profitability. These restructuring activities impacted various functional areas of the Company's operations in several locations and were undertaken to meet specific business objectives in light of the facts and circumstances at the time of each restructuring event. 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.

Gain (loss) on extinguishment of debt — The Company excluded the gains and losses from extinguishment of debt from the repurchase of its 2.25% Convertible Senior Notes ("Notes"), which was accounted for under FSP APB 14-1. These gains and losses were excluded from management's assessment of the Company's core operating performance. The Company believes the exclusion of the gains and losses on extinguishment of debt provides investors an enhanced view of gains and losses the Company may incur from time to time and facilitates comparisons with results of other periods that may not reflect such gains or losses.

Forgiveness of debt — The Company excluded the forgiveness of debt related to one of its Asia subsidiaries in the second quarter of 2009. This forgiveness of debt is excluded from management's assessment of our operating performance. The Company believes the exclusion of the forgiveness of debt provides investors an enhanced view of the adjustment the Company may incur from time to time and facilitates comparisons with the results of other periods that may not reflect such charges.

Amortization of debt discount — The Company has excluded the amortization of debt discount on its Notes, which is recorded in accordance with FSP APB 14-1. This amortization was excluded from management's assessment of the Company's core operating performance. Although the amortization of debt discount is recurring in nature, the expected life of the Notes is five years as that is the earliest date in which the Notes can be put back to the Company at par value. As such, the amortization period ends October 1, 2011, at which time the Company will no longer be recording an amortization of debt discount. In addition, the Company has repurchased some of its Notes, which can make the principal amount outstanding and related amortization vary from period to period, and as such the Company believes the exclusion of the amortization facilitates comparisons with the results of other periods that may reflect different principal amounts outstanding and related amortization.

Taxes on repatriation of earnings — The Company has excluded the non-cash income tax expense related to the repatriation of earnings. During the first quarter of 2009, the Company repatriated approximately $28.5 million of accumulated earnings from one of its Chinese subsidiaries, resulting in additional non-cash federal and state income tax expense. The Company intends to permanently reinvest overseas all of its remaining earnings from its foreign subsidiaries. The Company believes the exclusion of the non-cash income tax expense related to the repatriation of earnings provides investors an enhanced view of a one-time occurrence and facilitates comparisons with results of other periods that do not reflect such a non-cash income tax expense.

Currency hedge on purchase price — The Company incurred a one-time, non-cash currency hedge loss related to the Zetex acquisition in the second quarter of 2008. This currency hedge loss is excluded from management's assessment of our operating performance for 2008. The Company believes the exclusion of the non-recurring currency hedge loss provides investors an enhanced view of the one-time adjustment the Company may incur from time to time and facilitates comparisons with the results of other periods that may not reflect such charges.

ADJUSTED EARNINGS (LOSS) PER SHARE

This non-GAAP financial measure is the portion of the Company's GAAP net income (loss) assigned to each share of stock, excluding amortization of acquisition related intangible assets, restructuring, gain (loss) on extinguishment of debt, forgiveness of debt, amortization of debt discount, taxes on repatriation of earnings and currency hedge on purchase price, as described above. Excluding restructuring, gain (loss) on extinguishment of debt, forgiveness of debt, taxes on repatriation of earnings and currency hedge on purchase price 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.

DIODES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED RECONCILIATION OF NET INCOME (LOSS) 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 (loss) to EBITDA *(in thousands, unaudited):*

	Three Months Ended June 30,	
	2008	**2009**
Net income (loss) (per-GAAP)	$ 11,514	**$ (2,953)**
Plus:		
Interest expense (income), net (1)	2,344	**2,813**
Income tax provision	1,762	**5,156**
Depreciation and amortization	9,275	**11,632**
EBITDA (Non-GAAP)	$ 24,895	**$ 16,648**

	Six Months Ended June 30,	
	2008	**2009**
Net income (loss) (per-GAAP)	$ 24,157	**$ (13,719)**
Plus:		
Interest expense (income), net (2)	1,150	**5,313**
Income tax provision	2,980	**5,553**
Depreciation and amortization	16,931	**22,987**
EBITDA (Non-GAAP)	$ 45,218	**$ 20,134**

(1) Includes $2.7 million and $2.3 million for the three months ended June 30, 2008 and 2009, respectively, of amortization of debt discount in accordance with FSP APB 14-1.

(2) Includes $5.3 million and $4.5 million for the six months ended June 30, 2008 and 2009, respectively, of amortization of debt discount in accordance with FSP APB 14-1.

DIODES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS

ASSETS
(in thousands)
(unaudited)

	December 31, 2008 *(As Adjusted)*	**June 30, 2009**
CURRENT ASSETS		
Cash and cash equivalents	$ 103,496	**$ 109,486**
Short-term investment securities	—	**319,825**
Accounts receivable, net	74,574	**85,702**
Inventories	99,118	**79,784**
Deferred income taxes, current	6,761	**6,958**
Prepaid expenses and other	15,578	**11,637**
Total current assets	299,527	**613,392**
LONG-TERM INVESTMENT SECURITIES	320,625	**—**
PROPERTY, PLANT AND EQUIPMENT, net	174,667	**169,019**
OTHER ASSETS		
Goodwill	56,791	**68,356**
Intangible assets, net	35,928	**37,833**
Other	5,907	**4,949**
Total assets	$ 893,445	**$ 893,549**

Note: The December 31, 2008 amounts were adjusted for the retrospective application of FSP APB 14-1 and SFAS 160.

DIODES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS

LIABILITIES AND EQUITY
(in thousands, except share data)
(unaudited)

	December 31, 2008 *(As Adjusted)*	**June 30, 2009**
CURRENT LIABILITIES		
Lines of credit	$ 6,098	**$215,249**
Accounts payable	47,561	**44,029**
Accrued liabilities	31,195	**26,294**
Income tax payable	358	**4,374**
Current portion of long-term debt	1,339	**363**
Current portion of capital lease obligations	377	**349**
Total current liabilities	86,928	**290,658**
LONG-TERM DEBT, net of current portion		
Convertible senior notes	155,451	**138,687**
Long-term borrowings	217,146	**3,563**
CAPITAL LEASE OBLIGATIONS, net of current portion	1,854	**1,808**
DEFERRED INCOME TAXES, non-current	10,753	**18,520**
OTHER LONG-TERM LIABILITIES	22,935	**48,238**
Total liabilities	495,067	**501,474**
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; 41,378,816 and 42,436,009 issued and outstanding at December 31, 2008 and June 30, 2009, respectively	27,586	**28,291**
Additional paid-in capital	167,964	**185,134**
Retained earnings	241,814	**228,094**
Accumulated other comprehensive loss	(48,439)	**(58,085)**
Total Diodes Incorporated stockholders' equity	388,925	**383,434**
Noncontrolling interest	9,453	**8,641**
Total equity	398,378	**392,075**
Total liabilities and equity	$ 893,445	**$893,549**

Note: The December 31, 2008 amounts were adjusted for the retrospective application of FSP APB 14-1 and SFAS 160.

Exhibit 99.2

Call Participants: Dr. Keh-Shew Lu, Richard White, Mark King and Carl Wertz

Operator:

Good morning and welcome to Diodes Incorporated's second quarter 2009 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 followed by the zero on your touchtone phone.

As a reminder, this conference call is being recorded today, Thursday August 6, 2009. I would now like to turn the call to Leanne Sievers of Shelton Group, the investor relations agency for Diodes Incorporated. Leanne, please go ahead.

Introduction: Leanne Sievers, EVP of Shelton Group

Good morning and welcome to Diodes' second quarter 2009 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, Richard White; Senior Vice President of Sales and Marketing, Mark King; and Vice President of Finance and Investor Relations, Carl Wertz.

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 6, 2009.** 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.

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 Diodes' President and CEO, Dr. Keh-Shew Lu. Dr. Lu, please go ahead.

Dr. Keh-Shew Lu, President and CEO

Thank you, Leanne.

Welcome everyone, and thank you for joining us today.

I am pleased to report Diodes' strong second quarter financial results. Revenue exceeded our guidance and increased 33 percent sequentially to about $104 million. Demand and order rates continued to improve throughout the quarter, as production was ramped on previous design wins at new customers and new products were introduced for new applications at existing customers. Revenue in Asia increased 42 percent from last quarter as we increased market share at current and existing customers for our products utilized in LCD TVs and LCD panels, set-top boxes, mobile handsets and notebooks.

Also during the quarter, our packaging output was man-power limited. Therefore, we continually hired people throughout the quarter to improve our equipment utilization at our packaging operations resulting in solid margin growth during the quarter. Gross margin was 26.3 percent for the quarter, which is a 770 basis point improvement over the first quarter gross margin of 18.6 percent. As the broader economic environment and demand continues to strengthen, we expect our margins will improve further as a result of increased factory utilization, at our wafer fabs and packaging facilities.

Also notable in the quarter, we realized the full benefit of the cost saving initiatives that we began implementing late last year in response to the global economic environment. As a result, operating expenses were held effectively flat compared to first quarter levels, which contributed to our achievement of profitability on a non-GAAP basis in the second quarter. Due to the recent improvements in the economy and the significant improvements in the Company's performance, we cancelled the temporary cost reduction efforts, including forced vacations and salary reductions.

During the quarter, our continued efforts to reduce our capital expenditures as well as our inventory levels, together with other efforts, resulted in positive cash flow from operations, positive free cash flow and positive net cash flow. Capital expenditures were $5.1 million in the second quarter, remaining significantly below our 2008 quarterly run rate of approximately $13 million. Year-to-date, capital expenditures totaled approximately $9.6 million. We also further improved our balance sheet during the quarter, including continued debt reduction resulting from an additional $15 million buy-back of Convertible Senior Notes for common stock. In total, we have repurchased approximately $71 million of our Convertible Senior Notes thus far. Additionally, we further reduced inventory by $3 million over the first quarter, and $19 million from the beginning of the year.

Based on our current estimates, we believe these positive trends will continue into the third quarter, driven by further increases in demand and market share in Asia, as well as additional improvements in North America and a slight recovery in Europe. We also expect further improvements in profitability driven by higher revenue and continued improvement in factory utilization, while generating positive GAAP earnings and cash flow in the third quarter.

I am very pleased with our Company's results. I believe our decisive actions taken in response to the global market conditions, combined with our continued focus on new product development and design wins, have resulted in a stronger overall financial position and improved profitability for Diodes.

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

Rick White, CFO

Thanks, Dr. Lu, and good morning everyone.

As Dr. Lu mentioned, **Revenue** was $103.9 million, a 33 percent increase compared to the $78.1 million last quarter and a 10.4 percent reduction from the $116.0 million reported in the second quarter of 2008. Our results exceeded expectations due to continued improvements in demand and order rates, primarily in Asia, as well as the further ramping of new design wins.

Gross profit for the second quarter of 2009 was $27.4 million, or 26.3 percent of revenue, compared to $14.5 million, or 18.6 percent, in the first quarter of 2009 and $39.6 million or 34.1 percent in second quarter of 2008. As Dr. Lu mentioned, this represents a 770 basis point increase primarily attributable to a significant improvement in utilization at our packaging operations. Our capacity utilization during the quarter was approximately 75 percent. ASPs in the quarter were on average stable due to tightened capacity.

We expect utilization at our packaging facilities to continue to improve in the third quarter to approximately 90 percent and have room for continued improvement at our wafer fabs.

Selling, General and Administrative expenses for the second quarter were approximately $15.2 million, or 14.7 percent of revenue, which was a significant decrease on a percent of revenue basis from the $16.1 million, or 20.6 percent of revenue, in the first quarter.

Research and Development expenses for the second quarter were $5.4 million, or 5.2 percent of revenue, which was comparable on an absolute dollar basis to the $5.3 million, or 6.8 percent of revenue, in the first quarter. We plan to invest in R&D at similar levels while remaining conscious of market conditions.

Total **operating expenses** amounted to $21.5 million, which was within our expected range and comparable to the previous quarter reflecting the completion of our cost reduction initiatives. We expect the third quarter operating expenses to be comparable to the second quarter on a percent of revenue basis.

Total other expense amounted to $3.1 million for the second quarter.

Looking first at interest income and expense, we had $1.3 million of interest income, primarily related to our portfolio of auction rate securities and interest expense of $1.9 million primarily related to our Convertible Senior Notes stated rate and our loan for the acquisition of Zetex.

During the second quarter of 2009, we recorded a pre-tax, non-cash amortization of debt discount of approximately $2.3 million in accordance with APB 14-1. As we stated last quarter, effective January 1, 2009, APB 14-1 requires us to separately account for a liability and equity component of our Convertible Notes, which reflects an estimated non-convertible borrowing rate of 8.5 percent. We expect this additional pre-tax amortization to amount to approximately $2.1 million per quarter or $8 to 9 million for the full year of 2009.

In addition to interest income, interest expense and amortization of debt discount, also included in the total $3.1 million other expense was a $1.5 million gain on forgiveness of debt, partially offset by $2.0 million in foreign exchange losses related to forward currency contracts that were part of the Zetex acquisition.

Turning to **income taxes**, we recorded a net income tax expense of approximately $5.2 million for the second quarter, which includes $4.9 million of non-cash book tax expense related to our first quarter repatriation of $28.5 million in accumulated earnings from one of our Chinese subsidiaries. The non-cash income tax expense from the repatriation of accumulated earnings more than offset the tax benefit from our year-to-date GAAP net loss.

Looking at the remainder of 2009, and even though we expect continued improvement in net income before income taxes and noncontrolling interest, which we refer to as PBT, we expect income tax expense to be a relatively nominal amount of zero to four percent. This is due to the fact that we have recorded, in the first half of 2009, all of the non-cash tax expense related to the first quarter repatriation of earnings. In addition, our earnings in Asia are taxed at lower income tax rates, while our losses in the

U.S. generate a tax benefit at higher income tax rates, which offset each other. For 2010, with the phasing out of the preferential tax rates at our Shanghai operations we now expect our income tax rate to range between 15 to 25 percent.

Second quarter **GAAP net loss** was $3.0 million, or negative ($0.07) per share, which included, among other items the $4.9 million of non-cash income tax expense related to the repatriation of earnings that I just spoke about.

Non-GAAP adjusted net income was $2.5 million, or positive $0.06 per share, which excluded net of tax, non-cash interest expense related to the amortization of debt discount of $1.4 million, non-cash acquisition related intangible asset amortization costs of $800,000, gain on forgiveness of debt of $1.3 million, non-cash income tax expense related to the repatriation of earnings of $4.9 million and nominal amounts for restructuring charges and a loss on the extinguishment of debt. We have included in our earnings release a reconciliation of GAAP net loss to adjusted net income, which provides additional details.

Cash flow for the second quarter amounted to $17.8 million from operations, $12.8 million of free cash flow and $16.3 million of net cash flow. Year-to-date, cash flow from operations is $24.6 million, free cash flow is $15.2 million and net cash flow is $6.0 million, including the repurchase, for cash, of $9.6 million par value Convertible Notes.

Turning to the **balance sheet**, at the end of the second quarter, we had $429.3 million in cash and short-term investments, consisting of approximately $109.5 million in cash and $319.8 million in short-term investments. During the second quarter, $319.8 million of par value auction rate securities and the related “no net cost” loan of $211.9 million were re-classified as short-term investments and current liabilities, respectively, because the auction rate securities can be put back to UBS at par on June 30, 2010 under the previously disclosed settlement. Our working capital at quarter-end was approximately $323 million. Long-term debt, including the Convertible Senior Notes, which are redeemable in October 2011, was approximately $142 million.

Now turning to **Inventory**, at the end of the second quarter, inventory was approximately $80 million, which was a decrease of about $3 million from the first quarter and a $19 million decrease from the beginning of the year. These reductions highlight our successful initiative to materially reduce inventory levels. Inventory days were 96.

Accounts receivable was $85.7 million. A/R days improved from 82 in the first quarter to 67 days in the second quarter.

Capital expenditures were $5.1 million for the second quarter, which was below our original estimate of $6 to 7 million for the quarter. CapEx year-to-date is $9.4 million. During the quarter, we invested in new equipment to balance our manufacturing lines due to a change in product mix towards more complex devices as a result of the ramp of our analog and Zetex products. As we look toward the future, we expect our capital expenditures in the third quarter will be $8 to 12 million.

Depreciation and amortization expense for the second quarter was $11.8 million.

Turning to our Outlook...

Looking at the third quarter of 2009, as Dr. Lu stated, we expect our business will continue to grow and that we will achieve further financial improvements to the strong results we recognized in the second quarter. We estimate that third quarter revenue will increase 10 to 15 percent sequentially, and gross margin is expected to be approximately 28 to 32 percent as we continue to benefit from further improvements in factory utilization. In terms of operating expenses, we rescinded the previous temporary cost reduction actions and expect operating expenses to be comparable to the second quarter on a percent of revenue basis. Our income tax expense is expected to be a relatively nominal amount of zero to four percent.

With that said, I will now turn the call over to Mark King, Senior Vice President, Sales and Marketing. Mark...

Mark King, Senior VP of Sales and Marketing

Thank you, Rick, and good morning.

As Dr. Lu and Rick mentioned, our strong second quarter results reflected the continued increases in demand for our products utilized in LCD TVs, mobile handsets, set-top boxes and notebooks. Additionally, our continued focus on new product development and our high level of design win activities resulted in an increase in market share, specifically in Asia. We have seen strong gains and new customer penetration over the past two quarters in hall sensors and MOSFETs for mobile handsets, netbooks, and notebooks. As we stated approximately one year ago, it was our goal to further penetrate the cell phone market, and I am pleased to report that we have greatly expanded our content in cell phones over that time and are starting to see an impact on revenue. We continue to expect a high rate of adoption in the third quarter resulting in further penetration of this high growth market. We also saw expanded production in Q2 of new design wins for our SBR products over a broad-base of applications and end equipments.

We continued our efforts to reposition worldwide channel inventory for future growth during the quarter. Inventory was down 5 percent in Q2 and 28 percent year to date, and we expect it to remain flat in the third quarter. Regarding pricing, ASPs were on average stable due to tightened capacity, while average unit costs were down due to improved utilization. As mentioned previously, we significantly improved loading at our manufacturing facilities, which we expect will continue in the third quarter and further benefit margins.

In terms of our segment breakout, computing and consumer each represented 32 percent of revenue, with industrial at 18 percent, communications 15 percent and automotive 3 percent.

In regards to geographic breakout, **Asia** represented 77 percent of total revenues. Asia revenue increased 42 percent from the first quarter driven by overall improvements in demand for notebook, netbook, panel, and market share gains in China local-branded LCD TVs and mobile phones. After sharp declines in distributor inventory in the first quarter, inventory was flat and POS roughly matched POP for the quarter. Distributor inventory is approximately 1 to 1 $^{1}/_{2}$ months and is expected to remain flat. Design activity was strong and increased over the first quarter.

In the third quarter, we expect to see continued growth in panel and LCD TVs, notebook and netbooks and China-local mobile phones.

In **North America**, sales represented 14 percent of total revenues and increased 25 percent over the first quarter. OEM sales were up 7 percent driven by solid gains in the lighting sector and increases in smart phone revenues driven by recent design wins. Distributor POS was higher than distributor POP in the quarter and inventory declined another 4 percent. Industrial accounts, both direct and through the channel, remained relatively flat during the quarter as a result of the continued slowdown in the housing market.

Design activity accelerated significantly in the second quarter highlighted by 34 analog wins, 1 hall sensor, 6 LED drivers, 4 SBRs and 21 MOSFETs.

Sales in **Europe** accounted for 9 percent of revenues in the second quarter and decreased approximately 10 percent from the first quarter. Distributor sales were down 16 percent as distributors continued to reduce inventory. Channel inventory decreased 20 percent quarter-over-quarter and POS was up slightly. OEM sales remained flat over the previous quarter but showed a positive trend going into the third quarter. Direct sales to automotive customers recovered by 17 percent after a flat first quarter, while direct sales to consumer customers again remained flat and sales to industrial customers continued to decline. Overall design activity increased significantly with the value of new design wins more than doubling from the first quarter.

Although the third quarter is typically impacted by the summer holiday closures at many manufacturing sites, we expect improvements in the third quarter for our consumer accounts in Europe and a more stabilized business with automotive customers.

Now turning to **new products**, new product revenue increased approximately $4 million from last quarter and represented 15.5 percent of sales, which was comparable to last quarter on a percent of revenue basis. The dollar increase was primarily due to increases in SBR products and discretes, particularly MOSFETs.

During the second quarter, we released 83 new products, consisting of 37 analog products across 6 device families and 46 discrete, which included 30 MOSFETs, 7 transistors and 9 SBR® devices. Our continued focus on new product development further broadened the range of devices introduced in the quarter. The 30 MOSFET devices were for battery pack, portable, computing and LCD TV backlighting applications. Our MOSFET business has continued to expand with new business being won through design-in opportunities.

Also during the quarter, we introduced a miniature, precision current monitor that is the market's smallest solution size for battery current measurement in portable applications. Packaged in a thin 4-pin DFN package, this current monitor supports system management functions while extending active run times. The device helps reduce power drain to prolong battery life and suits a broad range of battery cell configurations. Typical uses include battery charging, battery capacity measurement, and over-current monitoring in applications, including PDAs, mobile and smart phones.

Additionally, we expanded our LED driver family with the introduction of a cost-effective and small form factor solution for small LCD screens used across a wide range of portable consumer electronics. This family of high-efficiency, DC-DC boost white LED drivers is specifically designed for providing uniform LED backlighting to LCD screens measuring up to 5 inches. Targeted applications include personal navigation devices, digital photo frames, MP3 players, PDAs and digital cameras.

In terms of global design wins, in-process design activity was at its highest level in recent quarters with wins at 175 accounts globally: 90 wins at 68 customers in Asia, 94 wins at 52 customers in North America and 75 wins at 55 accounts in Europe. Design wins and in-process design activity were broad-based in both product and end equipment.

Our expanding MOSFET line was the most active with key wins in mobile handsets and smartphones, notebooks, netbooks and automotive with 32 active projects. SBR had 23 active projects, including a key solar power design win. Additionally, we had 20 new projects for Lighting and 16 new projects for USB power switches with several volume production orders placed on new wins from the first quarter.

In summary, I believe our continued focus on new product development and design win activities during this tough economic environment has been a contributing factor to our strong results and growth during the quarter. Additionally, our decisive cost reduction efforts have allowed us to maintain expenses in order to improve profitability as revenue grows. We have also effectively capitalized on the operational and product synergies from our acquisition of Zetex that will continue to materialize in our future results. Moving forward, we remain focused on further ramping new product design wins, while expanding market share at new and existing customers. I believe our proven business and product strategies will continue to produce profitable growth as the economy improves further.

With that, we will open the call for questions — Operator?

QUESTION AND ANSWER

Operator

(Operator Instructions) Gary Mobley, Noble Financial Group.

Gary Mobley — *Noble Financial Group — Analyst*

I'm going to ask a similar question than I asked on last conference call. I asked last time whether or not you guys can achieve gross margins in the 30% range on a peak utilization at $130 million a quarter in revenue. It appears as though you are trending above that line now. So I'm wondering now what your expectation is — if you do get up to the $130 million per quarter level, what kind of gross margin we might see.

Keh-Shew Lu — *Diodes Incorporated — President, CEO*

I think we gave the guidance on the third quarter, on and there, I think our midpoint of guidance is 30%. So you already can see from there, we should be able to hit 30% at the midpoint of what we give to you. But like I said, we — our capacity is still not fully utilized yet, at that level, at the third-quarter level.

And I need to be careful to separate from the main capacity to the equipment capacity. Because every time when we talk about capacity, we more [difference] to equipment capacity. But I think during the speech, I mentioned from main capacity point of view — main power capacity point of view, we actually full. And the reason is we lose — during the Chinese New Year, we lose almost 30% of people. And we are hiring the people back, but it takes time to train them, to make them to the production line and to make them more productive.

And when those continually improved, then profit. Then productivity is getting better, then GPM can improve. So that will be continued improvement with GPM when our operators get more productive and when our loading continues to increase and when our equipment utilization gets advanced. But that is only the back-end side, the packaging side.

From the wafer side of the loading, it is a little bit behind packaging. So we still have room for improvement, the loading improvement to give us more profit. So I think we should be able to get to the 35% our target when our business continues to grow.

I don't know when; I cannot give a prediction. But I am confident that if the loading continually improves, if the profitability continues to improve, if the wafer fab loading continues to improve, we should be able to get there.

Gary Mobley — *Noble Financial Group — Analyst*

I do have a follow-on. What do you think you could have done in revenue if you weren't personnel-constrained in the second quarter, and will a shortage of personnel act as a throttle for your third quarter?

Keh-Shew Lu — *Diodes Incorporated — President, CEO*

I really cannot give you that number, but I can tell you we actually turned down some of the business because we do not have enough main capacity to support all the demand. So we actually turned down some demand from business.

Gary Mobley — *Noble Financial Group — Analyst*

Thank you, guys.

Keh-Shew Lu — *Diodes Incorporated — President, CEO*

We believe the third-quarter will continue to grow. The business still looking very promising, and we believe we will continue gaining the market share, and that is why we give the guidance on 10% to 15% in our growth. Even we grow 30% in the second quarter, we still strongly believe we will to be able to continue that growth path in third quarter.

Operator

Joe Wittine, Longbow Research.

Joe Wittine — *Longbow Research — Analyst*

First question is, Mark, you were walking through the European trends. It sounds like it is still mixed there, which is not surprising. Industrial a little bit weaker, automotive may be stabilizing a little bit.

So the question is (technical difficulty) your guidance (technical difficulty) up 10% to 10% sequentially, what does that assume for Europe? Is it a flat quarter? Is it another slight step-back maybe (multiple speakers)?

Mark King — *Diodes Incorporated — Senior Vice President of Sales and Marketing*

You know, we think we had a pretty bad second quarter, and basically, we decreased our distributor inventory by 20%. So we are projecting some slight — we don't project the market to be up anything more than flat. But we expect some recovery in our numbers in the European market in Q3.

Joe Wittine — *Longbow Research — Analyst*

Okay. That's helpful. And then Mark, again, off of a comment that you made. You had mentioned there are some efficiencies from the Zetex acquisition yet to come. Just hoping you can give a little more color on those. Are they cost savings that are going to help operating expenses, or are they more synergies that are going to expand the top line, I guess, across more geographies?

Mark King — *Diodes Incorporated — Senior Vice President of Sales and Marketing*

You know, I think a little bit of both. I think we are putting more and more products of theirs into our factories, although we are quite full. So we are still — we still have some benefits long-term to move products in. Of course, as we are full, we are not going to move out of subcontracters in order to put it in our facilities if we can't support it. So we have some opportunity there.

I think from a customer — the ability to expand the customer base and the product mix and combining the product lines and selling them as one, I think is offering us a lot of advantage going forward also, for top-line growth.

Joe Wittine — *Longbow Research — Analyst*

So the way to think about that expansion is those will be more expanded into North America from a geographic perspective?

Mark King — *Diodes Incorporated — Senior Vice President of Sales and Marketing*

No, I think in every region. It is the same customers or new customers for Diodes or new customers for Zetex in all regions.

Joe Wittine — *Longbow Research — Analyst*

Thanks for that. Last question, and then I'll step out here. Rick, the guidance includes operating expense guidance. You guys got into flat on a percentage basis. Just curious, looking out longer-term, are there temporary cost savings that you guys enacted that will naturally start to kind of flow back as we look out a few quarters, or is the kind of a flat percentage of sales the most accurate way to model things right now? Thank you.

Richard White — *Diodes Incorporated — Chief Financial Officer*

I think what you will find is that we've rescinded those temporary things like forced vacations and salary reductions, so of course those are going to flow back in. And as we increase the utilization, we will have additional people that needed to be added. So we see the percent of sales going forward, operating expenses as a present of sales going forward as being a pretty reasonable amount.

Joe Wittine — *Longbow Research — Analyst*

Thanks and congrats on a great quarter.

Operator

Steve Smigie, Raymond James.

Steve Smigie — *Raymond James — Analyst*

I just wanted to follow up on that last question a little bit more. So say we look out to Q4, will there be another sort of — let's just say revenue were flat in Q4. Would you see a bigger step-up still dollar-wise in the OpEx just as more of that stuff comes off, or pretty much everything got taken off starting Q3, so it would be sort of all in there already?

Keh-Shew Lu — *Diodes Incorporated — President, CEO*

Steve, the key thing is we really give a guidance Q3, but I don't think we have a clear picture on Q4 yet. And we do not — we hiring the people is — when we say we hiring people, we more different to manufacturers, wafer fab and assembly.

Now for the expense, we start to expense some additional money to R&D, and that is what we said percentage flat instead of dollar flat. Okay? But we are very careful. We are not going to go crazy until — hiring until we see a clear picture. Our business model is — as a percent to the revenue will keep flat. And therefore, if the revenue does not significant grow, we won't significantly increase the operation, of course.

Steve Smigie — *Raymond James — Analyst*

Okay, that's fair. I guess just in terms of the balance sheet, you guys are generating some cash flow. I would expect that to continue to improve. Do you use that to continue to pay down some debt as you have, or what is the use of cash there, and what do you see the balance sheet over the next — well, a year really, as you come to the period a year out where you pay that stuff down? Just if you can give us an update on that.

Keh-Shew Lu — *Diodes Incorporated — President, CEO*

Well, you know last month, I think last month we bought convertible bonds back using stock. And we are very careful on the cash. Yes, we generate cash, but we know in this environment, cash is king, so we are very careful.

So I probably would not using the cash we generate to buy those. We might — I don't know, we don't know what will be happening. If the opportunity is right, we may buy back some convertible bonds if using either cash or stock. But it really just depends on what kind of our opportunities present to us.

But we do not really set a goal to buy the convertible bond back using cash or using stock. We don't set that goal. Just if opportunity presents to us that's good, then we will take opportunity.

Steve Smigie — *Raymond James — Analyst*

Okay. The last question is just on the revenue side. You saw a huge pickup here in Asia, and revenue overall in guidance is pretty big. Do you think in Q3 you are shipping back to demand and then you actually need to see meaningful demand pickup to keep things going?

I know you are capturing a lot of share, so that is additive, too. But how much have you caught up with demand, and how much do you actually see demand sort of picking up Q3 and going forward?

Mark King — *Diodes Incorporated — Senior Vice President of Sales and Marketing*

I think the Q3 growth is based on a pickup of demand, and I think we are relatively caught up with demand at an equal level. Clearly, our inventory levels globally at the channel are very, very low at this point. As I think I mentioned, there were 1.1 to 1.5 months in Asia, which is actually quite lean. And so we decreased our inventory another 20% in Europe, and inventory was already low and decreased another 5% in the channel in the US.

So we are very careful where the product is going right now, and if it is going into the channel, it is going to customers that are going to take it immediately. So pretty much it is all pass-through at this point.

Steve Smigie — *Raymond James — Analyst*

Great. Thank you.

Keh-Shew Lu — *Diodes Incorporated — President, CEO*

You remember, we've mentioned even in second quarter, due to the main capacity limitations, we actually drain the inventory, too. So we continue to drain the inventory. We are not at the stage to really — don't have that much of inventory we can — can be used. So now we 100% rely on our output from our manufacturers. And fortunately, our manufacturers, the people we hiring during the April timeframe, are able to put it back to production now.

It took about two months to training, to hiring the people. After we hired, it took about 2, 3 months to training them to put on the production lines. And so we now can rely on ourselves instead of shipping some inventory.

Steve Smigie — *Raymond James — Analyst*

Okay, thank you.

Operator

Tristan Gerra, Robert Baird.

Tristan Gerra — *Robert Baird — Analyst*

Good morning. I know you don't have too much visibility yet beyond Q3, but what is your visibility beyond your normal three-month backlog timeline, and do you think there is a chance for lead times to further expand now that shipping is back in line with end demand, or do you think you could see some lead time expansion in Q3?

Mark King — *Diodes Incorporated — Senior Vice President of Sales and Marketing*

I think the industry is going to see some lead time expansion in Q3. The question is how long that lead time expansion will move into Q4. I think that we are seeing more and more people having issues on their deliveries, even as recent as last night. So I think that there will be some industry extended lead times in Q3, which should be positive on ASPs and the general trend.

Tristan Gerra — *Robert Baird — Analyst*

Okay, and could you say what your utilization rates were front end, and what your expectation would be for Q3?

Keh-Shew Lu — *Diodes Incorporated — President, CEO*

On the front end, we have two wafer fab. One is in Kansas City, one is in — one is in Zetex in the UK. And we are in the second quarter — in the second quarter, actually Zetex is quite low. So it is about 40% loaded, and in the Fabtech, it is almost about a little bit more than 50% from equipment capacity point of view. Now, main capacity is higher, but from the equipment capacity point of view, it is a bit better than 50%. And that is in second quarter.

And we look into the third quarter, then that loading is the bulk average probably somewhere up to about 65% to 70%.

Tristan Gerra — *Robert Baird — Analyst*

Great. That's very helpful. Thank you.

Operator

Harsh Kumar, Morgan Keegan.

Harsh Kumar — *Morgan Keegan — Analyst*

First of all, congratulations. These are very good numbers, very good job of managing your business. I have a couple of questions. As you look into your business, there is obviously a tremendous build that is going on. Do your customers, when you talk to them, have any visibility into the actual end consumption, or are they going by a forecast? Any kind of color you could give us on that would be very helpful.

Mark King — *Diodes Incorporated — Senior Vice President of Sales and Marketing*

I would say that they are watching the end demand very closely. And I don't think anybody after what they went through in the fourth quarter and the first quarter is being overly aggressive with inventory. So I would say they are watching their ramp-ups quite tightly also.

Harsh Kumar — *Morgan Keegan — Analyst*

So it is pretty tight all the way, very well controlled, it sounds like.

Keh-Shew Lu — *Diodes Incorporated — President, CEO*

Even including the building materials for us , we even need to driving our people to our vendors to get the part we want. So I think the tightening condition is not just one location. It is really across the whole line.

Harsh Kumar — *Morgan Keegan — Analyst*

Good. And then Mark, maybe you can answer that. It sounds like there is a little bit of inventory replenishment left in Europe. But for most part, would you say that has played out; this is basically real demand? Is that a pretty fair statement?

Mark King — *Diodes Incorporated — Senior Vice President of Sales and Marketing*

Yes, I don't think that there is — in our numbers so far, there has been zero inventory replenishment. There has actually been continued inventory decrease at the channel perspective. I think there is clearly opportunities later in the fourth quarter and the first quarter where we would want to restructure our inventory back to normal rates, or — I don't think they will ever go back to the previous normal rates, because I think everybody is going to be more sensitive to cash in the next round.

But clearly, we don't want to operate at one month in Asia on inventory, when basically Asia is a pull environment. So we need to have more inventory in the channel in Asia. I think there may be even a little bit more decline in Europe over the next two quarters on inventory. And I believe that North America is right where it needs to be.

Harsh Kumar — *Morgan Keegan — Analyst*

Got it. And then maybe another question for you, Mark. Consumer took off pretty strongly, very strongly. Is that what is driving September growth more so than Computing, or is it sort of, would you say, equally split?

Mark King — *Diodes Incorporated — Senior Vice President of Sales and Marketing*

I don't know. I think they are running the same. I think we probably had a little bit of extra netbook in Q2 and we probably had a little bit more cell phone in Q3 — I mean in Q2. And the LCD TVs' growth really helped the Consumer section so they are balancing. But all of that is looking relatively strong as part of our guidance going into Q3.

Harsh Kumar — *Morgan Keegan — Analyst*

Thanks, guys. Great quarter. Great guidance. I'll get back in the queue.

Operator

Vijay Rakesh, ThinkEquity.

Vijay Rakesh — *ThinkEquity — Analyst*

Good quarter. Just trying to understand on the industrial side, how are things looking? Are you seeing any signs of life there in your geographies?

Mark King — *Diodes Incorporated — Senior Vice President of Sales and Marketing*

I think the power supply market is looking okay, and the fan market is looking okay in Asia. I think the — I think it is pretty clear that the Industrial side in Europe is struggling. And then in North America — I don't know, I think it is just kind of moving along flat. There is no real decline, but there is really no sign of any great increase in those areas.

Vijay Rakesh — *ThinkEquity — Analyst*

Got it. And you just looking at the demand side here, look at the point of sales trends here in July/August now. How has that held up in the US, Europe and China?

Mark King — *Diodes Incorporated — Senior Vice President of Sales and Marketing*

I think in Asia, POP and POS are going to match. I think Europe, I think that they will probably pretty close to match, but the POP trend will be up, because they need the parts. And in US, I think we will see a slight uptick in both.

Vijay Rakesh — *ThinkEquity — Analyst*

Lastly, when you look at the gross margin side, I know you mentioned the fab loading sites should have. But as Zetex picks up, shouldn't there be a product mix component also to the margin, the gross margin line? And shouldn't that help you kind of move above where your historical trend has been?

Keh-Shew Lu — *Diodes Incorporated — President, CEO*

I think our business model is we want to go to 35% GPM, and so —. But don't forget our really business model is profitable growth. We pay more attention to gross margin, gross dollar growth instead of gross margin percentage; we more pay attention to gross profit.

So if we can grow very fast, then we might sacrifice a little bit of either ASP or as a percent — gross margin percent. And so I really don't want to put it and say our objective is to get to 35%.

So right now, if we go 30 something percent, we are looking at 10% to 15% growth, we are going to continue driving the growth. In our opinion, when we grow, we improve the loading in SKE and improve the loading in our wafer fab. Then the profit automatic generated and coming out, then the gross margin will be automatic in there.

So I really don't sense that much effort just look at the percent. I really spend a lot of effort driving for the revenue. And when the Zetex and the new products come up, product mix will automatically help. When the Zetex products get to the market, and we know Zetex products, they can give us a better gross margin. At the same time, when the new products coming up they generate more margin. And when those product mix give us the advantage, the margin will come up.

But I'm really driving more on the growth and get more and more revenue and that adds gross margin dollars —.

Vijay Rakesh — *ThinkEquity — Analyst*

Sure. Okay, great. Good job, guys. Thanks.

Operator

John Vinh, Collins Stewart.

John Vinh — *Collins Stewart — Analyst*

Congratulations on the quarter, guys. First of all, just a housekeeping question. Your OpEx side, was there any stock comp in the quarter?

Keh-Shew Lu — *Diodes Incorporated — President, CEO*

In the past, we always put our stock option costs and take it away from GAAP. But Rick keeps telling me I am not allowed to do that. They don't want to do that. So that does not take up. So actually, stock option cost is included in that number. It is not really picking up from non-GAAP basis.

I don't like it, but Rick is the boss here. He gets to tell me we cannot take it off.

Richard White — *Diodes Incorporated — Chief Financial Officer*

So, John, to answer your question, there was — in the second quarter of 2009, there was approximately $2.2 million of share grant expense, including RSUs and stock option expense. And the details of all of that will be in our Q, which I think we are getting ready to publish tomorrow or early Monday.

Keh-Shew Lu — *Diodes Incorporated — President, CEO*

So if you want to back that out, you can use that number.

Richard White — *Diodes Incorporated — Chief Financial Officer*

We have not done that in our adjusted net GAAP — or adjusted income. If you look at the charts at the back of our earnings release, you can see exactly what we've backed out of operating expense, other income and the tax impact of those. And this share grant expense is not there.

John Vinh — *Collins Stewart — Analyst*

Okay. Honestly, I want don't want to get too bogged down in this, but just can you just give us a quick reason why you are not reconciling that in your non-GAAP numbers, because most of your peers seem to kind of back that out?

Keh-Shew Lu — *Diodes Incorporated — President, CEO*

He says the SEC won't allows us to do that.

Richard White — *Diodes Incorporated — Chief Financial Officer*

We received an SEC comment letter, and we were requested not to do that, specifically because it is a recurring expense. And so because it is recurring and has recurred several quarters and years, they do not believe that it is an adjustment necessary. So we agreed that we would not do that.

John Vinh — *Collins Stewart — Analyst*

Okay. Fair enough.

Keh-Shew Lu — *Diodes Incorporated — President, CEO*

So what you do is you can add those back up.

Richard White — *Diodes Incorporated — Chief Financial Officer*

You could go to the Q and find the data and make any adjustments you feel are necessary.

Keh-Shew Lu — *Diodes Incorporated — President, CEO*

That's right.

John Vinh — *Collins Stewart — Analyst*

Fair enough. Just a follow-up question for Mark on channel inventory. To your point, channel inventories have come down substantially the last couple quarters. It seems like they are pretty lean, especially in Asia. Why would you not expect just to build a little bit of inventory into Q3 here as we head into kind of seasonal kind of period here? I would expect they would want to have a little bit more relative to the first half levels.

Mark King — *Diodes Incorporated — Senior Vice President of Sales and Marketing*

I think they are going to try to. It is our goal not to allow them to. We want to make sure that we service as many customers as we possibly can with the product that we have available. And we don't believe that there is enough products available for us to allow them to build inventory.

So yes, some of them will win. But our goal will be that we try to maximize — we maximize the product for our customers and then position inventory at times where demand isn't quite as high.

John Vinh — *Collins Stewart — Analyst*

Okay. Does that suggest that if you are successful doing that, that Q4 could be slightly up from Q3 levels if they don't build any into inventory?

Mark King — *Diodes Incorporated — Senior Vice President of Sales and Marketing*

Assuming that the quarter tracks on POS like we are projecting it to track, then that could be an outcome from that.

John Vinh — *Collins Stewart — Analyst*

Okay. And then just to clarify, you talked about being labor constrained in Q2. Were you labor constrained in July?

Keh-Shew Lu — *Diodes Incorporated — President, CEO*

Yes.

John Vinh — *Collins Stewart — Analyst*

Okay.

Keh-Shew Lu — *Diodes Incorporated — President, CEO*

Still today, still — fully main capacity, fully limited — it is limited. That is why even — we said we talking about third-quarter 19%. We still have the demand more than what we can supply.

John Vinh — *Collins Stewart — Analyst*

Okay, so you think that capacity constraint will go away by the end of the quarter?

Keh-Shew Lu — *Diodes Incorporated — President, CEO*

Well, it depends on the market. The problem is nobody has a clear picture on what is going on — going on in the second quarter. Nobody can tell what is going on in the third quarter or even fourth quarter. So we — by guess, we hired in people, by estimating what will be in the fourth quarter.

And the time when you get to there, it is too late if you are wrong, because it takes about two months to three months to be able to put in production line. So I started hiring the people in April, and so those people started put it back to the line in June. But unfortunately is that in the April time frame, when I look forecast on third quarter, I really don't expect a 30 something percent growth in second quarter and another 10% to 15% growth in fourth quarter. Nobody really forecast that kind of growth — 10% to 15% in third quarter.

And therefore, if you are asking me why do I don't hire enough people in April, so third quarter I should not be people limited. Well, I wish I have a crystal ball, but I am not — not aggressive to hiring the people in April time frame.

John Vinh — *Collins Stewart — Analyst*

Okay. Got it.

John Vinh — *Collins Stewart — Analyst*

Last question for me on LCD TVs. That seemed to like it would be a big growth driver in Q2. How much of that was China domestic driven versus rest of the world, roughly?

Mark King — *Diodes Incorporated — Senior Vice President of Sales and Marketing*

To be honest, I don't have the —.

Keh-Shew Lu — *Diodes Incorporated — President, CEO*

We cannot really tell. We go to our customer, say Samsung, AUO, Siemens and those. And we really cannot distinguish where their panel go.

John Vinh — *Collins Stewart — Analyst*

Got it. Thank you very much.

Operator

Brian Piccioni, BMO Capital Markets.

Brian Piccioni — *BMO Capital Markets — Analyst*

Thanks for taking my question. As you can imagine, most of the questions have probably been asked and answered by now, but I will give it a shot. You were talking earlier about capacity utilization, and it sounds like your sort of overall capacity utilization is going to be around 90% in the third quarter. We had some questions about that earlier.

What sort of capital expenses and this sort of thing are going to be required as you approach 100%, because obviously you can't buy one-tenth of a fab or something like that?

Keh-Shew Lu — *Diodes Incorporated — President, CEO*

When we are talking about capacity, we are more talking about packaging capacity. When we say 90%, we're talking about packaging capacity. With the packaging capacity, you do able to add 2 million to 3 million each time on a different package. So we are able to do that, and I think we keep our forecast of $8 million to $12 million capital for third quarter.

Brian Piccioni — *BMO Capital Markets — Analyst*

So it doesn't look like there is any real need for major capital expenses at this for the foreseeable future anyway, right?

Keh-Shew Lu — *Diodes Incorporated — President, CEO*

No, in the wafer fab. Wafer fab, we are okay.

Brian Piccioni — *BMO Capital Markets — Analyst*

Okay, super. And I think you've answered this about three or four different ways. But just to be sure, you had mentioned earlier that you had turned down some business in the quarter. You had also mentioned that the inventory at your customers is very, very low. Am I correct in saying that you are trying to manage very carefully to ensure that your customers are not over-ordering to offset concerns of shortages in the future?

Mark King — *Diodes Incorporated — Senior Vice President of Sales and Marketing*

Yes, I think that we have a pretty clear understanding that our customers are not double-ordering.

Keh-Shew Lu — *Diodes Incorporated — President, CEO*

Because sometimes they pay extra money for drop ship from our factory. So you know if they are building up an inventory, they won't do that. And we do have a customer say, I need it right away, overnight, and we say well, we you need to pay the drop ship, they will. So you can see we know the customer is not really double-ordering.

Mark King — *Diodes Incorporated — Senior Vice President of Sales and Marketing*

And in the channel, we track the POS run rate versus the order run rate of the distributor by part number pretty closely. So we can see whether the distributor is just trying to blast up. So we watch it relatively closely. Some orders we would hope that they would double order so that we didn't have to (inaudible). But it is not working out that way.

Brian Piccioni — *BMO Capital Markets — Analyst*

That's great news because, of course, during inflection points in the industry, that has happened in the past. Thank you very much.

Keh-Shew Lu — *Diodes Incorporated — President, CEO*

Yes, that's right. We have a lot of experience on that. We are in the semiconductor for a long time.

Brian Piccioni — *BMO Capital Markets — Analyst*

Thank you.

Operator

Steven Chin, UBS.

Steven Chin — *UBS — Analyst*

Thanks for taking my question. I wanted to revisit some of the comments about share gains earlier, especially in the handset market. Is that coming from new products, or is that enabled by new products that are proprietary to Diodes, or is that more commodity-oriented products where you're better able to ship products compared to your peers currently?

Mark King — *Diodes Incorporated — Senior Vice President of Sales and Marketing*

I think we've had some gains in proprietary product, and we've had continued expansion in our standard product. I wouldn't necessarily say all of them are commodity products. We don't really have a significant amount of commodity product in the cell phone since we don't target that part, but there is some that are differentiated or limited or vendor-based and so on, but we do have some proprietary in the cell phone area also.

Keh-Shew Lu — *Diodes Incorporated — President, CEO*

You know in the past we're talking about — about a year ago when we started to introduce hall sensor, we're talking about hall sensor going to be the stuff for us to step into the cell phone business. So we are successfully, but using the hall sensor to get into the cell phone business, and now with that relationship we are able to extend the design wins on much more product of ours. And therefore, we have good growth in that area.

Steven Chin — *UBS — Analyst*

Related to that from a pricing perspective, is the stable ASP environment that you are seeing, is that for underlying sort of commodity-oriented products, or is that more of a blended ASP that you are referring to that includes potentially more proprietary products that are going into production currently?

Mark King — *Diodes Incorporated — Senior Vice President of Sales and Marketing*

We've seen actually, even in the second quarter and going into the third quarter, we've seen continued declines on some of the most commoditized devices in our area. And we've tended to back away from those devices and let that be taken. Now we are starting to see some of that pricing be attached to lack of delivery. So we are going to see some — we are going to see where some changes could occur in that in the next month or so.

So there is still — let's be clear we still live in a very competitive pricing environment, and most people aren't as full and most people are never as full as we try to keep ourselves. So, yes, there is still always pressure on price in our product line. But I think we will see pretty stable through Q3 and hopefully deep into Q4.

Steven Chin — *UBS — Analyst*

Great This last one, either for or Dr. Lu or for you, Mark. Just from an overall government stimulus spending or program impact, Dr. Lu I think last quarter you mentioned China stimulus programs for rebates for consumer products is having a big impact. But looking at more on the industrial side, is there much impact so far from infrastructure spending in China? And similarly for the US, whenever you think that comes into play how should we look at the impact in Q3, and more broadly the rest of this year?

Mark King — *Diodes Incorporated — Senior Vice President of Sales and Marketing*

I don't think from an infrastructure standpoint we could see a lot of impact or find a way to measure that impact. A lot of our product is high volume, lower-mix boards, medium volume, medium-mix boards, and infrastructure would be higher ticket item devices.

So I think — we did see some benefits in China from some of the consumer electronic devices and so forth. I think most of those have run out, but the demand has remained. The demand for TVs and phones in China is quite good right now. But I don't think we can say anything from an infrastructure standpoint.

Steven Chin — *UBS — Analyst*

Okay.

Keh-Shew Lu — *Diodes Incorporated — President, CEO*

But you can see a lot of our growth really is not just coming from the market environment growth. Our growth, a lot of them coming from new design wins, new customers, new applications we get into it. So we're definitely gaining the market share through all the design wins. If you remember, last several times Mark always say how many design wins, design win activity looks very good. But I always ask him, where is the revenue. And now the revenue started to turn in, and I think this is where we see our growth, majority of our growth coming from.

So yes, China stimulus package helps, but the market is hot, but if you look at our growth relative to our competitors, we actually grow much more than our competitors.

If you remember 1Q, we only down 10% while everybody down much more, and this time on top of that we are up 33%. And now we are talking about 10% to 15% growth. Definitely we grow much faster then. And that is our business model. We want to grow 2X faster than our competitors, and that is our business model. And we're definitely going to go that direction.

Steven Chin — *UBS — Analyst*

Okay, great. That's very helpful. Good job in the quarter, guys.

Operator

(Operator Instructions) Ladies and gentlemen, that concludes the Q&A portion of the presentation. I would now like to turn the call back over to Dr. Lu.

Keh-Shew Lu — *Diodes Incorporated — President, CEO*

Well, thank you for all your participation today. Thank you very much. I'll talk to you probably three months later. Operator, you may now disconnect.

Operator

Thank you, sir. Thank you, ladies and gentlemen, for your participation in today's conference. This concludes the presentation. You may now disconnect. Have a good day.