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

FORM 10-Q

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

For the quarterly period ended September 30, 2011

Or

☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the transition period from __________ to __________.

Commission file number: 002-25577

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

Delaware (State or other jurisdiction of incorporation or organization)	**95-2039518** (I.R.S. Employer Identification Number)
4949 Hedgcoxe Road, Suite 200 **Plano, Texas** (Address of principal executive offices)	**75024** (Zip code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer ☑	Accelerated filer ☐	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

The number of shares of the registrant's Common Stock outstanding as of November 3, 2011 was 45,619,364.

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PART I — FINANCIAL INFORMATION

Item 1 — Financial Statements

DIODES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS

(In thousands)

ASSETS

	September 30, 2011 (Unaudited)	December 31, 2010
CURRENT ASSETS		
Cash and cash equivalents	$ 124,897	$ 270,901
Accounts receivable, net	139,391	129,207
Inventories	139,074	120,689
Deferred income taxes, current	8,488	8,276
Prepaid expenses and other	17,450	11,679
Total current assets	429,300	540,752
PROPERTY, PLANT AND EQUIPMENT, net	231,863	200,745
DEFERRED INCOME TAXES, non-current	1,812	1,574
OTHER ASSETS		
Goodwill	67,770	68,949
Intangible assets, net	25,317	28,770
Other	17,667	5,760
Total assets	$ 773,729	$ 846,550

The accompanying notes are an integral part of these financial statements.

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DIODES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS *(cont')*

LIABILITIES AND EQUITY
(In thousands, except share data)

	September 30, 2011 (Unaudited)	December 31, 2010
CURRENT LIABILITIES		
Lines of credit	$ —	$ —
Accounts payable	82,554	70,057
Accrued liabilities	34,694	36,937
Income tax payable	—	15,412
Convertible senior notes	236	128,261
Other current liabilities	694	698
Total current liabilities	118,178	251,365
LONG-TERM DEBT, net of current portion	2,941	3,393
CAPITAL LEASE OBLIGATIONS, net of current portion	1,152	1,380
OTHER LONG-TERM LIABILITIES	34,159	37,520
Total liabilities	156,430	293,658
COMMITMENTS AND CONTINGENCIES		
EQUITY		
Diodes Incorporated stockholders' equity		
Preferred stock — par value $1.00 per share; 1,000,000 shares authorized; no shares issued or outstanding	—	—
Common stock — par value $0.66 2/3 per share; 70,000,000 shares authorized; 45,606,464 and 44,662,796 issued and outstanding at September 30, 2011 and December 31, 2010, respectively	30,406	29,775
Additional paid-in capital	244,677	231,842
Retained earnings	372,529	324,907
Accumulated other comprehensive loss	(44,333)	(45,080)
Total Diodes Incorporated stockholders' equity	603,279	541,444
Noncontrolling interest	14,020	11,448
Total equity	617,299	552,892
Total liabilities and equity	$ 773,729	$ 846,550

The accompanying notes are an integral part of these financial statements.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
NET SALES	$160,577	$163,120	$491,938	$ 449,120
COST OF GOODS SOLD	115,383	102,143	333,736	286,893
Gross profit	45,194	60,977	158,202	162,227
OPERATING EXPENSES				
Selling, general and administrative	23,404	22,837	67,389	65,678
Research and development	7,304	7,212	20,355	20,403
Other operating expenses	1,120	1,098	3,408	3,448
Total operating expenses	31,828	31,147	91,152	89,529
Income from operations	13,366	29,830	67,050	72,698
OTHER INCOME (EXPENSES)	(2,300)	(2,415)	(7,444)	(5,694)
Income before income taxes and noncontrolling interest	11,066	27,415	59,606	67,004
INCOME TAX PROVISION	359	5,346	9,912	11,705
NET INCOME	10,707	22,069	49,694	55,299
Less: NET INCOME attributable to noncontrolling interest	(750)	(907)	(2,072)	(2,532)
NET INCOME attributable to common stockholders	$ 9,957	$ 21,162	$ 47,622	$ 52,767
EARNINGS PER SHARE attributable to common stockholders				
Basic	$ 0.22	$ 0.48	$ 1.05	$ 1.20
Diluted	$ 0.21	$ 0.46	$ 1.02	$ 1.16
Number of shares used in computation				
Basic	45,603	44,346	45,252	44,031
Diluted	47,093	45,673	46,875	45,418

The accompanying notes are an integral part of these financial statements.

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

	Nine Months Ended September 30, 2011	Nine Months Ended September 30, 2010
CASH FLOWS FROM OPERATING ACTIVITIES	$ 65,053	$ 90,046
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(13,482)	—
Proceeds from sale of short-term investments	—	296,600
Purchases of property, plant and equipment	(69,802)	(66,342)
Proceeds from sale of property, plant and equipment	19	2,141
Other	64	(384)
Net cash provided by (used in) investing activities	(83,201)	232,015
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances on line of credit	10,000	3,762
Repayments on lines of credit	(10,000)	(303,192)
Net proceeds from issuance of common stock	3,352	2,763
Repayments of long-term debt	(134,369)	(1,062)
Other	282	(902)
Net cash used in financing activities	(130,735)	(298,631)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	2,879	(1,576)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(146,004)	21,854
CASH AND CASH EQUIVALENTS, beginning of period	270,901	241,953
CASH AND CASH EQUIVALENTS, end of period	$ 124,897	$ 263,807
SUPPLEMENTAL CASH FLOW INFORMATION:		
Non-cash financing activities:		
Property, plant and equipment purchased on accounts payable	$ (4,075)	$ (5,828)

The accompanying notes are an integral part of these financial statements.

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

NOTE A — Nature of Operations, Basis of Presentation and Recently Issued Accounting Pronouncements

Nature of Operations

Diodes Incorporated and its subsidiaries (collectively, the "Company") is a leading global manufacturer and supplier of high-quality, application specific standard products within the broad discrete, logic and analog semiconductor markets, serving the consumer electronics, computing, communications, industrial and automotive markets throughout Asia, North America and Europe.

Basis of Presentation

The accompanying unaudited consolidated condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("U.S.") ("GAAP") for interim financial information and with the instructions to Form 10-Q. They do not include all information and footnotes necessary for a fair presentation of financial position, results of operations and cash flows in conformity with U.S. GAAP for complete financial statements. These consolidated condensed financial statements should be read in conjunction with the consolidated financial statements and related notes contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2010. All significant intercompany balances and transactions have been eliminated in consolidation. In the opinion of management, all adjustments (consisting of normal recurring adjustments and accruals) considered necessary for a fair presentation of the results of operations for the period presented have been included in the interim period. Operating results for the three and nine months ended September 30, 2011 are not necessarily indicative of the results that may be expected for other interim periods or the year ending December 31, 2011. The consolidated condensed financial data at December 31, 2010 is derived from audited financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2010.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates. As permitted under U.S. GAAP, interim accounting for certain expenses, including income taxes, are based on full year forecasts. Such amounts are expensed in full in the year incurred. For interim financial reporting purposes, income taxes are recorded based upon estimated annual effective income tax rates.

Certain prior year's balances have been reclassified to conform to the current financial statement presentation.

Recently Issued Accounting Pronouncements

In September 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2011-08, *Intangibles-Goodwill and Other (Topic 350): Testing Goodwill for Impairment*. ASU No. 2011-08 is intended to simplify goodwill impairment testing by adding a qualitative review step to assess whether the required quantitative impairment analysis that exists today is necessary. Under the amended rule, a company will not be required to calculate the fair value of a business that contains recorded goodwill unless it concludes, based on the qualitative assessment, that it is more likely than not that the fair value of that business is less than its book value (that is, a likelihood of more than 50 percent). If such a decline in fair value is deemed more likely than not to have occurred, then the quantitative goodwill impairment test that exists under current GAAP must be completed; otherwise, goodwill is deemed to be not impaired and no further testing is required until the next annual test date (or sooner if conditions or events before that date raise concerns of potential impairment in the business). The amended goodwill impairment guidance does not affect the manner in which a company estimates fair value. The provisions of ASU No. 2011-08 are effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011, with early adoption permitted. The Company is currently evaluating the impact this amendment will have on its consolidated financial statements and is considering early adoption.

In June 2011, the FASB issued Accounting Standards Update ASU No. 2011-05,
Income. ASU No. 2011-05 provides two options for presenting other comprehensive income (OCI), which previously has typically been placed near the statement of equity. The amendments require an OCI statement to be included with the income statement, which together will make a statement of total comprehensive income or separate from the income statement, but the two statements will have to appear consecutively within a financial report. The provisions of ASU No. 2011-05 are effective for fiscal quarters and years beginning on or after December 15, 2011. The Company will select one of the two presentation options in its Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2012.

NOTE B — Functional Currencies, Foreign Currency Translation and Comprehensive Income (Loss)

Functional Currencies and Foreign Currency Translation — The functional currency for the Company's China subsidiaries is the U.S. dollar, while other subsidiaries, including subsidiaries in Taiwan and the United Kingdom ("U.K."), use their local currency as their functional currency. Transaction gains and losses that arise from exchange rate fluctuations on transactions denominated in a currency other than the functional currency are recorded as other income (expense) in the consolidated condensed statements of operations. The Company had foreign exchange transaction gain of approximately $1 million and loss of approximately $0 million for the three months ended September 30, 2011 and 2010, respectively, and gain of approximately $2 million and loss of approximately $1 million for the nine months ended September 30, 2011 and 2010, respectively.

Comprehensive Income (Loss) — U.S. GAAP generally requires that recognized revenues, expenses, gains and losses be included in net income. Although certain changes in assets and liabilities are reported as separate components of the equity section of the balance sheet, such items, along with net income, are components of comprehensive income or loss.

Total comprehensive income (loss) for the three and nine months ended September 30, 2011 and 2010 is as follows *(in thousands)*:

Total Comprehensive Income (Loss)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	**2010**	**2011**	**2010**
Net income	$ 10,707	$22,069	$49,694	$55,299
Translation adjustment	(6,852)	7,361	(621)	(3,552)
Unrealized gain/(loss) on defined benefit plan, net of tax	(3,783)	1,802	1,347	(4,068)
Comprehensive income	72	31,232	50,420	47,679
Less: Comprehensive income attributable to noncontrolling interest	(750)	(907)	(2,072)	(2,532)
Total comprehensive income (loss) attributable to common stockholders	$ (678)	$ 30,325	$ 48,348	$ 45,147

NOTE C — Earnings Per Share

Basic earnings per share is calculated by dividing net earnings by the weighted-average number of shares of common stock outstanding during the period. Diluted earnings per share is calculated similarly but includes potential dilution from the exercise of stock options and stock awards, except when the effect would be anti-dilutive.

The computation of basic and diluted earnings per common share is as follows *(in thousands, except per share data)*:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
BASIC				
Weighted average number of common shares outstanding used in computing basic earnings per share	45,603	44,346	45,252	44,031
Net income attributable to common stockholders	$ 9,957	$ 21,162	$ 47,622	$ 52,767
Earnings per share attributable to common stockholders	$ 0.22	$ 0.48	$ 1.05	$ 1.20
DILUTED				
Weighted average number of common shares outstanding used in computing basic earnings per share	45,603	44,346	45,252	44,031
Add: Assumed exercise of stock options and stock awards	1,490	1,327	1,623	1,387
	47,093	45,673	46,875	45,418
Net income attributable to common stockholders	$ 9,957	$ 21,162	$ 47,622	$ 52,767
Earnings per share attributable to common stockholders	$ 0.21	$ 0.46	$ 1.02	$ 1.16

There are no shares included in the earnings per share calculation related to the Company's 2.25% convertible senior notes ("Notes") outstanding as our average stock price did not exceed the conversion price and, therefore, there is no conversion spread.

NOTE D — Inventories

Inventories stated at the lower of cost or market value are as follows *(in thousands)*:

	September 30, 2011	December 31, 2010
Raw materials	$ 67,920	$ 60,402
Work-in-progress	21,666	22,288
Finished goods	49,488	37,999
Total	$ 139,074	$ 120,689

NOTE E — Goodwill and Intangible Assets

Changes in goodwill are as follows *(in thousands):*

Balance at December 31, 2010	$68,949
Currency exchange and other	(1,179)
Balance at September 30, 2011	**$ 67,770**

Changes in intangible assets are as follows *(in thousands):*

Balance at September 30, 2011:	
Intangible assets subject to amortization:	
Gross carrying amount	$ 48,664
Accumulated amortization	(18,093)
Currency exchange and other	(7,747)
Net value	22,824
Intangible assets with indefinite lives:	
Gross carrying amount	3,162
Currency exchange and other	(669)
Total	2,493
Total intangible assets, net	**$ 25,317**

Amortization expense related to intangible assets subject to amortization was approximately $1 million for the three months ended September 30, 2011 and 2010, and approximately $3 million for the nine months ended September 30, 2011 and 2010.

NOTE F — Fair Value Measurements

On September 7, 2011, the Company purchased 10 million shares of the common stock of Eris Technology Corporation (“Eris”), a publicly traded company listed as an Emerging Stock on the Taiwan OTC Exchange (TWO) that provides design, manufacturing and after-market services for diode products. The Company paid NT$39 per share or NT$390 million (approximately US$14 million), which represents an approximately 30 percent ownership in Eris after the transaction. As of September 30, 2011, the Company holds 10,045,000 shares of Eris.

The accounting rules permit a company to choose, at specified election dates, to measure at fair value certain eligible financial assets and liabilities that are not currently required to be measured at fair value. The specified election dates include, but are not limited to, the date when an entity first recognizes the item, when an entity enters into a firm commitment or when changes in the financial instrument causes it to no longer qualify for fair value accounting under a different accounting standard. The fair value option may be elected for each entire financial instrument, but need not be applied to all similar instruments. Once the fair value option has been elected, it is irrevocable. Unrealized gains and losses on items for which the fair value option has been elected will be reported in other income (expense).

The Company has elected the fair value option for the shares of Eris common stock. Fair value is the price that would be received on the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The shares of Eris common stock will be valued under the fair value hierarchy as a Level 1 Input, which is the quoted price (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Financial assets and liabilities carried at fair value as of September 30, 2011 are classified in the following table *(in thousands)*:

		Fair Value Measurements			Changes in Fair Values for Items Measured at Fair Value Pursuant to Election of the Fair Value Option	
Description	**Fair Value Estimate**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Other Gains and (Losses)**	**Total Changes in Fair Values Included in Current-Period Earnings**
Securities carried at fair value *	**$ 12,148**	$ 12,148	$ —	$ —	$ (1,334)	**$ (1,334)**

(*) Represents investments that would otherwise be accounted for under the equity method of accounting.

NOTE G — Income Tax Provision

Income tax expense of approximately $0 million and $10 million was recorded for the three and nine months ended September 30, 2011, respectively. This resulted in an effective tax rate of 17% for the nine months ended September 30, 2011, as compared to 18% in the same period of last year and compared to 18% for the full year of 2010. Our effective tax rates for the nine months ended September 30, 2011 and 2010, respectively, were lower than the U.S. statutory tax rate of 35%, principally from the impact of higher income in lower-taxed jurisdictions. In addition, our effective tax rate for the nine months ended September 30, 2011 was impacted by provision-to-return adjustments and the utilization of foreign tax credits. Lastly, our effective tax rate for the nine months ended September 30, 2010 was also impacted by the noncash income tax benefit of reversing valuation allowances on deferred tax assets from U.K. loss carryforwards.

For the nine months ended September 30, 2011, the Company reported domestic and foreign pre-tax income (loss) of approximately $(20) million and $80 million, respectively. For the nine months ended September 30, 2010, the Company reported domestic and foreign pre-tax income (loss) of approximately $(15) million and $82 million, respectively. Funds repatriated from foreign subsidiaries to the U.S. may be subject to federal and state income taxes. The Company intends to permanently reinvest overseas all of its earnings from its foreign subsidiaries; accordingly, U.S. taxes are not being recorded on undistributed foreign earnings.

The impact of tax holidays decreased the Company's tax expense by approximately $6 million for the nine months ended September 30, 2010 and 2011. The benefit of the tax holidays on both basic and diluted earnings per share for the nine months ended September 30, 2011 was approximately $0.13. The benefit of the tax holidays on both basic and diluted earnings per share for the nine months ended September 30, 2010 was approximately $0.13 and $0.12, respectively.

The Company files income tax returns in the U.S. federal jurisdiction and in various state and foreign jurisdictions. The Company is no longer subject to U.S. federal income tax examinations by tax authorities for tax years before 2008. With respect to state and local jurisdictions and countries outside of the U.S., with limited exceptions, the Company is no longer subject to income tax audits for years before 2006. Although the outcome of tax audits is always uncertain, the Company believes that adequate amounts of tax, interest and penalties, if any, have been provided for in the Company's reserve for any adjustments that may result from future tax audits. The Company recognizes accrued interest and penalties, if any, related to unrecognized tax benefits in income tax expense. As of September 30, 2011, the gross amount of unrecognized tax benefits was approximately $10 million.

It is reasonably possible that the amount of the unrecognized benefit with respect to certain of the Company's unrecognized tax positions will significantly increase or decrease within the next 12 months. These changes may be the result of settlements of ongoing audits or competent authority proceedings. At this time, an estimate of the range of the reasonably possible outcomes cannot be made.

NOTE H — Share-Based Compensation

The following table shows the total compensation expensed for share-based compensation plans, including stock options and share grants, recognized in the statements of operations *(in thousands)*:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Cost of sales	$ 112	$ 87	$ 287	$ 262
Selling and administrative expense	3,259	2,824	9,088	8,510
Research and development expense	272	355	735	1,008
Total share-based compensation expense	$ 3,643	$ 3,266	$ 10,110	$ 9,780

Stock Options. Stock options generally vest in equal annual installments over a four-year period and expire ten years after the grant date, and expense was estimated on the date of grant using the Black-Scholes option pricing model.

The total net cash proceeds received from stock option exercises during the nine months ended September 30, 2011 was approximately $3 million. Stock option expense for both the three months ended September 30, 2011 and 2010 was approximately $1 million. Stock option expense for both the nine months ended September 30, 2011 and 2010 was approximately $3 million.

A summary of the stock option plans is as follows:

Stock Options	Shares (000)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (yrs)	Aggregate Intrinsic Value ($000)
Outstanding at January 1, 2011	3,707	$ 14.14	5	$ 47,891
Granted	385	29.07		
Exercised	(482)	7.04		11,007
Forfeited or expired	(6)	21.69		
Outstanding at September 30, 2011	**3,604**	$ **16.67**	**5**	$ **14,475**
Exercisable at September 30, 2011	**2,633**	$ **14.50**	**4**	$ **13,789**

The aggregate intrinsic value in the table above is before applicable income taxes and represents the amount option holders would have received if all options had been exercised on the last business day of the period indicated, based on the Company's closing stock price.

As of September 30, 2011, total unrecognized stock-based compensation expense related to unvested stock options, net of forfeitures, was approximately $11 million, before income taxes, and is expected to be recognized over a weighted average period of approximately 3 years.

Share Grants. Restricted stock awards and restricted stock units generally vest in equal annual installments over a four-year period.

The total fair value of restricted stock awards vested during the nine months ended September 30, 2011 was $7 million. Share grant expense for both the three months ended September 30, 2011 and 2010 was approximately $2 million. Share grant expense for both the nine months ended September 30, 2011 and 2010 was approximately $7 million

A summary of the status of the Company's non-vested share grants is as follows:

Share Grants	Shares (000)	Weighted-Average Grant-Date Fair Value	Aggregate Intrinsic Value ($000)
Nonvested at January 1, 2011	774	$ 16.16	$ 12,479
Granted	367	27.55	
Vested	(362)	20.1	7,267
Forfeited	(35)	19.74	
Nonvested at September 30, 2011	**744**	**$ 19.83**	**$ 14,742**

As of September 30, 2011, total unrecognized share-based compensation expense related to non-vested stock awards, net of forfeitures, was approximately $25 million, before income taxes, and is expected to be recognized over a weighted average period of approximately 3 years.

NOTE I — Segment Information and Enterprise-Wide Disclosure

For financial reporting purposes, the Company operates in a single segment, standard semiconductor products, through the Company's various manufacturing and distribution facilities. The Company aggregates its products because the products are similar and have similar economic characteristics, and the products are similar in production process and share the same customer type.

The Company's primary operations include the domestic operations in Asia, North America and Europe.

Revenues are attributed to geographic areas based on the location of subsidiaries producing the revenues *(in thousands)*:

Three Months Ended September 30, 2011	Asia	North America	Europe	Consolidated
Total sales	$145,562	$ 34,559	$ 47,155	$227,276
Inter-company sales	(25,674)	(15,111)	(25,914)	(66,699)
Net sales	$119,888	$ 19,448	$ 21,241	$160,577

Three Months Ended September 30, 2010	Asia	North America	Europe	Consolidated
Total sales	$ 133,116	$ 42,769	$45,129	$ 221,014
Inter-company sales	(15,961)	(14,898)	(27,035)	(57,894)
Net sales	$117,155	$ 27,871	$ 18,094	$ 163,120

As Of And For The Nine Months Ended September 30, 2011	Asia	North America	Europe	Consolidated
Total sales	$ 427,132	$ 107,156	$157,628	$ 691,916
Inter-company sales	(64,251)	(46,321)	(89,406)	(199,978)
Net sales	$362,881	$ 60,835	$ 68,222	$ 491,938
Property, plant and equipment	$ 167,413	$ 33,562	$ 30,888	$ 231,863
Total assets	$ 485,448	$ 96,995	$191,286	$ 773,729

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As Of And For The Nine Months Ended September 30, 2010	Asia	North America	Europe	Consolidated
Total sales	$ 364,347	$ 112,380	$127,772	$ 604,499
Inter-company sales	(38,054)	(40,094)	(77,231)	(155,379)
Net sales	$326,293	$ 72,286	$ 50,541	$ 449,120
Property, plant and equipment	$ 137,604	$ 30,116	$ 31,378	$ 199,098
Total assets	$ 439,303	$ 169,801	$ 213,280	$ 822,384

Geographic Information

Revenues were derived from (billed to) customers located in the following countries (*in thousands)*:

	Net Sales for the Three Months Ended September 30,		Percentage of Net Sales	
	2011	2010	2011	2010
China	$ 57,804	$ 49,944	36%	31%
Taiwan	32,171	36,035	20%	22%
United States	22,733	41,641	14%	26%
Korea	9,200	9,681	6%	6%
England	7,906	6,757	5%	4%
Germany	7,555	7,260	5%	4%
Singapore	6,744	7,079	4%	4%
All Others (1)	16,464	4,723	10%	3%
Total	$160,577	$163,120	100%	100%

	Net Sales for the Nine Months Ended September 30,		Percentage of Net Sales	
	2011	2010	2011	2010
China	$ 158,370	$138,901	32%	31%
Taiwan	106,432	103,841	22%	23%
United States	79,190	103,430	16%	23%
Korea	29,389	26,569	6%	6%
England	25,134	13,432	5%	3%
Germany	25,011	24,412	5%	5%
Singapore	18,333	18,448	4%	4%
All Others (1)	50,079	20,087	10%	4%
Total	$491,938	$ 449,120	100%	100%

(1) Represents countries with less than 3% of the total revenues each.

NOTE J — Convertible Senior Notes

In October 2006, the Company issued and sold Notes with an aggregate principal amount of $230 million due 2026, which pay 2.25% interest per annum on the principal amount of the Notes, payable semi-annually in arrears on April 1 and October 1 of each year.

On September 30, 2011, in accordance with the Indenture, dated as of October 12, 2006, between the Company, as issuer, and Union Bank, N.A. (formerly, Union Bank of California, N.A.), as trustee and paying agent (the "Paying Agent"), substantially all of the note holders surrendered their Notes for purchase (the "Put Option"). The Company was advised by the Paying Agent that Notes in an aggregate principal amount of approximately $134 million were validly surrendered. The Company has accepted for purchase all of these Notes for a purchase price of $1,000 in cash per $1,000 principal amount, plus accrued and unpaid interest to, but excluding, October 1, 2011, the purchase date for the Put Option. The Company has delivered the aggregate purchase price of approximately $136 million for the accepted Notes, which includes accrued and unpaid interest, to the Paying Agent for distribution to the note holders. Following the Company's purchase of the Notes pursuant to the Put Option, approximately $0.2 million in aggregate principal amount of the Notes remains outstanding. The Company has the option to call the remaining Notes, which it intends to do during the fourth quarter of 2011.

In determining the original liability and equity components, the Company determined the expected life of the Notes to be five years as that was the earliest date in which the Notes could be put back to the Company at par value. As of September 30, 2011, the discount of the liability was fully amortized. As of September 30, 2011, the liability and equity components are as follows *(in thousands)*:

Liability Component Principal Amount	Liability Component Net Carrying Amount	Liability Component Unamortized Discount	Equity Component Carrying Amount
$ 236	$ 236	$ —	$ 35,515

The effective interest rate of the liability component was 8.5%, which was a comparable yield for nonconvertible notes with terms and conditions otherwise comparable to the Company's Notes as of the date of issuance. The amount of interest expense, including amortization of debt discount for the liability component and debt issuance costs is as follows *(in thousands)*:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Notes contractual interest expense	$ 755	$ 769	$ 2,266	$ 2,321
Amortization of debt discount	2,021	2,006	6,032	5,713
Amortization of debt issuance costs	137	138	412	412
Total	$ 2,913	$ 2,913	$ 8,710	$ 8,446

NOTE K — Commitments

Purchase commitments — As of September 30, 2011, the Company had approximately $31 million in non-cancelable purchase contracts related to capital expenditures, primarily for manufacturing equipment in China.

Other commitments — During 2010, the Company entered into an investment agreement with the Management Committee of the Chengdu Hi-Tech Industrial Development Zone (the "CDHT"). Under this agreement, the Company agreed to form a joint venture with a Chinese partner, Chengdu Ya Guang Electronic Company Limited, to establish a semiconductor manufacturing facility for the purpose of providing surface mounted component production, assembly and testing, and integrated circuit assembly and testing in Chengdu, People's Republic of China. This is a long-term, multi-year project that will provide additional capacity for the Company as needed. The Company is expected to invest approximately $48 million in installments during the first three years. As of September 30, 2011, the Company has invested approximately $15 million.

NOTE L — Employee Benefit Plans

Defined Benefit Plan

The Company has a contributory defined benefit plan that covers certain employees in the United Kingdom ("U.K.") and Germany. The net pension and supplemental retirement benefit obligations and the related periodic costs are based on, among other things, assumptions regarding the discount rate, estimated return on plan assets and mortality rates. These obligations and related periodic costs are measured using actuarial techniques and assumptions. The projected unit credit method is the actuarial cost method used to compute the pension liabilities and related expenses.

For the nine months ended September 30, 2011, net period benefit costs associated with the defined benefit plan were approximately $0 million.

The following tables set forth the benefit obligation, the fair value of plan assets, and the funded status of the Company's plan (*in thousands*):

	Defined Benefit Plan
Change in benefit obligation:	
Balance at December 31, 2010	$ 118,505
Service cost	242
Interest cost	4,613
Actuarial gain	(7,696)
Benefits paid	(2,943)
Currency changes	(388)
Benefit obligation at September 30, 2011	**$ 112,333**
Change in plan assets:	
Fair value of plan assets at December 31, 2010	$ 93,642
Actual return on plan assets	(2,136)
Employer contribution	1,534
Benefits paid	(2,943)
Currency changes	(343)
Fair value of plan assets at September 30, 2011	**$ 89,754**
Underfunded status at September 30, 2011	**$ (22,579)**

Based on an actuarial study performed as of September 30, 2011, the plan is underfunded and a liability is reflected in the Company's consolidated financial statements as a long-term liability. The weighted-average discount rate assumption used to determine benefit obligations as of September 30, 2011 was 5.1%.

The following are weighted-average assumptions used to determine net periodic benefit costs for the nine months ended September 30, 2011:

Discount rate	5.4%
Expected long-term return on plan assets	6.6%

The Company previously adopted a payment plan with the trustees of the defined benefit plan, in which the Company will pay approximately £1.0 million GBP (approximately $1.6 million based on a USD:GBP exchange rate of 1.6:1) every year from 2009 through 2012. Contribution amounts, if any, for 2013 and thereafter have not yet been determined, but discussions are ongoing with the trustees of the defined benefit plan as to the required payments going forward.

The Company also has pension plans in Asia for which the benefit obligation, fair value of the plan assets and the funded status amounts are deemed immaterial and therefore, are not included in the figures or assumptions above.

Deferred Compensation

The Company maintains a Non-Qualified Deferred Compensation Plan (the "Deferred Compensation Plan") for executive officers, key employees and members of the Board of Directors (the "Board"). The Deferred Compensation Plan allows eligible participants to defer the receipt of eligible compensation, including equity awards, until designated future dates. The Company offsets its obligations under the Deferred Compensation Plan by investing in the actual underlying investments. These investments are classified as trading securities and are carried at fair value. At September 30, 2011, these investments totaled approximately $4 million. All gains and losses in these investments are materially offset by corresponding gains and losses in the Deferred Compensation Plan liabilities.

NOTE M — Related Parties

The Company conducts business with a related party company, Lite-On Semiconductor Corporation and its subsidiaries and affiliates (collectively, "LSC"), that owned approximately 18.4% of the Company's outstanding Common Stock as of September 30, 2011. The Company also conducts business with one significant company, Keylink International (B.V.I.) Inc. and its subsidiaries and affiliates (collectively, "Keylink"). Keylink is the Company's 5% joint venture partner in the Company's Shanghai manufacturing facilities. In addition, the Company conducts business with a related party company, Eris. The Company owned approximately 30% of Eris's outstanding Common Stock as of September 30, 2011.

The Audit Committee of the Company's Board reviews all related party arrangements for potential conflict of interest situations on an ongoing basis, in accordance with such procedures as the Audit Committee may adopt from time to time.

Lite-On Semiconductor Corporation — During the nine months ended September 30, 2011 and 2010, the Company sold products to LSC totaling approximately 0% and 1% of its net sales, respectively. Net sales decreased in 2011 compared to 2010 due to fewer wafers being sold to LSC and more wafers being used for internal consumption. Also, for the nine months ended September 30, 2011 and 2010, approximately 5% and 7%, respectively, of the Company's net sales were from semiconductor products purchased from LSC for subsequent sale, making LSC the Company's largest supplier.

Net sales to, and purchases from, LSC are as follows *(in thousands)*:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Net sales	$ 894	$ 1,457	$ 1,846	$ 5,983
Purchases	$ 11,730	$ 11,073	$ 30,224	$31,961

Keylink International (B.V.I.) Inc. — During the nine months ended September 30, 2011 and 2010, the Company sold products to subsidiaries and affiliates of Keylink totaling approximately 1% and 3% of its net sales, respectively. Net sales decreased in 2011 compared to 2010 due to a contract expiring, which is currently being renegotiated. Also, for the nine months ended September 30, 2011 and 2010, approximately 1% and 2%, respectively, of the Company's net sales were from semiconductor products purchased from Keylink for subsequent sale. In addition, the Company's subsidiaries in China lease their manufacturing facilities from, and subcontract a portion of their manufacturing process (including, but not limited to, metal plating and environmental services) to Keylink. The Company also pays a consulting fee to Keylink. For the nine months ended September 30, 2011 and 2010, the Company paid Keylink an aggregate of approximately $13 million and $11 million, respectively, with respect to these items.

Net sales to, and purchases from, Keylink are as follows *(in thousands)*:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Net sales	$ 5,898	$ 4,235	$ 7,102	$11,977
Purchases	$ 3,222	$ 3,059	$ 9,102	$ 8,232

Eris Technology Corporation — The Company subcontracts to Eris some of its wafers for assembly and test capacities and also purchases finished goods not sourced from the Company's wafers. With respect to these assembly and test fees and additional finished goods purchases, the Company paid Eris approximately $5 million for the three months ended September 30, 2011 and 2010, and approximately $12 million and $14 million for the nine months ended September 30, 2011 and 2010, respectively.

Accounts receivable from, and accounts payable to, LSC, Eris and Keylink are as follows *(in thousands)*:

	September 30, 2011
Accounts receivable	
LSC	$ 706
Keylink	6,320
	$ 7,026
Accounts payable	
LSC	$ 7,843
Eris	6,408
Keylink	7,412
	$ 21,663

Item 2 — Management's Discussion and Analysis of Financial Condition and Results of Operations

Except for the historical information contained herein, the matters addressed in this Item 2 constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such forward-looking statements are subject to a variety of risks and uncertainties, including those discussed below under the heading "Risk Factors" and elsewhere in this Quarterly Report on Form 10-Q, that could cause actual results to differ materially from those anticipated by the Company's management. The Private Securities Litigation Reform Act of 1995 (the "Act") provides certain "safe harbor" provisions for forward-looking statements. All forward-looking statements made in this Quarterly Report on Form 10-Q are made pursuant to the Act. The Company undertakes no obligation to publicly release the results of any revisions to its forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unexpected events. Unless the context otherwise requires, the words "Diodes," the "Company," "we," "us" and "our" refer to Diodes Incorporated and its subsidiaries.

This management's discussion should be read in conjunction with the management's discussion included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2010, previously filed with Securities and Exchange Commission.

Highlights

- Net sales for the three months ended September 30, 2011 was $161 million, a decrease of $3 million, or 2%, over the same period last year, and a sequential decrease of 5% compared to the $170 million in the second quarter of 2011;
- Net sales for the nine months ended September 30, 2011 was $492 million, an increase of $43 million, or 10%, over the same period last year;
- Gross profit for the three months ended September 30, 2011 was $45 million, a decrease of $16 million, or 26%, over the same period last year, and a sequential decrease of 20% compared to the $56 million in the second quarter of 2011;
- Gross profit for the nine months ended September 30, 2011 was $158 million, a decrease of $4 million, or 2%, over the same period last year;
- Gross profit margin for the three months ended September 30, 2011 was 28%, a decrease of 9% over the same period last year, and a sequential decrease of 5% compared to the second quarter of 2011;
- Gross profit margin for the nine months ended September 30, 2011 was 32%, a decrease of 4% over the same period last year;
- Net income attributable to common stockholders for the three months ended September 30, 2011 was $10 million, or $0.21 per diluted share, compared to the same period last year, which was $21 million, or $0.46 per diluted share, and second quarter of 2011 net income of $18 million, or $0.38 per diluted share; and
- Net income attributable to common stockholders for the nine months ended September 30, 2011 was $48 million, or $1.02 per diluted share, compared to the same period last year, which was $53 million, or $1.16 per diluted share.

Business Outlook

The broad weakness across global markets that began in May 2011 is extending into the fourth quarter and continues to impact demand in the consumer and computing markets. Looking beyond the current market environment, we increased our investment in R&D to further advance our new product initiatives, maintain design win momentum and position ourselves for additional market share gains in future quarters. Furthermore, we have additional capacity available, which prepares us for upside potential and a return to our historical growth levels as the market improves. We remain committed to our business model and believe these actions will produce long-term returns for our shareholders. For the fourth quarter of 2011, we expect revenue to range between $140 million and $150 million, or down 7% to 13% sequentially. We expect gross margin to be 25%, plus or minus 1.5%. Operating expenses are expected to remain approximately flat with third quarter on a dollar basis. We expect our income tax rate to range between 17% and 23%, and shares used to calculate GAAP EPS for the fourth quarter are anticipated to be approximately 47 million."

Overview

We are a leading global manufacturer and supplier of high-quality, application specific standard products within the broad discrete, logic and analog semiconductor markets, serving the consumer electronics, computing, communications, industrial and automotive markets. The products are sold primarily throughout Asia, North America and Europe.

We design, manufacture and market these semiconductors for diverse end-use applications. Semiconductors, which provide electronic signal amplification and switching functions, are basic building-block electronic components that are incorporated into almost every electronic device. We believe that our focus on standard semiconductor products provides us with a meaningful competitive advantage relative to other semiconductor companies.

During the first quarter of 2011, net sales were stronger than typical first quarter seasonal patterns, assisted by increased demand in tablets, notebooks, smartphones and LED TV's. We saw strong demand in Europe and Asia, while North America revenue declined sequentially from fourth quarter of 2010. In addition, the first quarter of 2011 was impacted by reduced unit output from our packaging facilities due to lower equipment utilization as a result of China labor shortages, and gross margin reflected reduced fixed cost coverage caused by the lower unit output. Although we experienced lower unit output during the first quarter, we were able to ship from finished goods inventory and reduced our contract assembly commitments, which allowed us to achieve sequential revenue growth in our core business.

During the second quarter of 2011, we continued to focus on design wins, new products and customer expansion. During May, we started to see a slowdown in the global markets, in particular the consumer and computing space. This weakness accelerated in the last several weeks of the second quarter, affecting several of our customers that build product for the U.S. and European markets. Gross margin in the second quarter was also impacted by the softening demand, which caused us to change our mix to lower margin commodity products to support revenue. In addition, there was a slower than expected ramp in productivity due to the training requirements for replacing operators as a result of the China labor shortages, which was completed in the third quarter.

During the third quarter of 2011, we continued to see broad weakness across global markets that began in May and accelerated throughout the third quarter. Despite this softness, we were able to execute our strategy of gaining market share by shifting our product mix to lower margin products to best utilize our installed capacity, and we grew our nine month revenue 10% over the prior year period. We continued to drive manufacturing productivity improvements at our China packaging facilities to maximize the utilization of our operators and equipment. We used excess capacity to build finished goods inventory in preparation for a three day shut-down for the China National Holiday, which occurred during the first week in October. In response to these market conditions, we have implemented cost reduction actions that include the delay of capital investments, hiring freezes, a reduction in factory overtime, as well as temporary reductions on travel.

The following has affected, and, we believe, will continue to affect, our results of operations:

- Net sales for the nine months ended September 30, 2011 was $492 million compared to $449 million in the same period last year. This increase in net sales mainly reflects the increase in demand for our products in most geographic regions during the first six months of 2011, partially offset by the decrease in sales during the third quarter of 2011 compared to third quarter of 2011.
- Our gross profit margin was 32% for the nine months ended September 30, 2011, compared to 36% in the same period last year. Our gross margin percentage decreased over the same period last year due to a shift in product mix to lower margin products and lower equipment utilization due to training replacement operators as a result of the previously disclosed China labor shortages. In addition, during the third quarter of 2011 gross profit margin was also impacted by reduction in subcontractor activity and increase in gold prices. Future gross profit margins will depend primarily on market prices, our product mix, manufacturing cost savings, and the demand for our products.
- For the nine months ended September 30, 2011, our capital expenditures, excluding capital expenditures related to our investment agreement with the Management Committee of the Chengdu Hi-Tech Industrial Development Zone (the "CDHT"), were approximately 12% of our net sales, which is at the high end of our historical 10% to 12% of net sales model. For 2011, we expect capital expenditures, excluding capital expenditures related to our investment agreement, to be at the low end of our historical model.
- For the nine months ended September 30, 2011 and 2010, the percentage of our net sales derived from our Asian subsidiaries was 74%. In the near future, we expect our percentage of net sales to the Asian market to remain approximately the same. In addition, Europe accounted for approximately 14% of our revenues for the nine months ended September 30, 2011, compared to 11% in the same period last year.
- As of September 30, 2011, we had invested approximately $342 million in our Asian manufacturing facilities. For the nine months ended September 30, 2011, we invested approximately $61 million in these manufacturing facilities, and we expect to continue to invest in our manufacturing facilities, although the amount to be invested will depend on product demand and new product developments.
- For the nine months ended September 30, 2011, our original equipment manufacturers ("OEM") and electronic manufacturing services ("EMS") customers together accounted for approximately 46% of our net sales, while our global network of distributors accounted for approximately 54% of our net sales.

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Results of Operations for the Three Months Ended September 30, 2011 and 2010

The following table sets forth, the percentage that certain items in the statements of operations bear to net sales and the percentage dollar increase (decrease) of such items from period to period.

	Percent of Net Sales Three Months Ended September 30,		Percentage Dollar Increase (Decrease)
	2011	2010	'10 to '11
Net sales	100%	100%	**(2)**
Cost of goods sold	(72)	(63)	**13**
Gross profit	28	37	**(26)**
Operating expenses	(20)	(19)	**2**
Income from operations	8	18	**(55)**
Other income (expense)	(1)	(1)	**(5)**
Income before income taxes and noncontrolling interest	7	17	**(60)**
Income tax provision	—	3	**(93)**
Net income	7	14	**(51)**
Net income attributable to noncontrolling interest	(1)	(1)	**(17)**
Net income attributable to common stockholders	6	13	**(53)**

The following discussion explains in greater detail our consolidated operating results and financial condition for the three months ended September 30, 2011, compared to the three months ended September 30, 2010. This discussion should be read in conjunction with the consolidated financial statements and notes thereto appearing elsewhere in this quarterly report *(in thousands)*.

	2011	2010
Net Sales	$160,577	$163,120

Net sales decreased approximately $2 million for the three months ended September 30, 2011, compared to the same period last year. The 2% decrease in net sales represented an approximately 7% decrease in ASP and a 6% increase in units sold. The revenue decrease for the three months ended September 30, 2011 was attributable to general market slowdown on a global basis, specifically in the consumer and computing markets, causing larger than normal pricing decline, coupled with a reduction in assembly test contractor activity.

	2011	2010
Cost of goods sold	$115,383	$102,143
Gross profit	$ 45,194	$ 60,977
Gross profit margin	28.1%	37.4%

Cost of goods sold increased approximately $13 million, or 13%, for the three months ended September 30, 2011, compared to the same period last year. As a percent of sales, cost of goods sold increased to 72% for the three months ended September 30, 2011, compared to 63% in the same period last year, and our average unit cost ("AUP") increased 6% due to direct manufacturing costs.

For the three months ended September 30, 2011, gross profit decreased by approximately $16 million, or 26%, compared to the same period last year. Gross margin decreased to 28% for the three months ended September 30, 2011, compared to 37% for the same period last year. Gross margin as been decreasing over the past quarters with gross margin being 38% in the fourth quarter of 2010, 36% in the first quarter of 2011 and 33% in the second quarter of 2011. This decrease is mainly due to the shift in product mix to lower margin products on effort to maintain full capacity utilization.

	2011	2010
Operating expenses	$ 31,828	$ 31,147

Operating expenses for the three months ended September 30, 2011 increased approximately $1 million compared to the same period last year. In addition, of the components within operating expenses, selling, general and administrative expenses (“SG&A”) increased approximately $1 million, while research and development expenses (“R&D”) remained relatively flat. SG&A, as a percentage of sales, increased to 15% for the three months ended September 30, 2011, compared to 14% in the same period last year, and R&D, as a percentage of sales, increased to 5% for the three months ended September 30, 2011, compared to 4% in the same period last year, due to the decrease in net sales.

	2011	2010
Other expenses	$ 2,300	$ 2,415

Other expenses remained relatively flat for the three months ended September 30, 2011 at approximately $2 million, compared to approximately $2 million in the same period last year. For the three months ended September 30, 2011, other expense consisted of net interest expense of approximately $3 million, which included approximately $2 million for the amortization of debt discount related to our 2.25% convertible senior notes (“Notes”) and an approximately $1 million loss on securities carried at fair value, partially offset by an approximately $1 million foreign currency gain. For the three months ended September 30, 2010, other expense consisted of net interest expense of approximately $3 million, which included approximately $2 million for the amortization of debt discount related to our Notes, partially offset by other miscellaneous income.

	2011	2010
Income tax provision	$ 359	$ 5,346

We recognized income tax expense of approximately $0 million for the three months ended September 30, 2011, compared to approximately $5 million income tax expense in the same period last year. The estimated effective tax rate is 3% for the three months ended September 30, 2011, compared to 20% in the same period last year. Our effective tax rates for the three months ended September 30, 2011 and 2010, respectively, were lower than the U.S. statutory tax rate of 35%, principally from the impact of higher income in lower-taxed jurisdictions. In addition, our effective tax rate for the three months ended September 30, 2011 was impacted by provision-to-return adjustments and the utilization of foreign tax credits. Lastly, the Company’s effective tax rate for the three months ended September 30, 2010 was also impacted by the noncash income tax benefit of reversing valuation allowances on deferred tax assets from U.K. loss carryforwards.

Results of Operations for the Nine Months Ended September 30, 2011 and 2010

The following table sets forth, the percentage that certain items in the statements of operations bear to net sales and the percentage dollar increase (decrease) of such items from period to period.

	Percent of Net Sales Nine Months Ended September 30,		Percentage Dollar Increase (Decrease)
	2011	2010	'10 to '11
Net sales	100%	100%	**10**
Cost of goods sold	(68)	(64)	**16**
Gross profit	32	36	**(2)**
Operating expenses	(19)	(20)	**2**
Income from operations	13	16	**(8)**
Other income (expense)	(1)	(1)	**(8)**
Income before income taxes and noncontrolling interest	12	15	**(11)**
Income tax provision	2	2	**(15)**
Net income	10	13	**(10)**
Net income attributable to noncontrolling interest	—	(1)	**(18)**
Net income attributable to common stockholders	10	12	**(10)**

The following discussion explains in greater detail our consolidated operating results and financial condition for the nine months ended September 30, 2011, compared to the nine months ended September 30, 2010. This discussion should be read in conjunction with the consolidated financial statements and notes thereto appearing elsewhere in this quarterly report *(in thousands)*.

	2011	2010
Net Sales	$491,938	$449,120

Net sales increased approximately $43 million for the nine months ended September 30, 2011, compared to the same period last year. The 10% increase in net sales represented an approximately 1% decrease in ASP and an 11% increase in units sold. The revenue increase for the nine months ended September 30, 2011 was attributable to the increase in demand for our products in most geographic regions during the first six months of 2010, partially offset by the decrease in sales during the third quarter of 2011 compared to third quarter of 2011.

	2011	2010
Cost of goods sold	$ 333,736	$286,893
Gross profit	$158,202	$162,227
Gross profit margin	32.2%	36.1%

Cost of goods sold increased approximately $47 million, or 16%, for the nine months ended September 30, 2011 compared to the same period last year. As a percent of sales, cost of goods sold increased to 68% for the nine months ended September 30, 2011 compared to 64% in the same period last year, and AUP increased 5% due to product mix and direct manufacturing costs.

For the nine months ended September 30, 2011, gross profit decreased by approximately $4 million, or 2%, compared to the same period last year. Gross margin decreased to 32% for the nine months ended September 30, 2011, compared to 36% for the same period last year. This decrease is mainly due to the shift in product mix to lower margin products on effort to maintain full capacity utilization.

	2011	2010
Operating expenses	$91,152	$89,529

Operating expenses for the nine months ended September 30, 2011 increased approximately $1 million compared to the same period last year. In addition, of the components within operating expenses, selling, general and administrative expenses (“SG&A”), increased approximately $2 million, while research and development expenses (“R&D”) remained relatively flat. SG&A, as a percentage of sales, decreased to 14% for the nine months ended September 30, 2011, compared to 15% in the same period last year, and R&D, as a percentage of sales, decreased to 4% for the nine months ended September 30, 2011, compared to 5% in the same period last year, due to higher net sales.

	2011	2010
Other expenses	$ 7,444	$ 5,694

Other expenses increased for the nine months ended September 30, 2011 to approximately $7 million, compared to approximately $6 million in the same period last year. For the nine months ended September 30, 2011, other expense consisted of net interest expense of approximately $8 million, which included approximately $6 million for the amortization of debt discount related to our Notes and an approximately $1 million loss on securities carried at fair value, partially offset by an approximately $2 million foreign currency gain. For the nine months ended September 30, 2010, other expense consisted of net interest expense of approximately $7 million, which included approximately $6 million for the amortization of debt discount related to our Notes, partially offset by an approximately $2 million gain on sale of non-core intellectual property for which no intangible assets were ever recorded.

	2011	2010
Income tax provision	$ 9,912	$ 11,705

We recognized income tax expense of approximately $10 million for the nine months ended September 30, 2011, compared to approximately $12 million income tax expense in the same period last year. The estimated effective tax rate is 17% for the nine months ended September 30, 2011, compared to 18% in the same period last year. Our effective tax rates for the nine months ended September 30, 2011 and 2010, respectively, were lower than the U.S. statutory tax rate of 35%, principally from the impact of higher income in lower-taxed jurisdictions. In addition, our effective tax rate for the nine months ended September 30, 2011 was impacted by provision-to-return adjustments and the utilization of foreign tax credits. Lastly, our effective tax rate for the nine months ended September 30, 2010 was also impacted by the noncash income tax benefit of reversing valuation allowances on deferred tax assets from U.K. loss carryforwards.

Financial Condition

Liquidity and Capital Resources

Our primary sources of liquidity are cash and cash equivalents, funds from operations and, if necessary, borrowings under our credit facilities. We currently have a U.S. credit agreement for a $10 million revolving credit facility and a $10 million uncommitted facility with no outstanding borrowings. Our U.S. credit agreement's maturity date is during November 2011 and we are currently in negations with our lender to renew this credit agreement. In addition, we have foreign credit facilities with borrowing capacities of approximately $45 million with no outstanding borrowings and $14 million used for import and export guarantees. Our primary liquidity requirements have been to meet our inventory and capital expenditure needs and to fund on-going operations. At December 31, 2010 and September 30, 2011, our working capital was $289 million and $311 million, respectively. Our working capital increased in the first nine months of 2011 primarily due to the increase in accounts receivables and inventories as the decrease in cash and Notes partially offset each other. We expect cash generated by our operations, together with existing cash, cash equivalents and available credit facilities, to be sufficient to cover cash needs for working capital and capital expenditures for at least the next 12 months. Cash and cash equivalents, the conversion of other working-capital items and borrowings are expected to be sufficient to fund on-going operations.

On September 30, 2011, in accordance with the Indenture, dated as of October 12, 2006, between us, as issuer, and Union Bank, N.A. (formerly, Union Bank of California, N.A.), as trustee and paying agent (the "Paying Agent"), substantially all of the note holders surrendered their Notes for purchase (the "Put Option"). We were advised by the Paying Agent that Notes in an aggregate principal amount of approximately $134 million were validly surrendered. We have accepted for purchase all of these Notes for a purchase price of $1,000 in cash per $1,000 principal amount, plus accrued and unpaid interest to, but excluding, October 1, 2011, the purchase date for the Put Option. We have delivered the aggregate purchase price of approximately $136 million for the accepted Notes, which includes accrued and unpaid interest, to the Paying Agent for distribution to the note holders. Following the purchase of the Notes pursuant to the Put Option, approximately $0.2 million in aggregate principal amount of the Notes remains outstanding.

On October 12, 2011, we delivered to the Paying Agent, a notice (the "Notice to Trustee of Optional Redemption") of our intention to redeem on December 1, 2011 (the "Redemption Date") all of our outstanding Notes pursuant to Section 3.01 of the Indenture. Following the redemption of the approximately remaining $0.2 million aggregate principal amount of the Notes, no Notes will be outstanding.

Capital expenditures for the nine months ended September 30, 2011 and 2010 were $74 million and $72 million, respectively, which include $15 million of capital expenditures related to the investment agreement with the Management Committee of the CDHT for the nine months ended September 30, 2011. Capital expenditures, excluding capital expenditures related to the investment agreement, in the first nine months of 2011 were approximately 12% of our net sales and were primarily related to manufacturing expansion in our facilities in China.

On September 7, 2011, we purchased 10 million shares of the common stock of Eris Technology Corporation ("Eris"), a publicly traded company listed as an Emerging Stock on the Taiwan OTC Exchange (TWO) that provides design, manufacturing and after-market services for diode products. We paid NT$39 per share or NT$390 million (approximately US$14 million). As of September 30, 2011, we hold 10,045,000 shares of Eris, which represents an approximately 30 percent ownership in Eris and we intend to purchase additional shares over the next year. See Note F of the Notes to Consolidated Condensed Financial Statements for additional information.

Discussion of Cash Flow

Cash and cash equivalents decreased from $271 million at December 31, 2010, to $125 million at September 30, 2011 primarily from cash used in investing and financing activities, offset by cash provided by operating activities.

A summary of the consolidated condensed statements of cash flows is as follows *(in thousands)*:

	Nine Months Ended September 30,		
	2011	2010	Change
Net cash provided by operating activities	$ 65,053	$ 90,046	$ (24,993)
Net cash provided by (used by) investing activities	(83,201)	232,015	(315,216)
Net cash (used by) financing activities	(130,735)	(298,631)	167,896
Effect of exchange rates on cash and cash equivalents	2,879	(1,576)	4,455
Net increase (decrease) in cash and cash equivalents	$ (146,004)	$ 21,854	$(167,858)

Operating Activities

Net cash provided by operating activities for the nine months ended September 30, 2011 was $65 million, resulting primarily from $50 million of net income and $45 million in depreciation and amortization, offset partially by a $27 million increase in operating assets. Net cash provided by operating activities was $90 million for the same period last year, resulting primarily from $55 million of net income and $44 million in depreciation and amortization, offset partially by a greater increase in operating assets than operating liabilities.

Investing Activities

Net cash used in investing activities was $83 million for the nine months ended September 30, 2011 compared to net cash provided by of $232 million for the same period last year. This decrease in net cash provided by investing activities was due primarily to $297 million in proceeds from the sale of short-term investments in 2010.

Financing Activities

Net cash used in financing activities was $131 million for the nine months ended September 30, 2011 compared to net cash used in of $299 million in the same period last year. For the nine months ended September 30, 2011, $134 million was used for retirement of Notes. For the nine months ended September 30, 2010, $303 million was used for the repayment of lines of credit with the proceeds from the sale of short-term investments in 2010.

Debt Instruments

There have been no material changes to our debt instruments as disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2010, filed on February 28, 2011, except for the retirement of approximately $134 million of our Convertible Senior Notes.

Off-Balance Sheet Arrangements

We do not have any transactions, arrangements and other relationships with unconsolidated entities that will affect our liquidity or capital resources. We have no special purpose entities that provide off-balance sheet financing, liquidity or market or credit risk support, nor do we engage in leasing, swap agreements, or outsourcing of research and development services, that could expose us to liability that is not reflected on the face of our financial statements.

Contractual Obligations

There have been no material changes in any of our contractual obligations as disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2010, filed on February 28, 2011.

Critical Accounting Policies

Our critical accounting policies, as described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2010, relate to revenue recognition, inventories, accounting for income taxes, goodwill and long-lived assets, share-based compensation, fair value measurements, defined benefit plan, contingencies and convertible senior notes. There have been no material changes to our critical accounting policies since December 31, 2010, except for the accounting of our Notes, which will no longer apply once the remaining Notes are retired during the fourth quarter of 2011, and the purchase of Eris common stock which is being valued as a Level 1 Input under the fair value option.

Recently Issued Accounting Pronouncements

See Note A of the Notes to Consolidated Condensed Financial Statements for detailed information regarding the status of recently issued accounting pronouncements.

Available Information

Our Internet address is http://www.diodes.com. We make available, free of charge through our Internet website, our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, proxy statements, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 ("Exchange Act") as soon as reasonably practicable after such material is electronically filed with or furnished to the Securities and Exchange Commission (the "SEC"). Our website also provides access to investor financial information, including SEC filings and press releases, as well as stock quotes and information on corporate governance compliance.

Cautionary Statement for Purposes of the "Safe Harbor" Provision of the Private Securities Litigation Reform Act of 1995

Except for the historical information contained herein, the matters addressed in this Quarterly Report on Form 10-Q constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. We generally identify forward-looking statements by the use of terminology such as "may," "will," "could," "should," "potential," "continue," "expect," "intend," "plan," "estimate," "anticipate," "believe," or similar phrases or the negatives of such terms. Such forward-looking statements are subject to a variety of risks and uncertainties, including those discussed under "Risks Factors" and elsewhere in this Quarterly Report on Form 10-Q that could cause actual results to differ materially from those anticipated by our management. The Private Securities Litigation Reform Act of 1995 (the "Act") provides certain "safe harbor" provisions for forward-looking statements. All forward-looking statements made on this Quarterly Report on Form 10-Q are made pursuant to the Act.

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

For more detailed discussion of these factors, see the "Risk Factors" discussion in Item 1A of the Company's most recent Annual Report on Form 10-K as filed with the SEC and in Part II, Item 1A of this report. The forward-looking statements included in this Quarterly Report on Form 10-Q are made only as of the date of this report, and the Company undertakes no obligation to update the forward-looking statements to reflect subsequent events or circumstances.

Risk Factors

Risks Related To Our Business

- *The success of our business depends on the strength of the global economy and the stability of the financial markets, and any weaknesses in these areas may have a material adverse effect on our revenues, results of operations and financial condition.*
- *During times of difficult market conditions, our fixed costs combined with lower revenues may have a negative impact on our business, results of operations and financial condition.*
- *Downturns in the highly cyclical semiconductor industry or changes in end-market demand could adversely affect our results of operations and financial condition.*
- *The semiconductor business is highly competitive, and increased competition may harm our business, results of operations and financial condition.*
- *A related party is our largest external supplier and the loss of this supplier could harm our business, results of operations and financial condition.*
- *Delays in initiation of production at facilities, implementing new production techniques or resolving problems associated with technical equipment malfunctions could adversely affect our manufacturing efficiencies, results of operations and financial condition.*
- *We are and will continue to be under continuous pressure from our customers and competitors to reduce the price of our products, which could adversely affect our growth and profit margins.*
- *Our customers require our products to undergo a lengthy and expensive qualification process without any assurance of product sales, which could adversely affect our revenues, results of operations and financial condition.*
- *Our customer orders are subject to cancellation or modification usually with no penalty. High volumes of order cancellation or reductions in quantities ordered could adversely affect our results of operations and financial condition.*
- *Production at our manufacturing facilities could be disrupted for a variety of reasons, which could prevent us from producing enough of our products to maintain our sales and satisfy our customers' demands and could adversely affect our results of operations and financial condition.*
- *New technologies could result in the development of new products by our competitors and a decrease in demand for our products, and we may not be able to develop new products to satisfy changes in demand, which would adversely affect our net sales, market share, results of operations and financial condition.*
- *We may be adversely affected by any disruption in our information technology systems, which could adversely affect our cash flows, results of operations and financial condition.*
- *We may be subject to claims of infringement of third-party intellectual property rights or demands that we license third-party technology, which could result in significant expense and reduction in our intellectual property rights.*
- *We depend on third-party suppliers for timely deliveries of raw materials, parts and equipment, as well as finished products from other manufacturers, and our reputation with customers, results of operations and financial condition could be adversely affected if we are unable to obtain adequate supplies in a timely manner.*
- *If we do not succeed in continuing to vertically integrate our business, we will not realize the cost and other efficiencies we anticipate, which could adversely affect our ability to compete, profit margins, results of operations and financial condition.*
- *Part of our growth strategy involves identifying and acquiring companies with complementary product lines or customers. We may be unable to identify suitable acquisition candidates or consummate desired acquisitions and, if we do make any acquisitions, we may be unable to successfully integrate any acquired companies with our operations, which could adversely affect our business, results of operations and financial condition.*
- *We are subject to many environmental laws and regulations that could result in significant expenses and could adversely affect our business, results of operations and financial condition.*

- *Our products may be found to be defective and, as a result, product liability claims may be asserted against us, which may harm our business, reputation with our customers, results of operations and financial condition.*
- *We may fail to attract or retain the qualified technical, sales, marketing and management personnel required to operate our business successfully, which could adversely affect on our business, results of operations and financial condition.*
- *We may not be able to maintain our growth or achieve future growth and such growth may place a strain on our management and on our systems and resources, which could adversely affect our business, results of operations and financial condition.*
- *Obsolete inventories as a result of changes in demand for our products and change in life cycles of our products could adversely affect our business, results of operations and financial condition.*
- *If OEMs do not design our products into their applications, a portion of our net sales may be adversely affected.*
- *We are subject to interest rate risk that could have an adverse effect on our cost of working capital and interest expenses.*
- *Restrictions in our credit facilities may limit our business and financial activities, including our ability to obtain additional capital in the future.*
- *The value of our defined benefit plan assets and liabilities is based on estimates and assumptions, which may prove inaccurate and the actual amount of expenses recorded in the consolidated financial statements could differ materially from the assumptions used.*
- *Due to fluctuations in the U.K.'s equity markets and bond markets, changes in actuarial assumptions for our defined benefit plan could increase the volatility of the plan's asset value, require us to increase cash contributions to the plan and have a negative impact on our results of operations and financial condition.*
- *In 2010, we established a joint venture to build a semiconductor facility in Chengdu, People's Republic of China. We are required to contribute at least $47.5 million to the joint venture during the first three years with additional contributions thereafter, as well as a substantial amount of time and resources to establish and operate the joint venture. Any failure to meet any such requirements, delays or unforeseen circumstances may cause us to incur penalties or require us to contribute additional expenses or resources and, as a result, could have an adverse effect on our operating efficiencies, results of operations and financial conditions.*
- *Certain of our customers and suppliers require us to comply with their codes of conducts, which may include certain restrictions that may substantially increase the cost of our business as well as have an adverse effect on our operating efficiencies, results of operations and financial condition.*
- *There are risks associated with previous and future acquisitions. We may ultimately not be successful in overcoming these risks or any other problems encountered in connection with acquisitions.*
- *If we fail to maintain an effective system of internal controls or discover material weaknesses in our internal control over financial reporting, we may not be able to report our financial results accurately or detect fraud, which could harm our business and the trading price of our Common Stock.*
- *Terrorist attacks, or threats or occurrences of other terrorist activities, whether in the United States or internationally, may affect the markets in which our Common Stock trades, the markets in which we operate, and our results of operations and financial condition.*

Risks Related To Our International Operations

- *Our international operations subject us to risks that could adversely affect our operations.*
- *We have significant operations and assets in China, Taiwan, Hong Kong and U.K. and, as a result, will be subject to risks inherent in doing business in those jurisdictions, which may adversely affect our financial performance.*
- *A slowdown in the Chinese economy could limit the growth in demand for electronic devices containing our products, which would have a material adverse effect on our business, results of operations and prospects.*
- *Economic regulation in China could materially and adversely affect our business, results of operations and prospects.*

- *We could be adversely affected by violations of the United States' Foreign Corrupt Practices Act and similar worldwide anti-bribery laws.*
- *We are subject to foreign currency risk as a result of our international operations.*
- *The People's Republic of China is experiencing rapid social, political and economic change, which has increased labor costs and other related costs that could make doing business in China less advantageous than in prior years. Increased labor costs in China could adversely affect our business, results of operations and financial condition.*
- *We may not continue to receive preferential tax treatment in Asia, thereby increasing our income tax expense and reducing our net income.*
- *The distribution of any earnings of our foreign subsidiaries to the United States may be subject to U.S. income taxes, thus reducing our net income.*

Risks Related To Our Common Stock

- *Variations in our quarterly operating results may cause our stock price to be volatile.*
- *We may enter into future acquisitions and take certain actions in connection with such acquisitions that could adversely affect the price of our Common Stock.*
- *Our directors, executive officers and significant stockholders hold a substantial portion of our Common Stock, which may lead to conflicts with other stockholders over corporate transactions and other corporate matters.*
- *We were formed in 1959, and our early corporate records are incomplete. As a result, we may have difficulty in assessing and defending against claims relating to rights to our Common Stock purporting to arise during periods for which our records are incomplete.*
- *Non-cash tender offers, debt equity swaps or equity exchanges to consummate our business activities are likely to have the effect of diluting the ownership interest of existing stockholders, including qualified stockholders who receive shares of our Common Stock in such business activities.*
- *The repurchase rights and the increased conversion rate triggered by a make-whole fundamental change could discourage a potential acquirer.*
- *Anti-takeover effects of certain provisions of Delaware law and our Certificate of Incorporation and Bylaws, may hinder a take-over attempt.*
- *Section 203 of Delaware General Corporation Law may deter a take-over attempt.*
- *Our Certificate of Incorporation and Bylaw Provisions may deter a take-over attempt.*

Item 3. Quantitative and Qualitative Disclosures About Market Risk

As a multinational corporation, we are subject to certain market risks including foreign currency, interest rate, political, inflation and credit. We consider a variety of practices to manage these market risks. There have been no material changes to our market risks as disclosed in our Annual Report on Form 10-K for the year ended December 31, 2010, filed on February 28, 2011.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Our Chief Executive Officer, Keh-Shew Lu, and Chief Financial Officer, Richard D. White, with the participation of the Company's management, carried out an evaluation of the effectiveness of our disclosure controls and procedures pursuant to Exchange Act Rule 13a-15(e). Based upon that evaluation, the Chief Executive Officer and the Chief Financial Officer believe that, as of the end of the period covered by this Quarterly Report on Form 10-Q, our disclosure controls and procedures are effective at the reasonable assurance level to ensure that information required to be included in this report is:

- recorded, processed, summarized and reported within the time period specified in the Commission's rules and forms; and
- accumulated and communicated to our management, including the Chief Executive Officer and the Chief Financial Officer, to allow timely decisions required disclosure.

Disclosure controls and procedures, no matter how well designed and implemented, can provide only reasonable assurance of achieving an entity's disclosure objectives. The likelihood of achieving such objectives is affected by limitations inherent in disclosure controls and procedures. These include the fact that human judgment in decision-making can be faulty and that breakdowns in internal control can occur because of human failures such as simple errors, mistakes or intentional circumvention of the established processes.

Changes in Controls over Financial Reporting

There was no change in our internal control over financial reporting, known to our Chief Executive Officer or our Chief Financial Officer, that occurred during the last fiscal quarter covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, the Company is involved in various routine legal proceedings incidental to the conduct of its business. The Company is not currently a party to any material litigation.

Item 1A. Risk Factors

There have been no material changes from the risk factors disclosed in the "Risk Factors" section of our Annual Report on Form 10-K for the fiscal year ended December 31, 2010, filed on February 28, 2011.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

We may from time to time seek to repurchase our outstanding Notes or Common Stock in the open market, in privately negotiated transactions or otherwise. Such repurchases, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

There have been no repurchases of our Notes or Common Stock during the third quarter of 2011.

Item 3. Defaults Upon Senior Securities

There are no matters to be reported under this heading.

Item 4. (Removed and Reserved)

Item 5. Other Information

There are no matters to be reported under this heading.

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Item 6. Exhibits

Number	Description	Form	Date of First Filing	Exhibit Number	Filed Herewith
3.1	Certificate of Incorporation, as amended	S-3	September 8, 2005	3.1	
3.2	Amended By-laws of the Company dated July 19, 2007	8-K	July 23, 2007	3.1	
4.1	Form of Certificate for Common Stock, par value $0.66 2/3 per share	S-3	August 25, 2005	4.1	
4.2	Form of 2.25% Convertible Senior Notes due 2026	S-3	October 4, 2006	4.1	
4.3	Form of Indenture for the 2.25% Convertible Senior Notes due 2026	S-3	October 4, 2006	4.3	
10.1	First Floor of the Accommodation Building Agreement, dated June 1, 2011, between Shanghai Kai Hong Technology Company Limited and Shanghai Ding Hong Electronic Company Limited.	10-Q		10.1	X
10.2	Third Floor of the Dormitory Building Lease Agreement, dated July 1, 2011, between Shanghai Kai Hong Technology Company Limited and Shanghai Ding Hong Electronic Company Limited.	10-Q		10.2	X
10.3	Third Supplemental Agreement to the Factory Building Lease Agreement, dated May 16, 2011, between Shanghai Kai Hong Technology Company Limited and Shanghai Yuan Hao Electronic Company Limited.	10-Q		10.3	X
31.1	Certification Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
31.2	Certification Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
32.1*	Certification Pursuant to 18 U.S.C. adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
32.2*	Certification Pursuant to 18 U.S.C. adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
101.INS**	XBRL Instance Document				
101.SCH**	XBRL Taxonomy Extension Schema				
101.CAL**	XBRL Taxonomy Extension Calculation Linkbase				
101.LAB**	XBRL Taxonomy Extension Labels Linkbase				
101.PRE**	XBRL Taxonomy Extension Presentation Linkbase				
101.DEF**	XBRL Taxonomy Extension Definition Linkbase				

* *A certification furnished pursuant to Item 601 of the Regulation S-K will not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liability of that section. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the registrant specifically incorporates it by reference.*

** *Pursuant to Rule 406T of Regulation S-T, these interactive data files are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933 or Section 18 of the Securities Exchange Act of 1934 and otherwise are not subject to liability.*

PLEASE NOTE: It is inappropriate for investors to assume the accuracy of any covenants, representations or warranties that may be contained in agreements or other documents filed as exhibits to this Quarterly Report on Form 10-Q. In certain instances the disclosure schedules to such agreements or documents contain information that modifies, qualifies and creates exceptions to the representations, warranties and covenants. Moreover, some of the representations and warranties may not be complete or accurate as of a particular date because they are subject to a contractual standard of materiality that is different from those generally applicable to stockholders and/or were used for the purpose of allocating risk among the parties rather than establishing certain matters as facts. Accordingly, you should not rely on the representations and warranties as characterizations of the actual state of facts at the time they were made or otherwise.

SIGNATURE

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

DIODES INCORPORATED (Registrant)

By: /s/ Richard D. White November 9, 2011

RICHARD D. WHITE
Chief Financial Officer, Treasurer and Secretary
(Duly Authorized Officer and Principal Financial and
Chief Accounting Officer)

Exhibit 10.1

First Floor of the Accommodation Building
Lease Agreement

This First Floor of the Accommodation Building Lease Agreement (the "Lease Agreement") is entered into as of June 1, 2011 ("Effective Date") in the city of Shanghai, by and between SHANGHAI KAI HONG TECHNOLOGY CO., LTD. (hereinafter referred to as "DSH") with its registered office at No.1 Lane 18 San Zhuang Road, Songjiang Export Processing Zone, Shanghai, P.R.China and SHANGHAI DING HONG ELECTRONIC CO., LTD. (hereinafter referred to as "Ding Hong") with its registered office at No.999 Chenchun Road, Xinqiao Town, Songjiang, Shanghai, P.R. China.

DSH and Ding Hong are collectively referred to as the "Parties" and individually as a "Party".

WHEREAS,

The Parties agree on the lease of the first floor of the Accommodation Building (as defined below). Ding Hong represents that it is the lawful owner of the Accommodation Building.

1. Definitions

Unless otherwise defined in this Lease Agreement, the terms used herein shall have the following meanings:

1.1 "Accommodation Building" shall mean the five-story dormitory building located on the lot 375 of Songjiang district, Shanghai.

1.2 "First Floor" shall mean the first floor of the Accommodation Building (Exhibit B: First Floor layout).

1.3 "First Floor Lease Area" shall mean the first floor lease area of the Accommodation Building, including eighteen rooms, television room, activity room, clothes wash room, with an area of approximately 1,416.08 square meters (Exhibit A: First Floor Remodeling Requirements Chart).

1.4 "Lease Term" shall mean the period of time on which DSH is entitled to use the First Floor Lease Area and Ding Hong is entitled to receive rent from DSH in accordance with the terms and conditions of the Lease Agreement.

2. The Construction and Facilities of the First Floor of the Accommodation Building

2.1 Ding Hong promises that it would hand over and allow DSH to begin using the First Floor Lease Area of the Accommodation Building to DSH on April 11, 2011 in accordance with DSH's standards (see Exhibit A: First Floor Remodeling Requirements Chart) and requests. Ding Hong agrees that the building repair cost, decoration cost and the facilities maintenance cost for the First Floor of the Accommodation Building shall be at Ding Hong's own expenses.

2.2 Ding Hong promises that the construction and building quality of the Accommodation Building shall be in compliance with all the relevant quality standards. Ding Hong shall obtain from all necessary government authority checked and accepted inspection certificates. Ding Hong guarantees the quality of the facilities of the Accommodation Building and the quality of the equipments in each room. Ding Hong further guarantees the quality of the materials used in making the facilities in the Accommodation Building shall meet DSH's and relevant inspection's requirements.

3. Lease Term

3.1 For the First Floor Lease Area, the Parties agree that the Lease Term shall be 5 (five) year(s) commencing on April 11, 2011 until April 10, 2016.

3.2 The Parties agree that the Lease Term for the First Floor Lease Area shall be automatically renewed unless DSH gives a written notice of termination not less than thirty (30) days before the expiration of the Lease Term, but the Lease Term must be renegotiated and adjusted accordingly. During the Lease Term or any renewal period, Ding Hong shall not terminate this Lease Agreement without DSH's written approval. For the renewal period, the items relating to the rental set forth in Article 4 of the Lease Agreement shall be adjusted on the basis of the market prices at the time of renewal and after consultation between the Parties.

3.3 If during the Lease Term or the Lease Term renewal period, Ding Hong receives from a third party a bona fide, legally binding offer to lease the portion of the First Floor not already leased by DSH, Ding Hong shall notify DSH of this fact. The notice shall specify all the terms of the bona fide third party offer. DSH shall then have thirty (30) days to lease that portion of the First Floor specified in the third party's bona fide offer for the rent and related details set forth in Articles 4. Ding Hong shall not lease any portion of the First Floor to any third party until thirty (30) days has expired without DSH exercising its right of first refusal. Any other terms not specified in this Lease Agreement regarding the First Floor, both Parties shall negotiate and sign a supplemental agreement for these unspecified terms. Such signed supplemental agreement shall constitute a part of the entire Lease Agreement and shall have the same effectiveness as the entire Lease Agreement.

4. Rental

The First Floor Lease Area is approximate 1,416.08 square meters; the Parties agree that the monthly rent for the First Floor Lease Area shall be Renminbi ("RMB") 30.18 per square meter. The total monthly rent for the First Floor Lease Area shall be RMB 42,737.29 ("Monthly Rent").

5. Deposit

DSH shall pay Ding Hong a deposit amount of RMB 42,737.29 (the "Deposit") to the RMB bank account as designated by Ding Hong within one hundred and twenty (120) days of the Effective Date of the Lease Agreement for the First Floor Lease Area.

6. Method of Payment

For the First Floor Lease Area, DSH shall pay the Monthly Rent in RMB to the RMB bank account as designated by Ding Hong on or before the first day of every month.

7. Termination of the Lease Agreement

If either Party terminates the Lease Agreement prior to the expiration of the Lease Term without the consent from the other Party, the Party that terminates the Lease Agreement shall pay damages to the other Party to compensate for such Party's actual loss. The amount of damages shall include, but not be limited to, the reasonable profits, out-of-pocket costs, legal service fees, Court fees, arbitration fees, accounting fees and removal or relocation fees.

8. Insurance and Repair Costs

8.1 During the term of the Lease Agreement, Ding Hong shall purchase and maintain insurance coverage to cover any and all casualty damage to the Accommodation Building, and shall be responsible for repairing all structural damages to the Accommodation Building that are not the result of improper use by DSH. DSH shall be responsible for all repair costs arising from improper building usage by DSH. If Ding Hong cannot obtain building insurance, DSH will need to obtain insurance for the First Floor, and Ding Hong will reimburse DSH for all costs of such insurance coverage.

8.2 Upon reasonable prior notice to DSH, Ding Hong shall be entitled to inspect the Accommodation Building at reasonable intervals. DSH shall provide assistance to allow such inspections.

9. Liability for Breach of the Lease Agreement

9.1 If Ding Hong breaches Articles 2, 3, 10 and any of its warranties set forth in this Lease Agreement, Ding Hong shall compensate DSH for all of DSH’s losses and damages including consequential, special, punitive and incidental damages.

9.2 DSH shall not:

(1) sub-lease the First Floor or exchange the use of the First Floor with any third party without Ding Hong’s prior written consent.

(2) alter the structure of the First Floor or damage the Accommodation Building without Ding Hong’s prior written consent.

(3) change the lease purpose stipulated by the competent authorities without Ding Hong’s consent.

(4) do anything unlawful within the First Floor Lease area.

10. Warranties

10.1 Ding Hong hereby warrants that if the Accommodation Building is sold to any third party during the Lease Term or the period of renewal, such third party shall be required to fulfill all obligations of Ding Hong under the Lease Agreement. If said third party fails to carry out the Lease Agreement, Ding Hong shall compensate DSH for all of DSH’s losses and damages including consequential, special, punitive and incidental damages.

10.2 In case Ding Hong mortgages the Accommodation Building to the third party, any loss suffered by DSH shall be paid by Ding Hong.

11. Force Majeure

11.1. The definition of Force Majeure

Force Majeure shall mean any event, which arises after the Effective Date that is beyond the control of the Parties, and is unforeseen, unavoidable and insurmountable, and which prevents total or partial performance by either Party. Such events shall include earthquakes, typhoons, flood, fire, war, acts of government or public agencies, strikes and ay other event which cannot be foreseen, prevented and controlled, including events which are recognized as Force Majeure in general international commercial practice.

11.2 Consequences of Force Majeure

a. If an event of Force Majeure occurs, the contractual obligation of a Party affected by such an event shall be suspended during the period of delay and the time for performing such obligation shall be extended, without penalty, for a period equal to such suspension.

b. The Party claiming Force Majeure shall give prompt notice to the other Party in writing and shall furnish, within fifteen (15) days thereafter, sufficient proof of the occurrence and expected duration of such Force Majeure. The Party claiming Force Majeure shall also use all reasonable efforts to mitigate or eliminate the effects of the Force Majeure.

c. If an event of Force Majeure occurs, the Parties shall immediately consult with each other in order to find an equitable solution and shall use all reasonable efforts to minimize the consequences of such Force Majeure.

12. Effective Date of the Lease Agreement

The Lease Agreement shall become effective after the legal representatives or authorized representatives of both Parties affix their signatures and company seals on the Lease Agreement.

13. Language of the Lease Agreement

The Lease Agreement is made and executed in Chinese and English; both versions have the same content and having equal validity except as prohibited by law.

14. Settlement of Dispute

14.1 Friendly consultations

a. In the event of any dispute, difference, controversy or claim arising out of or related to the Lease Agreement, including, but not limited to, any breach, termination or validity of the Lease Agreement, (the "Dispute") then upon one Party giving the other Party notice in writing of the Dispute (the "Notice of Dispute"), the Parties shall attempt to resolve such Dispute through friendly consultation.

b. If the Dispute has not been resolved through friendly consultations with thirty (30) days from the Notice of Dispute, the Dispute shall be resolved by arbitration in accordance with Article 14.2 of this Lease Agreement. Such arbitration may be initiated by either Party.

14.2 Arbitration

The arbitration shall be conducted by the China international Economic and Trade Arbitration Commission in Shanghai, China in accordance with its procedure and rules. The arbitration award shall be final and binding on the Parties. The costs of arbitration shall be borne by the losing Party except as may be otherwise determined by the arbitration tribunal.

14.3 Continuance of performance

Except for the matter in Dispute, the Parties shall continue to perform their respective obligations under the Lease Agreement during any friendly consultations or any arbitration pursuant to this Article 14.

14.4 Separability

The provisions of this Article 14 shall be separable from the other terms of the Lease Agreement. Neither the terminated nor the invalidity of the Lease Agreement shall affect the validity of the provisions of this Article 14.

15. Applicable Law

The validity, interpretation and implementation of the Lease Agreement and the settlement of

Disputes shall be governed by relevant laws of the People's Republic of China and regulations that are officially promulgated and publicly available.

16. Compliance with the Foreign Corrupt Practices Act

16.1 Ding Hong acknowledges that DSH is a corporation with substantial presence and affiliation in the United States and, as such, is subject to the provisions of the Foreign Corrupt Practices Act of 1977 of the United States of America, 15 U.S.C. §§ 78dd-1, et seq., which prohibits the making of corrupt payments (the "FCPA"). Under the FCPA, it is unlawful to pay or to offer to pay anything of value to foreign government officials, or employees, or political parties or candidates, or to persons or entities who will offer or give such payments to any of the foregoing in order to obtain or retain business or to secure an improper commercial advantage.

16.2 Ding Hong further acknowledges that it is familiar with the provisions of the FCPA and hereby agrees that Ding Hong shall take or permit no action which will either constitute a violation under, or cause DSH to be in violation of, the provisions of the FCPA.

17. Miscellaneous

17.1 Any amendment to this Lease Agreement shall be in writing and duly signed by both Parties. Such amendment shall constitute a part of the entire Lease Agreement.

17.2 Both Parties acknowledge that they are aware of their respective rights, obligations and liabilities and will perform their obligations under the Lease Agreement in accordance with the provisions of the Lease Agreement. If one Party violates the Lease Agreement, the other Party shall be entitled to claim damages in accordance with the Lease Agreement.

17.3 Any notice or written communication requited or permitted by this Lease Agreement shall be made in writing in Chinese and English and sent by courier service. The date of receipt of a notice or communication shall be deemed to be seven (7) days after the letter is deposited with the courier service provided the deposit is evidenced by a confirmation receipt. All notice and communications shall be sent to the appropriate address set forth below, until the same is changed by notice given in writing to the other Party.

To: DSH
Address: No.1 Lane 18 San Zhuang Road, Songjiang Export Processing Zone, Shanghai,
P.R.China

Attn.: Shanghai Kai Hong Technology Co., Ltd.

To: Ding Hong
Address: No.999 Chenchun Road, Xinqiao Town, Songjiang, Shanghai, P.R.China
Attn.: Shanghai Ding Hong Electronic Co., Ltd.

17.4 This Lease Agreement comprises the entire understanding between the Parties with respect to its subject matters and supersedes any previous or contemporaneous communications, representations, or agreements, whether oral or written. For purposes of construction, this Lease Agreement will be deemed to have been drafted by both Parties. No modification of this Lease Agreement will be binding on either Party unless in writing and signed by an authorized representative of each Party.

Shanghai Kai Hong Technology Co., Ltd.

By /s/ Justin Kong
Authorized Representative
Date:

Shanghai Ding Hong Electronic Co., Ltd.

By /s/Jian Ya Xing
Authorized Representative
Date:

Exhibit A
First Floor Remodeling Requirements Chart

Exhibit B
First Floor layout

Exhibit 10.2

**Third Floor of the Dormitory Building
Lease Agreement**

This Third Floor of the Dormitory Building Lease Agreement (the "Lease Agreement") is entered into as of July 1, 2011 ("Effective Date") in the city of Shanghai, by and between SHANGHAI KAI HONG TECHNOLOGY CO., LTD. (hereinafter referred to as "DSH") with its registered office at No.1 Lane 18 San Zhuang Road, Songjiang Export Processing Zone, Shanghai, P.R.China and SHANGHAI DING HONG ELECTRONIC CO., LTD. (hereinafter referred to as "Ding Hong") with its registered office at No.999 Chenchun Road, Xinqiao Town, Songjiang, Shanghai, P.R. China.

DSH and Ding Hong are collectively referred to as the "Parties" and individually as a "Party".

WHEREAS,

The Parties agree on the lease of the third floor of the Dormitory Building (as defined below). Ding Hong represents that it is the lawful owner of the Dormitory Building.

1. Definitions

Unless otherwise defined in this Lease Agreement, the terms used herein shall have the following meanings:

1.1 "Dormitory Building" shall mean the three-story dormitory building located on the lot 375 of Songjiang district, Shanghai.

1.2 "Third Floor" shall mean the third floor of the Dormitory Building (Exhibit B: Third Floor layout).

1.3 "Third Floor Lease Area" shall mean the third floor lease area of the Dormitory Building, including nineteen rooms, one balcony, one shower room, one television room, two wash rooms and two bathrooms with an area of approximately 1,033.75 square meters (Exhibit A: Third Floor Remodeling Requirements Chart).

1.4 "Lease Term" shall mean the period of time on which DSH is entitled to use the Third Floor Lease Area and Ding Hong is entitled to receive rent from DSH in accordance with the terms and conditions of the Lease Agreement.

2. The Construction and Facilities of the Third Floor of the Dormitory Building

2.1 Ding Hong promises that it would hand over and allow DSH to begin using the Third Floor Lease Area of the Dormitory Building to DSH on July 1, 2011 in accordance with DSH's standards (see Exhibit A: Third Floor Remodeling Requirements Chart) and requests. Ding Hong agrees that the building repair cost, decoration cost and the facilities maintenance cost for the Third Floor of the Dormitory Building shall be at Ding Hong's own expenses.

2.2 Ding Hong promises that the construction and building quality of the Dormitory Building shall be in compliance with all the relevant quality standards. Ding Hong shall obtain from all necessary government authority checked and accepted inspection certificates. Ding Hong guarantees the quality of the facilities of the Dormitory Building and the quality of the equipments in each room. Ding Hong further guarantees the quality of the materials used in making the facilities in the Dormitory Building shall meet DSH's and relevant inspection's requirements.

3. Lease Term

3.1 For the Third Floor Lease Area, the Parties agree that the Lease Term shall be 5 (five) year(s) commencing on July 1, 2011 until June 30, 2016.

3.2 The Parties agree that the Lease Term for the Third Floor Lease Area shall be automatically renewed unless DSH gives a written notice of termination not less than thirty (30) days before the expiration of the Lease Term, but the Lease Term must be renegotiated and adjusted accordingly. During the Lease Term or any renewal period, Ding Hong shall not terminate this Lease Agreement without DSH's written approval. For the renewal period, the items relating to the rental set forth in Article 4 of the Lease Agreement shall be adjusted on the basis of the market prices at the time of renewal and after consultation between the Parties.

3.3 If during the Lease Term or the Lease Term renewal period, Ding Hong receives from a third party a bona fide, legally binding offer to lease the portion of the Third Floor not already leased by DSH, Ding Hong shall notify DSH of this fact. The notice shall specify all the terms of the bona fide third party offer. DSH shall then have thirty (30) days to lease that portion of the Third Floor specified in the third party's bona fide offer for the rent and related details set forth in Articles 4. Ding Hong shall not lease any portion of the Third Floor to any third party until thirty (30) days has expired without DSH exercising its right of first refusal. Any other terms not specified in this Lease Agreement regarding the Third Floor, both Parties shall negotiate and sign a supplemental agreement for these unspecified terms. Such signed supplemental agreement shall constitute a part of the entire Lease Agreement and shall have the same effectiveness as the entire Lease Agreement.

4. Rental

The Third Floor Lease Area is approximate 1,033,75 square meters; the Parties agree that the monthly rent for the Third Floor Lease Area shall be Renminbi ("RMB") 30.18 per square meter. The total monthly rent for the Third Floor Lease Area shall be RMB 31,198.58 ("Monthly Rent").

5. Deposit

DSH shall pay Ding Hong a deposit amount of RMB 31,198.58 (the "Deposit") to the RMB bank account as designated by Ding Hong within one hundred and ninety (90) days of the Effective Date of the Lease Agreement for the Third Floor Lease Area.

6. Method of Payment

For the Third Floor Lease Area, DSH shall pay the Monthly Rent in RMB to the RMB bank account as designated by Ding Hong on or before the first day of every month.

7. Termination of the Lease Agreement

If either Party terminates the Lease Agreement prior to the expiration of the Lease Term without the consent from the other Party, the Party that terminates the Lease Agreement shall pay damages to the other Party to compensate for such Party's actual loss. The amount of damages shall include, but not be limited to, the reasonable profits, out-of-pocket costs, legal service fees, Court fees, arbitration fees, accounting fees and removal or relocation fees.

8. Insurance and Repair Costs

8.1 During the term of the Lease Agreement, Ding Hong shall purchase and maintain insurance coverage to cover any and all casualty damage to the Dormitory Building, and shall be responsible for repairing all structural damages to the Dormitory Building that are not the result of improper use by DSH. DSH shall be responsible for all repair costs arising from improper building usage by DSH. If Ding Hong cannot obtain building insurance, DSH will need to obtain insurance for the Third Floor, and Ding Hong will reimburse DSH for all costs of such insurance coverage.

8.2 Upon reasonable prior notice to DSH, Ding Hong shall be entitled to inspect the Dormitory Building at reasonable intervals. DSH shall provide assistance to allow such inspections.

9. Liability for Breach of the Lease Agreement

9.1 If Ding Hong breaches Articles 2, 3, 10 and any of its warranties set forth in this Lease Agreement, Ding Hong shall compensate DSH for all of DSH's losses and damages including consequential, special, punitive and incidental damages.

9.2 DSH shall not:

(1) sub-lease the Third Floor or exchange the use of the Third Floor with any third party without Ding Hong's prior written consent.

(2) alter the structure of the Third Floor or damage the Dormitory Building without Ding Hong's prior written consent.

(3) change the lease purpose stipulated by the competent authorities without Ding Hong's consent.

(4) do anything unlawful within the Third Floor Lease area.

10. Warranties

10.1 Ding Hong hereby warrants that if the Dormitory Building is sold to any third party during the Lease Term or the period of renewal, such third party shall be required to fulfill all obligations of Ding Hong under the Lease Agreement. If said third party fails to carry out the Lease Agreement, Ding Hong shall compensate DSH for all of DSH's losses and damages including consequential, special, punitive and incidental damages.

10.2 In case Ding Hong mortgages the Dormitory Building to the third party, any loss suffered by DSH shall be paid by Ding Hong.

11. Force Majeure

11.1. The definition of Force Majeure

Force Majeure shall mean any event, which arises after the Effective Date that is beyond the control of the Parties, and is unforeseen, unavoidable and insurmountable, and which prevents total or partial performance by either Party. Such events shall include earthquakes, typhoons, flood, fire, war, acts of government or public agencies, strikes and ay other event which cannot be foreseen, prevented and controlled, including events which are recognized as Force Majeure in general international commercial practice.

11.2 Consequences of Force Majeure

a. If an event of Force Majeure occurs, the contractual obligation of a Party affected by such an event shall be suspended during the period of delay and the time for performing such obligation shall be extended, without penalty, for a period equal to such suspension.

b. The Party claiming Force Majeure shall give prompt notice to the other Party in writing and shall furnish, within fifteen (15) days thereafter, sufficient proof of the occurrence and expected duration of such Force Majeure. The Party claiming Force Majeure shall also use all reasonable efforts to mitigate or eliminate the effects of the Force Majeure.

c. If an event of Force Majeure occurs, the Parties shall immediately consult with each other in order to find an equitable solution and shall use all reasonable efforts to minimize the consequences of such Force Majeure.

12. Effective Date of the Lease Agreement

The Lease Agreement shall become effective after the legal representatives or authorized representatives of both Parties affix their signatures and company seals on the Lease Agreement.

13. Language of the Lease Agreement

The Lease Agreement is made and executed in Chinese and English; both versions have the same content and having equal validity except as prohibited by law.

14. Settlement of Dispute

14.1 Friendly consultations

a. In the event of any dispute, difference, controversy or claim arising out of or related to the Lease Agreement, including, but not limited to, any breach, termination or validity of the Lease Agreement, (the "Dispute") then upon one Party giving the other Party notice in writing of the Dispute (the "Notice of Dispute"), the Parties shall attempt to resolve such Dispute through friendly consultation.

b. If the Dispute has not been resolved through friendly consultations with thirty (30) days from the Notice of Dispute, the Dispute shall be resolved by arbitration in accordance with Article 14.2 of this Lease Agreement. Such arbitration may be initiated by either Party.

14.2 Arbitration

The arbitration shall be conducted by the China international Economic and Trade Arbitration Commission in Shanghai, China in accordance with its procedure and rules. The arbitration award shall be final and binding on the Parties. The costs of arbitration shall be borne by the losing Party except as may be otherwise determined by the arbitration tribunal.

14.3 Continuance of performance

Except for the matter in Dispute, the Parties shall continue to perform their respective obligations under the Lease Agreement during any friendly consultations or any arbitration pursuant to this Article 14.

14.4 Separability

The provisions of this Article 14 shall be separable from the other terms of the Lease Agreement. Neither the terminated nor the invalidity of the Lease Agreement shall affect the validity of the provisions of this Article 14.

15. Applicable Law

The validity, interpretation and implementation of the Lease Agreement and the settlement of

Disputes shall be governed by relevant laws of the People's Republic of China and regulations that are officially promulgated and publicly available.

16. Compliance with the Foreign Corrupt Practices Act

16.1 Ding Hong acknowledges that DSH is a corporation with substantial presence and affiliation in the United States and, as such, is subject to the provisions of the Foreign Corrupt Practices Act of 1977 of the United States of America, 15 U.S.C. §§ 78dd-1, et seq., which prohibits the making of corrupt payments (the "FCPA"). Under the FCPA, it is unlawful to pay or to offer to pay anything of value to foreign government officials, or employees, or political parties or candidates, or to persons or entities who will offer or give such payments to any of the foregoing in order to obtain or retain business or to secure an improper commercial advantage.

16.2 Ding Hong further acknowledges that it is familiar with the provisions of the FCPA and hereby agrees that Ding Hong shall take or permit no action which will either constitute a violation under, or cause DSH to be in violation of, the provisions of the FCPA.

17. Miscellaneous

17.1 Any amendment to this Lease Agreement shall be in writing and duly signed by both Parties. Such amendment shall constitute a part of the entire Lease Agreement.

17.2 Both Parties acknowledge that they are aware of their respective rights, obligations and liabilities and will perform their obligations under the Lease Agreement in accordance with the provisions of the Lease Agreement. If one Party violates the Lease Agreement, the other Party shall be entitled to claim damages in accordance with the Lease Agreement.

17.3 Any notice or written communication requited or permitted by this Lease Agreement shall be made in writing in Chinese and English and sent by courier service. The date of receipt of a notice or communication shall be deemed to be seven (7) days after the letter is deposited with the courier service provided the deposit is evidenced by a confirmation receipt. All notice and communications shall be sent to the appropriate address set forth below, until the same is changed by notice given in writing to the other Party.

To: DSH
Address: No.1 Lane 18 San Zhuang Road, Songjiang Export Processing Zone, Shanghai,
P.R.China

Attn.: Shanghai Kai Hong Technology Co., Ltd.

To: Ding Hong
Address: No.999 Chenchun Road, Xinqiao Town, Songjiang, Shanghai, P.R.China
Attn.: Shanghai Ding Hong Electronic Co., Ltd.

17.4 This Lease Agreement comprises the entire understanding between the Parties with respect to its subject matters and supersedes any previous or contemporaneous communications, representations, or agreements, whether oral or written. For purposes of construction, this Lease Agreement will be deemed to have been drafted by both Parties. No modification of this Lease Agreement will be binding on either Party unless in writing and signed by an authorized representative of each Party.

Shanghai Kai Hong Technology Co., Ltd.

By /s/ Justin Kong
Authorized Representative
Date:

Shanghai Ding Hong Electronic Co., Ltd.

By /s/ Jian Ya Xing
Authorized Representative
Date:

Exhibit A
Third Floor Remodeling Requirements Chart

Exhibit B
Third Floor layout

Exhibit 10.3

**Third Supplemental Agreement to the
Factory Building Lease Agreement**

This Third Supplemental Agreement to the Factory Building Lease Agreement (the "Third Supplemental Agreement") is entered into as of May 16, 2011 ("Effective Date") in the city of Shanghai, by and between SHANGHAI KAI HONG TECHNOLOGY CO., LTD. (hereinafter referred to as "DSH") with its registered office at No.1 Lane 18 San Zhuang Road, Songjiang Export Processing Zone, Shanghai, P.R.China and SHANGHAI YUAN HAO ELECTRONIC CO., LTD. (hereinafter referred to as "Yuan Hao") with its registered office at No.8 Lane 18 San Zhuang Road, Songjiang Export Processing Zone, Shanghai, P.R.China. DSH and Yuan Hao are collectively referred to as the "Parties" and individually as a "Party".

RECITALS

WHEREAS, both Parties signed a Factory Building Lease Agreement on March 1, 2008 to temporary lease a factory building from Yuan Hao to temporary support and expand DSH's manufacturing operations until the completion of the DSH #2 Building;

WHEREAS, both Parties further signed a Supplemental Agreement to the Factory Building Lease Agreement on September 1, 2008 to have Yuan Hao temporary provide additional electricity to DSH;

WHEREAS, both Parties further signed a Second Supplemental Agreement to the Factory Building Lease Agreement on August 19, 2009 to have Yuan Hao continue to provide additional electricity to DSH for another two years;

WHEREAS, DSH continues to require Yuan Hao to provide additional electricity for DSH's DSH #1 Building and DSH #2 Building, and DSH cannot stop its planned manufacturing operations within DSH #1 Building and DSH #2 Building;

WHEREAS, both Parties, based on relevant laws of the People's Republic of China and the city of Shanghai, now desire to enter into this Third Supplemental Agreement with detail terms and conditions to continue to have Yuan Hao provide additional electricity for DSH's planned manufacturing operations within DSH #1 Building and DSH #2 Building (as defined in the Factory Building Lease Agreement); and

NOW THEREFORE, in consideration of the premises and of the mutual covenants contained in this Third Supplemental Agreement, the Parties agree as follows:

1. Yuan Hao promises to continue to lease a 500 KVA power transformer (the “Power Transformer”) to DSH to support DSH’s manufacturing operations that are being carried out within DSH #1 Building and DSH #2 Building.

2. Both Parties agree that the lease period for the Power Transformer for the supply of power is two (2) year and shall begin retroactively on May 16, 2011 until May 15, 2013 (the “Lease Period”).

3. Both Parties agree that the total cost for the Lease Period of the Power Transformer for the supply of electricity shall be Renminbi (“RMB”) 310,905.00, which included the five percent (5%) transaction tax (the “Total Lease Cost”). The Total Lease Cost already included the management fee for the Power Transformer and other related fees and expenses.

4. DSH shall pay the Total Lease Cost for the Lease Period of the Power Transformer in RMB to a RMB bank account as designated by Yuan Hao on a date designated by Yuan Hao.

5. If either Party terminates this Third Supplemental Agreement prior to the expiration date of the Lease Period, the Party that terminates this Third Supplemental Agreement shall pay damages to the other Party to compensate for such Party’s actual financial losses. The amount of damages shall include, but not be limited to, the reasonable profits, out-of-pocket costs, legal service fees, Court fees, arbitration fees, accounting fees and removal or relocation fees.

6. Yuan Hao hereby warrants that if for some special reason that Yuan Hao cannot continue to fulfill its obligations under this Third Supplemental Agreement and causes financial losses to DSH, Yuan Hao shall compensate DSH for DSH’s financial losses. In case Yuan Hao mortgages the Power Transformer or related equipments leased to DSH to a third party and the mortgage transaction causes financial losses to DSH, Yuan Hao shall compensate DSH for DSH’s financial losses.

7. This Third Supplemental Agreement shall become effective after the legal representatives or authorized representatives of both Parties affix their signatures and company seals on this Third Supplemental Agreement.

8. The Third Supplemental Agreement is made and executed in Chinese and English, both versions having equal validity except as prohibited by law.

9. In the event of any dispute, difference, controversy or claim arising out of or related to this Third Supplemental Agreement, including, but not limited to, any breach, termination or validity of this Third Supplemental Agreement (the "Dispute"), both Parties shall resolve the Dispute based on Article 15 of the Factory Building Lease Agreement. The provisions of this Article 9 shall be separable from the other terms of the Third Supplemental Agreement. Neither the terminated nor the invalidity of the Third Supplemental Agreement shall affect the validity of the provisions of this Article 9.

10. The validity, interpretation and implementation of this Third Supplemental Agreement and the settlement of Disputes shall be governed by relevant laws of the People's Republic of China and regulations that are officially promulgated and publicly available.

11. Any amendment to this Third Supplemental Agreement shall be in writing and duly signed by both Parties. Such amendment shall constitute a part of this entire Third Supplemental Agreement. This Third Supplemental Agreement and any amendment to this Third Supplemental Agreement shall constitute a part of the Factory Building Lease Agreement. Both Parties acknowledge that they are aware of their respective rights, obligations and liabilities and will perform their obligations under this Third Supplemental Agreement in accordance with the provisions of this Third Supplemental Agreement. If any Article or provision of this Third Supplement Agreement is in conflict with any Article or provision of the Factory Building Lease Agreement, the Article or provision of the Factory Building Lease Agreement shall trump and replace any conflicting Article or provision in this Third Supplemental Agreement.

12. Any notice or written communication requited or permitted by this Third Supplemental Agreement shall be made in writing in Chinese and English and sent by courier service. The date of receipt of a notice or communication shall be deemed to be seven (7) days after the letter is deposited with the courier service provided the

deposit is evidenced by a confirmation receipt. All notice and communications shall be sent to the appropriate address set forth below, until the same is changed by notice given in writing to the other Party.

To: DSH
Address: No.1 Lane 18 San Zhuang Road, Songjiang Export Processing Zone, Shanghai, P.R.China
Attn.: Shanghai Kai Hong Technology Co., Ltd.

To: Yuan Hao
Address: No.8 Lane 18 San Zhuang Road, Songjiang Export Processing Zone, Shanghai, P.R.China
Attn.: Shanghai Yuan Hao Electronic Co., Ltd.

13. This Third Supplemental Agreement comprises the entire understanding between the Parties with respect to its subject matters and supersedes any previous or contemporaneous communications, representations, or agreements, whether oral or written. For purposes of construction, this Third Supplemental Agreement will be deemed to have been drafted by both Parties. No modification of this Third Supplemental Agreement will be binding on either Party unless in writing and signed by an authorized representative of each Party.

Shanghai Kai Hong Technology Co., Ltd.

By /s/ Justin Kong
Authorized Representative
Date:

Shanghai Yuan Hao Electronic Co., Ltd.

By /s/ Jian Ya Xing
Authorized Representative
Date:

Exhibit 31.1

CERTIFICATION
PURSUANT TO EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a),
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, **Keh-Shew Lu**, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Diodes Incorporated; 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Keh-Shew Lu
Keh-Shew Lu
President and Chief Executive Officer
Date: November 9, 2011

Exhibit 31.2

CERTIFICATION
PURSUANT TO EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a),
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, **Richard D. White**, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Diodes Incorporated; 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Richard D. White
Richard D. White
Chief Financial Officer
Date: November 9, 2011

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. 1350
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

The undersigned hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge, the Quarterly Report on Form 10-Q for the quarterly period ended **September 30, 2011** of Diodes Incorporated (the "Company") fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in such periodic report fairly presents, in all material respects, the financial condition and results of operations of the Company as of, and for, the periods presented in such report.

Very truly yours,

/s/ Keh-Shew Lu
Keh-Shew Lu
President and Chief Executive Officer
Date: November 9, 2011

A signed original of this written statement required by Section 906 has been provided to Diodes Incorporated and will be furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

**CERTIFICATION PURSUANT TO 18 U.S.C. 1350
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

The undersigned hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge, the Quarterly Report on Form 10-Q for the quarterly period ended **September 30, 2011** of Diodes Incorporated (the "Company") fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in such periodic report fairly presents, in all material respects, the financial condition and results of operations of the Company as of, and for, the periods presented in such report.

Very truly yours,

/s/ Richard D. White
Richard D. White
Chief Financial Officer
Date: November 9, 2011

A signed original of this written statement required by Section 906 has been provided to Diodes Incorporated and will be furnished to the Securities and Exchange Commission or its staff upon request.