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

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended MARCH 31, 1998

or

[ ] Transition Report Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934
For the transition period from _______ to ________.

COMMISSION FILE NUMBER: 1-5740

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

DELAWARE (State or other jurisdiction of organization)	95-2039518 (I.R.S. Employer Identification Number)
3050 EAST HILLCREST DRIVE WESTLAKE VILLAGE, CALIFORNIA (Address of principal executive offices)	91362 (Zip code)

(805) 446-4800
(Registrant's telephone number, including area code)

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

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

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

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

The number of shares of the registrant's Common Stock outstanding as of March 31, 1998 was 5,724,352 including 717,115 shares of treasury stock.

THIS REPORT INCLUDES A TOTAL OF 25 PAGES
THE EXHIBIT INDEX IS ON PAGE 15

PART I - FINANCIAL INFORMATION

ITEM 1 - CONSOLIDATED FINANCIAL INFORMATION

DIODES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEET

ASSETS

	MARCH 31, 1998 (UNAUDITED)	DECEMBER 31, 1997
CURRENT ASSETS		
Cash	$1,419,000	$2,325,000
Accounts receivable		
Customers	10,284,000	10,342,000
Related party	501,000	213,000
Other	1,242,000	916,000
	12,027,000	11,471,000
Less allowance for doubtful receivables	74,000	74,000
	11,953,000	11,397,000
Inventories	14,299,000	13,525,000
Deferred income taxes	1,096,000	1,096,000
Prepaid expenses and other	978,000	806,000
Total current assets	29,745,000	29,149,000
PROPERTY, PLANT AND EQUIPMENT, at cost, net of accumulated depreciation and amortization	6,474,000	5,165,000
ADVANCES TO RELATED PARTY VENDOR	2,871,000	2,821,000
OTHER ASSETS	1,226,000	1,219,000
TOTAL ASSETS	$40,316,000	$38,354,000

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

DIODES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEET

LIABILITIES AND STOCKHOLDERS' EQUITY

	(UNAUDITED) MARCH 31, 1998	DECEMBER 31, 1997
CURRENT LIABILITIES		
Due to bank	$1,619,000	$1,000,000
Accounts payable		
Trade	3,705,000	4,567,000
Related party	2,201,000	952,000
Accrued liabilities	2,086,000	1,988,000
Income taxes payable	614,000	912,000
Current portion of long-term debt	1,031,000	1,031,000
Total current liabilities	11,256,000	10,450,000
LONG-TERM DEBT, net of current portion	3,050,000	3,226,000
MINORITY INTEREST IN JOINT VENTURE	231,000	225,000
STOCKHOLDERS' EQUITY		
Class A convertible preferred stock par value $1.00 per share; 1,000,000 shares authorized; no shares issued and outstanding	--	--
Common stock - par value $0.66 2/3 per share; 9,000,000 shares authorized; 5,724,352 and 5,701,019 shares issued and outstanding at March 31, 1998 and December 31, 1997, respectively	3,817,000	3,801,000
Additional paid-in capital	5,937,000	5,813,000
Retained earnings	17,807,000	16,621,000
	27,561,000	26,235,000
Less:		
Treasury stock - 717,115 shares of common stock at cost	1,782,000	1,782,000
Total stockholders' equity	25,779,000	24,453,000
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$40,316,000	$38,354,000

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

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

	THREE MONTHS ENDED MARCH 31, 1998	1997
NET SALES	$ 16,804,000	$ 16,490,000
COST OF GOODS SOLD	12,412,000	11,789,000
Gross profit	4,392,000	4,701,000
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	2,832,000	3,028,000
Income from operations	1,560,000	1,673,000
OTHER INCOME (EXPENSES)		
Interest income	83,000	45,000
Interest expense	(93,000)	(103,000)
Minority interest in earnings of joint venture	(5,000)	(90,000)
Commissions and other	133,000	89,000
	118,000	(59,000)
INCOME BEFORE INCOME TAXES	1,678,000	1,614,000
INCOME TAX PROVISION	492,000	430,000
NET INCOME	$ 1,186,000	$ 1,184,000
EARNINGS PER SHARE		
Basic	$ 0.24	$ 0.24
Diluted	$ 0.22	$ 0.22
Number of shares used in computation		
Basic	4,998,422	4,958,679
Diluted	5,452,486	5,341,469

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

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

	THREE MONTHS ENDED MARCH 31,	
	1998	1997
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 1,186,000	$ 1,184,000
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation and amortization	254,000	235,000
Minority interest earnings	6,000	103,000
Interest income accrued on advances to vendor	(50,000)	(45,000)
Changes in operating assets:		
Accounts receivable	(556,000)	(1,875,000)
Inventories	(774,000)	1,186,000
Prepaid expenses and other assets	(179,000)	79,000
Changes in operating liabilities:		
Accounts payable	387,000	1,056,000
Accrued liabilities	98,000	686,000
Income taxes payable	(298,000)	423,000
Net cash provided by operating activities	74,000	3,032,000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,573,000)	(327,000)
Proceeds from (acquisition of) other assets	10,000	(94,000)
Net cash used by investing activities	(1,563,000)	(421,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances on line of credit, net	619,000	1,083,000
Net proceeds from the issuance of capital stock	140,000	--
Repayments of long-term obligations	(176,000)	(92,000)
Net cash provided by financing activities	583,000	991,000
INCREASE (DECREASE) IN CASH	(906,000)	3,602,000
CASH AT BEGINNING OF PERIOD	2,325,000	1,820,000
CASH AT END OF PERIOD	$ 1,419,000	$ 5,422,000
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Non-Cash Investing Activities		
Purchase of equipment on accounts payable	$ --	$ 729,000
Cash paid during the period for:		
Interest	$ 48,000	$ 63,000
Income taxes	$ 1,082,000	$ 661,000

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

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

NOTE A - BASIS OF PRESENTATION

The accompanying unaudited consolidated, condensed financial statements have been prepared in accordance with the instruction to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the financial position and results of operations have been included. Operating results for interim periods are not necessarily indicative of the results that may be expected for the full year. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's annual report on Form 10-K for the calendar year ended December 31, 1997.

The consolidated financial statements include the accounts of the Company, its wholly-owned subsidiary, Diodes Taiwan Co., Ltd. (a foreign subsidiary), and the accounts of the KaiHong joint venture in which the Company has a 95% controlling interest. All significant intercompany balances and transactions have been eliminated.

NOTE B - INCOME TAXES

The Company accounts for income taxes using an asset and liability method. Under this method, deferred tax assets and liabilities are recognized for the tax effect of differences between the financial statement and tax basis of assets and liabilities. Accordingly, the Company has recorded a net deferred tax asset of $1,096,000 resulting from temporary differences in bases of assets and liabilities. This deferred tax asset results primarily from inventory reserves and expense accruals which are not currently deductible for income tax purposes.

The income tax expense as a percentage of pre-tax income differs from the statutory combined federal and state tax rates. The primary reasons for this difference are (i) in accordance with Chinese tax policy, earnings of the KaiHong joint venture are not subject to tax for the first two years upon commencement of profitable operations, and (ii) earnings of the Company's subsidiary in Taiwan are subject to tax at a lower rate than in the U.S.

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

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

GENERAL

Diodes Incorporated (the "Company") is a provider of high-quality discrete semiconductor devices to leading manufacturers in the automotive, electronics, computing and telecommunications industries. The Company's products include small signal transistors and MOSFETs, transient voltage suppressors (TVSs), zeners, Schottkys, diodes, rectifiers and bridges.

In July 1997, Vishay Intertechnology, Inc. ("Vishay") and the Lite-On Group, a Taiwanese consortium, formed a joint venture -- Vishay/Lite-On Power Semiconductor Pte., LTD. ("Vishay/LPSC") -- to acquire Lite-On Power Semiconductor Corp. ("LPSC"), the Company's largest shareholder and a member of the Lite-On Group of the Republic of China. Vishay, with worldwide sales exceeding $1 billion, is the largest U.S. and European manufacturer of passive electronic components. The Lite-On Group, with worldwide sales of almost $2 billion, is a leading manufacturer of power semiconductors, computer peripherals, and communication products. The Vishay/LPSC joint venture includes the worldwide discrete power semiconductor business of LPSC and the Asian passive component business of Vishay. Vishay holds a 65% controlling interest in the joint venture, and the Lite-On Group holds the other 35%.

The Company intends to continue to explore marketing methods to use Vishay's resources combined with planned enhancements to its own engineering and manufacturing capabilities, to develop ever more advanced products, to enhance product quality, and to further enhance customer service. The relationship with Vishay has provided opportunities for the Company to have its products offered by some of the world's largest distributors.

In October 1997, the Company initially announced that its discrete semiconductor products would be marketed under a single brand -- "Vishay/Lite-On Power Semiconductor" -- to capture the benefits of uniform brand identity. Subsequently, in March 1998, Vishay acquired the semiconductor business unit of Temic Telefunken Microelectronic GmbH Heilbronn, Germany ("Telefunken"). The Company is negotiating with Vishay for the North American rights to offer the Telefunken product line. There can be no assurance that the Company will be successful in obtaining such rights.

In July 1997, General Semiconductor Corporation, formerly General Instrument Corporation, announced that it would acquire the discrete semiconductor business of ITT, one of the Company's major suppliers. As a result of this announcement, ITT notified the Company of their intent to terminate their distribution agreement with the Company under the terms of the contract, although the Company continues to receive product from the new owners of ITT. The Company will continue its strategic plan of locating alternate sources of its products, including those provided by ITT. While the sale of ITT may negatively impact the Company's 1998 sales by approximately $3.0 million, it is anticipated that the lost sales may be offset by the Company's projected increase in sales as well as by new sources of products in 1998. Alternate sources for ITT products include, but are not limited to, KaiHong and other sourcing agreements in place as well as those under negotiation. The Company continually evaluates alternative sources of its products to assure its ability to deliver high quality, cost effective products.

One of the Company's primary strategic programs was the formation of the KaiHong joint venture, formed in the first half of 1996. The KaiHong joint venture, in which the Company has invested in a SOT-23 manufacturing facility on mainland China, contributed positively to the Company's bottom line throughout 1997, and provides replacements for a portion of the parts previously manufactured by ITT. Due to the success of the first phase of KaiHong as well as prevailing market conditions, the Company's Board of Directors has approved funding for further expansion of the joint venture. The equipment expansion will allow for the manufacturer of additional SOT-23 packaged components as well as other surface-mount packaging. The capital required for the second and third phases of KaiHong is estimated at $14 million and the Company's credit facility will be used to finance the additional manufacturing capacity.

The Company purchases products from foreign suppliers primarily in United States dollars. To a limited extent, and from time to time, the Company contracts (e.g., a portion of the equipment purchases for the KaiHong expansion) in foreign currencies, and, accordingly, its results of operations could be materially affected by fluctuations in currency exchange rates. Due to the limited number of contracts denominated in foreign currencies and the complexities of currency hedges, the Company has not engaged in hedging to date. If the volume of contracts written in foreign currencies increases, and the Company does not engage in currency hedging, any substantial increase in the value of such currencies could have a material adverse effect on the Company's results of operations. Management believes that the current contracts written in foreign currency are not significant enough to justify the costs inherent in currency hedging.

The Company's imported products are also subject to United States customs duties and, in the ordinary course of business, the Company, from time to time, is subject to claims by the United States Customs Service for duties and other charges. The Company attempts to reduce the risk of doing business in foreign countries by, among other things, contracting in U.S. dollars, and, when possible, maintaining multiple sourcing of product groups from several countries.

The Company has conducted a comprehensive review of its computer systems to identify the systems that could be affected by the Year 2000 Issue ("Y2K") and is developing an implementation plan to resolve the issue. Y2K is the result of computer programs being written using two digits rather than four to define the applicable year. Any of the Company's programs that have time-sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000. The could result in a major system failure or miscalculations. The Company is utilizing both internal and external resources to identify, correct or reprogram, and test the systems for the Y2K compliance. Confirmation has been requested from the Company's primary processing vendors that plans are being developed to address processing of transactions in the year 2000. Management is in the process of assessing the Y2K compliance expense and related potential effect on the Company's earnings. The Company presently believes that, with modifications to existing software and conversions to new software, Y2K will not pose significant operational problems for the Company's computer systems, as so modified and converted. However, if such modifications and conversions are not completed timely, Y2K may have a material impact on the operations of the Company.

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 1998

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

	PERCENT OF NET SALES THREE MONTHS ENDED MARCH 31,		PERCENTAGE DOLLAR INCREASE (DECREASE)
	1998	1997	'97 TO '98
Net sales	100.0%	100.0%	1.9%
Cost of goods sold	(73.9)	(71.5)	5.3
Gross profit	26.1	28.5	(6.6)
Selling, general and administrative expenses	(16.8)	(18.4)	(6.5)
Income from operations	9.3	10.1	(6.8)
Interest expense, net	(0.1)	(0.3)	(84.4)
Commissions and other income	0.8	0.0	12,900.0
Income before taxes	10.0	9.8	4.0
Income taxes	2.9	2.6	14.4
Net income	7.1	7.2	0.2

The following discussion explains in greater detail the consolidated operating results and financial condition of the Company for the three months ended March 31, 1998 compared to the three months ended March 31, 1997. This discussion should be read in conjunction with the consolidated financial statements and notes thereto appearing elsewhere in this quarterly report.

	1998	1997
NET SALES	$ 16,804,000	$ 16,490,000

Net sales increased approximately $314,000, or 1.9%, for the three months ended March 31, 1998 compared to the same period last year, due primarily to an increase in units sold of approximately 25.9% offset by a decrease in the average selling price per unit of approximately 19.6%. The increase in units sold was due to increased customer demand for the Company's existing products, primarily in Asian markets.

	1998	1997
GROSS PROFIT	$ 4,392,000	$ 4,701,000
GROSS PROFIT MARGIN PERCENTAGE	26.1%	28.5%

Gross profit decreased approximately $309,000, or 6.6%, and gross profit margin decreased to 26.1% from 28.5%, for the three months ended March 31, 1998 compared to the same period a year ago, primarily as a result of severe pricing pressures, primarily in Asian markets.

	1998	1997
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES ("SG&A")	$ 2,832,000	$ 3,028,000

SG&A for the three months ended March 31, 1998 decreased approximately $196,000, or 6.5%, compared to the same period last year, due primarily to a decrease in operating expenses associated with improved cost controls at the Company's U.S. operations. SG&A as a percentage of net sales decreased to 16.8% for the three months ended March 31, 1998 from 18.4% for the same period last year.

	1998	1997
INTEREST INCOME	$ 83,000	$ 45,000
INTEREST EXPENSE	$ 93,000	$ 103,000

Interest income for the three months ended March 31, 1998 increased approximately $38,000, or 84.4%, compared to the same period last year. Interest income is primarily the interest charged to FabTech, a related party, under the Company's loan agreement, as well as earnings on its cash balances. The Company's interest expense for the three months ended March 31, 1998 decreased approximately $10,000, or 9.7%, primarily as a result debt reduction. Interest expense is primarily the result of the term loan by which the Company financed (i) the investment in the KaiHong joint venture and (ii) the $2.8 million advanced to FabTech.

	1998	1997
MINORITY INTEREST IN JOINT VENTURE	$ (5,000)	$ (90,000)

Minority interest in joint venture for the three months ended March 31, 1998 represents the minority investor's share of the KaiHong joint venture's net income for the period. The joint venture investment is eliminated in consolidation of the Company's financial statements and the activities of KaiHong are included therein. As of March 31, 1998, the Company had a 95% controlling interest in the joint venture compared to 70% in the same period last year. The Company increased its interest in KaiHong through an arrangement in accordance with the original joint venture agreement and through the purchase of a substantial portion of the minority interest in the fourth quarter of 1997.

	1998	1997
COMMISSIONS AND OTHER INCOME	$ 133,000	$ 89,000

Other income for the three months ended March 31, 1998 increased approximately $44,000, or 49.4%, compared to the same period last year, due primarily to currency exchange gains at the Company's Taiwan subsidiary, partly offset by decreased commissions earned by the Company's Taiwan subsidiary on drop shipment sales in Asia.

	1998	1997
INCOME TAX PROVISION	$ 492,000	$ 430,000
EFFECTIVE TAX RATE	29.3%	26.6%

Income tax expense for the three months ended March 31, 1998 increased approximately $62,000, or 14.4%, compared to the same period last year. The Company's effective tax rate in the current quarter increased to 29.3% from 26.6% for the same period last year, as a result of the decrease in net income from the KaiHong joint venture, which under Chinese tax law is exempt from tax for the first two years upon commencing profitable operation. Also contributing to the effective tax rate increase was a decrease in the proportion of the earnings of the Company's subsidiary in Taiwan, which are subject to a lower tax rate than in the U.S.

FINANCIAL CONDITION

LIQUIDITY AND CAPITAL RESOURCES

Cash used by operating activities for the three months ended March 31, 1998 was approximately $74,000 compared to cash provided by operating activities of approximately $3.0 million for the three months ended March 31, 1997. The primary source of cash flows from operating activities for the three months ended March 31, 1998 was net income of approximately $1.2 million, while the primary use of cash flows from operating activities was an increase in inventories of approximately $774,000. The Company believes that its current level of inventory is necessary to effectively service current and new customers as well as to provide for managed growth. The primary sources of cash flows from operating activities for the three months ended March 31, 1997 was net income of approximately $1.2 million and a decrease in inventories of approximately $1.2 million, while the primary use of cash flows from operating activities was approximately $1.9 million increase in accounts receivable. The Company continues to closely monitor its credit policy while, at times, providing more flexible terms primarily to its Asian customers, when necessary. The ratio of the Company's current assets to current liabilities on March 31, 1998 was 2.64 to 1 compared to a ratio of 2.79 to 1 as of December 31, 1997.

Cash used by investing activities was approximately $1.6 million for the three months ended March 31, 1998, compared to approximately $421,000 for the same period in 1997. The primary investments in 1998 was for additional manufacturing equipment at KaiHong.

Cash provided by financing activities was approximately $583,000 as of March 31, 1998, compared to approximately $991,000 for the same period in 1997 as the Company continues to use its line of credit.

In March 1998, the Company amended an August 1996 loan agreement whereby the Company obtained a $23 million credit facility with a major bank consisting of: a working capital line of credit up to $9 million and term commitment notes providing up to $14 million for plant expansion, advances to vendors, and letters of credit for KaiHong. Interest on outstanding borrowings under the credit agreement is payable monthly at LIBOR plus a negotiated margin. The agreement has certain covenants and restrictions which, among other matters, requires the maintenance of certain financial ratios and operating results, as defined in the agreement. The Company was in compliance as of March 31, 1998. The working capital line of credit expires June 30, 2000 and contains a sublimit of $3.0 million for issuance of commercial and stand-by letters of credit. The weighted average interest rate on outstanding borrowings was approximately 7.1% for the three months ended March 31, 1998. As of March 31, 1998, approximately $3.9 million is outstanding under the term note commitment.

The Company uses its credit facility to fund the advances to FabTech and KaiHong as well as to support its operations. The Company believes that the continued availability of this credit facility, together with internally generated funds, will be sufficient to meet the Company's currently foreseeable operating cash requirements.

The Company's total working capital decreased approximately 1.1% to $18.5 million as of March 31, 1998 from $18.7 million as of December 31, 1997. The Company believes that its working capital position will be sufficient for its capital requirements in the foreseeable future.

As of March 31, 1998, the Company has no material plans or commitments for capital expenditures other than for the KaiHong expansion. However, to ensure that the Company can secure reliable and cost effective sourcing to support and better position itself for growth, the Company is continuously evaluating additional sources of products. The Company believes its credit and financial position will provide sufficient access to funds should an appropriate investment opportunity arise and, thereby, assist the Company in improving customer satisfaction and in maintaining or increasing product market penetration.

The Company's debt to equity ratio was 0.55 at March 31, 1998 compared to 0.56 at December 31, 1997. The Company anticipates this ratio may increase should the Company continue to use its credit facilities to fund additional sourcing opportunities.

FACTORS THAT MAY AFFECT FUTURE RESULTS

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

All forward-looking statements contained in this Form 10-Q are subject to, in addition to the other matters described in this Report on Form 10-Q, a variety of significant risks and uncertainties. The following discussion highlights some of these risks and uncertainties. Further, from time to time, information provided by the Company or statements made by its employees may contain forward-looking information. 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.

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

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

There are no matters to be reported under this heading.

ITEM 2. CHANGES IN SECURITIES

There are no matters to be reported under this heading.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

There are no matters to be reported under this heading.

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

There are no matters to be reported under this heading.

ITEM 5. OTHER INFORMATION

There are no matters to be reported under this heading.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

Exhibit 10.23 - Fifth Amendment to Loan Agreement

Exhibit 10.24 - Term Loan B Facility Note

Exhibit 11 - Computation of Earnings Per Share

Exhibit 27 - Financial Data Schedule

(b) Reports on Form 8-K

None

SIGNATURE

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

DIODES INCORPORATED (Registrant)

/s/ Joseph Liu May 11, 1998

- --

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

INDEX TO EXHIBITS

EXHIBIT 10.23

FIFTH AMENDMENT TO LOAN AGREEMENT

This Fifth Amendment to Loan Agreement (this "Amendment") dated as of the 20th day of March, 1998, by and between Diodes Incorporated, a Delaware corporation ("Borrower"), and Union Bank of California, N. A. , a national banking association ("Bank").

Whereas, Borrower and Bank have previously entered into that certain Loan Agreement, dated August 8, 1996, and Amendments thereto dated November 12, 1996, January 15, 1997, February 6, 1997, and August 20, 1997 (as so amended, the "Agreement"), pursuant to which Bank has agreed to make certain loans and advances to Borrower.

Whereas, Borrower has requested that Bank agree to amend certain provisions contained in the Agreement; and

Whereas, Borrower and Bank have agreed and intend to hereby amend the Agreement.

Now, therefore, the parties hereby agree as follows:

1. Section 1.1.1 of the Agreement, beginning with "The aggregate amount available..." and ending with "...the maximum amount available under the Revolving Loan." is hereby deleted in its entirety and replaced with "The aggregate amount available to be drawn under all outstanding Commercial L/Cs and the aggregate amount of unpaid reimbursement obligations under drawn Commercial L/Cs shall not exceed Three Million Dollars ($3,000,000) and shall reduce, dollar for dollar, the maximum amount available under the Revolving Loan."

2. Section 1.1.2 of the Agreement, beginning with "The aggregate amount available..." and ending with "...the maximum amount available under the Revolving Loan." is hereby deleted in its entirety and replaced with: "The aggregate amount available to be drawn under all outstanding Standby L/Cs and the aggregate amount of unpaid reimbursement obligations under drawn Standby L/Cs shall not exceed Three Million Dollars ($3,000,000) and shall reduce, dollar for dollar, the maximum amount available under the Revolving Loan."

3. Section 1.1.3 of the Agreement, beginning with "The sum of the aggregate amount available..." and ending with "...not exceed Two Million Dollars ($2,000,000) in the aggregate." is hereby deleted in its entirety and replaced with: "The sum of the aggregate amount available to be drawn under all outstanding Commercial L/Cs and Standby L/Cs and the aggregate amount of unpaid reimbursement obligations under drawn Commercial L/Cs and drawn Standby L/Cs shall not exceed Three Million Dollars ($3,000,000) in the aggregate."

4. Section 1.2 of the Agreement are hereby deleted in their entirety and replaced with the following:

   "1.2 TERM LOAN A FACILITY. Bank has previously made available to Borrower that certain term loan ("Term Loan A Facility"). As of March 20, 1998, the unpaid principal balance of Term Loan A Facility was $3,916,666.71, together with accrued unpaid interest in the amount of $17,877.16. Term Loan A Facility shall be evidenced by and repayable in accordance with the terms and conditions of that certain promissory note ("Term Loan A Facility Note"). In the event of a prepayment of principal and payment of any resulting fees, any prepaid amounts shall be applied to the scheduled principal payments in the reverse order of their maturity".

5. Section 1.3 of the Agreement is hereby deleted in its entirety and replaced with the following:

"1.3 TERM LOAN B FACILITY. Bank will loan to Borrower the aggregate sum of TEN MILLION AND NO/100 DOLLARS ($10,000,000.00), at Borrower's request from March 20, 1998 until March 31, 1999, in the form of not more than four (4) disbursements ("Term Loan B Facility", collectively with Term Loan A Facility, the "Term Loan Facilities"). Each disbursement under Term Loan B Facility shall be evidenced by a promissory note, substantially in the form of Exhibit I, attached hereto and incorporated herein (each a "Term Loan B Facility Note" and collectively, the "Term Loan B Facility Notes", collectively with Term Loan A Facility Note, the "Term Loan Notes")). Amounts borrowed and repaid under Term Loan B Facility may not be reborrowed. In the event of a prepayment of principal and payment of any resulting fees, any prepaid amounts shall be applied to the scheduled principal payments in the reverse order of their maturity".

6. Section 1.5 of the Agreement shall be deleted in its entirety and replaced with the following:

"Section 1.5 Purpose of Loan. The proceeds of the Revolving Loan shall be used for general working purposes. The proceeds of the Term Loans shall be used for the purchase of equipment for Shanghai Kai Hong Electronics Company, Ltd. and for general working capital purposes."

7. Section 4.9 of the Agreement shall be deleted in its entirety and replaced with the following:

"Section 4.9 Fixed Charge Coverage. Borrower will maintain a ratio of EBITDA to Debt Service of not less than 1:25:1.0. "EBITDA" shall mean earnings ratio before interest, taxes, depreciation, and amortization. "Debt Service" shall mean the sum of that portion of term obligations (including principal and interest) coming due during the twelve (12) months preceding the date of calculation plus non-financed capital expenditures during the twelve (12) months preceding the date of calculation plus taxes less minority interest distribution in the Joint Venture. Compliance with this subsection shall be measured quarterly on a rolling four quarter average."

8. Section 5.8 of the Agreement shall be deleted in its entirety and replaced with the following:

"Section 5.8 Capital Expenditures. Borrower will not make unfinanced capital expenditures in excess of Three Million Dollars ($3,000,000) for the fiscal year end 1998 and Two Million Dollars ($2,000,000) thereafter, and shall only make such expenditures as are necessary for Borrower in the conduct of its ordinary course of business; provided, however, that this Section 5.8 shall not be construed to prohibit the purchase of equipment with the proceeds of the Term Loan, as contemplated by Section 1.5 hereof. Each said expenditure shall be needed by Borrower in the ordinary course of its business. Expenditures as used in this subsection shall include the current expense portion of all leases whether or not capitalized and shall also include the current portion of any debt used to finance capital expenditures."

9. Except as modified hereby, the Agreement shall remain otherwise unchanged and in full force and effect and this Amendment shall be effective from the date hereof and shall have no retroactive effect whatsoever.

10. Except as specifically provided herein, all terms and conditions of the Agreement remain in full force and effect, without waiver or modification. All terms defined in the Agreement shall have the same meanings when used in this Amendment, and this Amendment and the Agreement shall be read together as one document.

11. Borrower hereby confirms all representations and warranties contained in the Agreement and reaffirms all covenants set forth therein. Further, Borrower certifies that, as of the date of this

Amendment, there exists no Event of Default as defined in the Agreement, nor any condition, act or event which with the giving of notice or the passage of time or both would constitute an Event of Default.

In Witness Whereof, Borrower has executed and delivered this Amendment.

"Borrower"
DIODES INCORPORATED

By: /s/ JOSEPH LIU

Joseph Liu, CFO/Secretary/VP Operations

"Bank"
UNION BANK OF CALIFORNIA, N.A.

By: /s/ RONALD L. WATTERWORTH

Ronald L. Watterworth, Vice President

EXHIBIT 10.24

TERM LOAN B FACILITY NOTE

Borrower Name
DIODES INCORPORATED

Borrower Address	Office	Loan Number
3050 East Hillcrest Drive Westlake Village, California 91362-3154	30361	
	Maturity Date	Amount
	April 3, 2003	$3,500,000

Woodland Hills, California $3,500,000 Effective as of April 3, 1998

FOR VALUE RECEIVED, on April 3, 2003, the undersigned ("Borrower") promises to pay to the order of UNION BANK OF CALIFORNIA, N.A. ("Bank"), as indicated below, the principal sum of Three Million Five Hundred Thousand Dollars ($3,500,000), or so much thereof as is disbursed, together with interest on the balance of such principal from time to time outstanding, at the per annum rate or rates and at the times set forth below.

1. PAYMENTS

PRINCIPAL PAYMENTS. Borrower shall pay principal in installments of Fifty-Eight Thousand Three Hundred Thirty-Three and 33/100 Dollars ($58,333.33) each on the last day of each month, commencing April 30, 1998. The availability under this note shall be reduced on the same day and in the same amount as each scheduled principal payment.

INTEREST PAYMENTS. Borrower shall pay interest on the outstanding principal amount hereof on the last day of each month, commencing April 30, 1998. Should interest not be paid when due, it shall become part of the principal and bear interest as herein provided. All computations of interest under this note shall be made on the basis of a year of 360 days, for actual days elapsed.

(a) BASE INTEREST RATE. At Borrower's option, amounts outstanding hereunder in minimum amounts of at least $100,000 shall bear interest at a rate, based on an index selected by Borrower, which is Bank's LIBOR Rate for the Interest Period selected by Borrower plus 1.10% per annum.

The Base Interest Rate may not be changed, altered or otherwise modified until the expiration of the Interest Period selected by Borrower. The exercise of interest rate options by Borrower shall be as recorded in Bank's records, which records shall be prima facie evidence of the amount borrowed under either interest option and the interest rate; provided, however, that failure of Bank to make any such notation in its records shall not discharge Borrower from its obligations to repay in full with interest all amounts borrowed. In no event shall any Interest Period extend beyond the maturity date of this note.

To exercise this option, Borrower may, from time to time with respect to principal outstanding on which a Base Interest Rate is not accruing, and on the expiration of any Interest Period with respect to principal outstanding on which a Base Interest Rate has been accruing, select an index offered by Bank for a Base Interest Rate Loan and an Interest Period by telephoning an authorized lending officer of Bank located at the banking office identified below prior to 10:00 a.m., Pacific time, on any Business Day and advising that officer of the selected index, the Interest Period and the Origination Date selected (which Origination Date, for a Base Interest Rate Loan based on the LIBOR Rate, shall follow the date of such selection by no more than two (2) Business Days).

Bank will mail a written confirmation of the terms of the selection to Borrower promptly after the selection is made. Failure to send such confirmation shall not affect Bank's rights to collect interest at the rate selected. If, on the date of the selection, the index selected is unavailable for any reason, the selection shall be void. Bank reserves the right to fund the principal from any source of funds notwithstanding any Base Interest Rate selected by Borrower.

(b) VARIABLE INTEREST RATE. All principal outstanding hereunder which is not bearing interest at a Base Interest Rate shall bear interest at a rate per annum equal to the Reference Rate, which rate shall vary as and when the Reference Rate changes.

Borrower shall pay all amounts due under this note in lawful money of the United States at Bank's San Fernando Valley Commercial Banking Office, or such other office as may be designated by Bank from time to time.

2. LATE PAYMENTS. If any payment required by the terms of this note shall remain unpaid ten days after same is due, at the option of Bank, Borrower shall pay a fee of $100 to Bank.

3. INTEREST RATE FOLLOWING DEFAULT. In the event of default, at the option of Bank, and, to the extent permitted by law, interest shall be payable on the outstanding principal under this note at a per annum rate equal to five percent (5%) in excess of the interest rate specified in paragraph 1.b, above, calculated from the date of default until all amounts payable under this note are paid in full.

4. PREPAYMENT

(a) Amounts outstanding under this note bearing interest at a rate based on the Reference Rate may be prepaid in whole or in part at any time, without penalty or premium. Borrower may prepay amounts outstanding under this note bearing interest at a Base Interest Rate in whole or in part provided Borrower has given Bank not less than five (5) Business Days prior written notice of Borrower's intention to make such prepayment and pays to Bank the liquidated damages due as a result. Liquidated Damages shall also be paid, if Bank, for any other reason, including acceleration or foreclosure, receives all or any portion of principal bearing interest at a Base Interest Rate prior to its scheduled payment date. Liquidated Damages shall be an amount equal to the present value of the product of: (i) the difference (but not less than zero) between (a) the Base Interest Rate applicable to the principal amount which is being prepaid, and (b) the return which Bank could obtain if it used the amount of such prepayment of principal to purchase at bid price regularly quoted securities issued by the United States having a maturity date most closely coinciding with the relevant Base Rate Maturity Date and such securities were held by Bank until the relevant Base Rate Maturity Date ("Yield Rate"); (ii) a fraction, the numerator of which is the number of days in the period between the date of prepayment and the relevant Base Rate Maturity Date and the denominator of which is 360; and (iii) the amount of the principal so prepaid (except in the event that principal payments are required and have been made as scheduled under the terms of the Base Interest Rate Loan being prepaid, then an amount equal to the lesser of (A) the amount prepaid or (B) 50% of the sum of (1) the amount prepaid and (2) the amount of principal scheduled under the terms of the Base Interest Rate Loan being prepaid to be outstanding at the relevant Base Rate Maturity Date). Present value under this note is determined by discounting the above product to present value using the Yield Rate as the annual discount factor.

(b) In no event shall Bank be obligated to make any payment or refund to Borrower, nor shall Borrower be entitled to any setoff or other claim against Bank, should the return which Bank could obtain under this prepayment formula exceed the interest that Bank would have received if no prepayment had occurred. All prepayments shall include payment of accrued interest on the principal amount so prepaid and shall be applied to payment of interest before application to principal. A determination by Bank as to the prepayment fee amount, if any, shall be conclusive.

(c) Bank shall provide Borrower a statement of the amount payable on account of prepayment. Borrower acknowledges that (i) Bank establishes a Base Interest Rate upon the understanding that it apply to the Base Interest Rate Loan for the entire Interest Period, and (ii) any prepayment may result in Bank incurring additional costs, expenses or liabilities; and Borrower agrees to pay these liquidated damages as a reasonable estimate of the costs, expenses and liabilities of Bank associated with such prepayment.

5. DEFAULT AND ACCELERATION OF TIME FOR PAYMENT. Default shall include, but not be limited to, any of the following: (a) the failure of Borrower to make any payment required under this note when due; (b) any breach, misrepresentation or other default by Borrower, any guarantor, co-maker, endorser, or any person or entity other than Borrower providing security for this note (hereinafter individually and collectively referred to as the "Obligor") under any security agreement, guaranty or other agreement between Bank and any Obligor; (c) the insolvency of any Obligor or the failure of any Obligor generally to pay such Obligor's debts as such debts become due; (d) the commencement as to any Obligor of any voluntary or involuntary proceeding under any laws relating to bankruptcy, insolvency, reorganization, arrangement, debt adjustment or debtor relief; (e) the assignment by any Obligor for the benefit of such Obligor's creditors; (f) the appointment, or commencement of any proceeding for the appointment of a receiver, trustee, custodian or similar official for all or substantially all of any Obligor's property; (g) the commencement of any proceeding for the dissolution or liquidation of any Obligor; (h) the termination of existence or death of any Obligor; (i) the revocation of any guaranty or subordination agreement given in connection with this note; (j) the failure of any Obligor to comply with any order, judgment, injunction, decree, writ or demand of any court or other public authority; (k) the filing or recording against any Obligor, or the property of any Obligor, of any notice of levy, notice to withhold, or other legal process for taxes other than property taxes; (l) the default by any Obligor personally liable for amounts owed hereunder on any obligation concerning the borrowing of money; (m) the issuance against any Obligor, or the property of any Obligor, of any writ of attachment, execution, or other judicial lien; or (n) the deterioration of the financial condition of any Obligor which results in Bank deeming itself, in good faith, insecure. Upon the occurrence of any such default, Bank, in its discretion, may cease to advance funds hereunder and may declare all obligations under this note immediately due and payable; however, upon the occurrence of an event of default under d, e, f, or g, all principal and interest shall automatically become immediately due and payable.

6. ADDITIONAL AGREEMENTS OF BORROWER. If any amounts owing under this note are not paid when due, Borrower promises to pay all costs and expenses, including reasonable attorneys' fees, incurred by Bank in the collection or enforcement of this note. Borrower and any endorsers of this note, for the maximum period of time and the full extent permitted by law, (a) waive diligence, presentment, demand, notice of nonpayment, protest, notice of protest, and notice of every kind; (b) waive the right to assert the defense of any statute of limitations to any debt or obligation hereunder; and (c) consent to renewals and extensions of time for the payment of any amounts due under this note. If this note is signed by more than one party, the term "Borrower" includes each of the undersigned and any successors in interest thereof; all of whose liability shall be joint and several. The receipt of any check or other item of payment by Bank, at its option, shall not be considered a payment on account until such check or other item of payment is honored when presented for payment at the drawee Bank. Bank may delay the credit of such payment based upon Bank's schedule of funds availability, and interest under this note shall accrue until the funds are deemed collected. In any action brought under or arising out of this note, Borrower and any Obligor, including their successors and assigns, hereby consent to the jurisdiction of any competent court within the State of California, as provided in any alternative dispute resolution agreement executed between Borrower and Bank, and consent to service of process by any means authorized by said state's law. The term "Bank" includes, without limitation, any holder of this note. This note shall be construed in accordance with and governed by the laws of the State of California. This note hereby incorporates any alternative dispute resolution agreement previously, concurrently or hereafter executed between Borrower and Bank.

7. CHANGE IN CIRCUMSTANCES

(a) INABILITY TO DETERMINE RATES. If, on or before the first day of any Interest Period for any Base Interest Rate Loan, Bank determines that the Base Interest Rate for such Interest Period cannot be adequately and reasonably determined due to the unavailability of funds in or other circumstances

affecting the London interbank market, or the certificate of deposit market, as the case may be, which determination by Bank shall be conclusive and binding upon Borrower, Bank shall immediately give notice thereof to Borrower. After the giving of any such notice and until Bank shall otherwise notify Borrower that the circumstances giving rise to such condition no longer exist, Borrower's right to request, and Bank's obligation to offer, a Base Interest Rate Loan shall be suspended. Any Base Interest Rate Loan outstanding at the commencement of any such suspension which affects Base Interest Rate Loans of that type, shall be converted at the end of the then current Interest Period for that loan to a Reference Rate Loan unless such suspension has then ended.

(b) ILLEGALITY. If, after the date of this note, the adoption of any applicable law, rule or regulation, or any change therein, or change in the interpretation or administration thereof by any governmental authority, central bank, comparable agency or other Person charged with the interpretation or administration thereof, or compliance by Bank with any request or directive (whether or not having the force of law) of any such authority (a "Change of Law") shall make it unlawful or impossible for Bank to make or maintain a Base Interest Rate Loan, Bank shall immediately notify Borrower of such Change of Law. After Borrower's receipt of such notice, Borrower's right to select, and Bank's obligation to offer, a Base Interest Rate Loan shall be terminated, and the undersigned shall (i) at the end of the current Interest Period for any Base Interest Rate Loan then outstanding, convert such loan to a Reference Rate Loan, or (ii) immediately repay or convert any Base Interest Rate Loan then outstanding if Bank shall notify Borrower that Bank may not lawfully continue to fund and maintain such Base Interest Rate Loan.

(c) INCREASED COSTS. If, after the date of this note, any Change of Law:

(i) shall subject Bank to any tax, duty or other charge with respect to a Base Interest Rate Loan or its obligation to make such Base Interest Rate Loan, or shall change the basis of taxation of payments by Borrower to Bank on such Base Interest Rate Loan or in respect to such Base Interest Rate Loan under this note (except for changes in the rate of taxation on the overall net income of Bank); or

(ii) shall impose, modify or hold applicable any reserve, special deposit or similar requirement against assets held by, deposits or other liabilities in or for the account of, advances or loans by, or any other acquisition of funds by Bank for any Base Interest Rate Loan (except for any reserve, special deposit or other requirement included in the determination of the Base Rate); or

(iii) shall impose on Bank any other condition directly related to any Base Interest Rate Loan; and the effect of any of the foregoing is to increase the cost to Bank of making, renewing or maintaining a Base Interest Rate Loan beyond any adjustment made by Bank in determining the applicable interest rate for any such Base Interest Rate Loan, or to reduce the amount receivable by Bank hereunder; then Borrower shall from time to time, upon demand by Bank, pay to Bank additional amounts sufficient to reimburse Bank for such increased costs or reduced amounts. A certificate as to the amount of such increased costs or reduced amounts, submitted to the Borrower by Bank, shall, in the absence of manifest error, be conclusive and binding on Borrower for all purposes.

(d) CAPITAL ADEQUACY. If Bank shall determine that:

(i) any law, rule or regulation, any interpretation or application thereof by any governmental authority, central bank, comparable agency or other Person charged with the interpretation or administration thereof, any directive, request, assessment guideline or other guideline issued by such authority, bank, agency or Person (whether or not having the force of law) or any change in any of the foregoing which is adopted, issued or becomes effective after the date hereof affects the amount of capital required or expected to be maintained by Bank or any Person controlling Bank (a "Capital Adequacy Requirement"); and

(ii) the amount of capital maintained by Bank or such Person which is attributable to or based upon this note or the amounts outstanding hereunder must be increased as a result of such Capital Adequacy Requirement (taking into account Bank's or such Person's policies with respect to capital adequacy), Borrower shall pay to Bank or such Person, upon demand of Bank, such amounts as Bank or such Person shall determine are necessary to compensate Bank or such Person for the increased costs to Bank or such Person of such increased capital. A certificate of Bank, setting forth in reasonable detail the computation of any such increased costs, delivered by Bank to Borrower shall, in the absence of manifest error, be conclusive and binding on Borrower for all purposes.

8. DEFINITIONS. As used herein, the following terms shall have the meanings respectively set forth below. "BASE INTEREST RATE" means a rate of interest based on the LIBOR Rate. "BASE INTEREST RATE LOAN" means amounts outstanding under this note that bear interest at a Base Interest Rate. "BASE RATE MATURITY DATE" means the last day of the Interest Period with respect to principal outstanding under a Base Interest Rate Loan. "BUSINESS DAY" means a day on which Bank is open for business for the funding of corporate loans, and, with respect to the rate of interest based on the LIBOR Rate, on which dealings in U.S. dollar deposits outside of the United States may be carried on by Bank. "INTEREST PERIOD" means with respect to funds bearing interest at a rate based on the LIBOR Rate, any calendar period of one, two, three, four, five, six, nine or twelve months. In determining an Interest Period, a month means a period that starts on one Business Day in a month and ends on and includes the day preceding the numerically corresponding day in the next month. For any month in which there is no such numerically corresponding day, then as to that month, such day shall be deemed to be the last calendar day of such month. Any Interest Period which would otherwise end on a non-Business Day shall end on the next succeeding Business Day unless that is the first day of a month, in which event such Interest Period shall end on the next preceding Business Day. "LIBOR RATE" means a per annum rate of interest (rounded upward, if necessary, to the nearest 1/100 of 1%) at which dollar deposits, in immediately available funds and in lawful money of the United States would be offered to Bank, outside of the United States, for a term coinciding with the Interest Period selected by Borrower and for an amount equal to the amount of principal covered by Borrower's interest rate selection, plus Bank's costs, including the cost, if any, of reserve requirements. "LOAN AGREEMENT" means that certain Loan Agreement dated August 8, 1996 between Bank and Borrower, as amended and as at any time and from time to time further amended, supplemented, extended, restated or renewed. "ORIGINATION DATE" means the first day of the Interest Period. "REFERENCE RATE" means the rate announced by Bank from time to time at its corporate headquarters as its Reference Rate. The Reference Rate is an index rate determined by Bank from time to time as a means of pricing certain extensions of credit and is neither directly tied to any external rate of interest or index nor necessarily the lowest rate of interest charged by Bank at any given time.

This note is one of the Term Loan B Facility Notes described in the Loan Agreement.

DIODES INCORPORATED,
a Delaware corporation

By: /s/ JOSEPH LIU

Joseph Liu

Title: VP of Operations, CFO

DIODES INCORPORATED AND SUBSIDIARIES

EXHIBIT - 11

COMPUTATION OF EARNINGS PER SHARE

	THREE MONTHS ENDED MARCH 31, 1998	THREE MONTHS ENDED MARCH 31, 1997
BASIC		
Weighted average number of common shares outstanding	4,998,422	4,958,679
Net income	$1,186,000	$1,184,000
Basic earnings per share	$ 0.24	$ 0.24
DILUTED		
Weighted average number of common shares outstanding	4,998,422	4,958,679
Assumed exercise of stock options	454,064	382,790
	5,452,486	5,341,469
Net income	$1,186,000	$1,184,000
Diluted earnings per share	$ 0.22	$ 0.22

3-MOS
DEC-31-1998
JAN-01-1998
MAR-31-1998
1,419,000
0
12,027,000
74,000
14,299,000
29,745,000
8,934,000
2,460,000
40,316,000
11,256,000
0
0
0
3,817,000
21,962,000
40,316,000
16,804,000
16,804,000
12,412,000
2,832,000
0
0
10,000
1,678,000
492,000
1,186,000
0
0
0
1,186,000
0.24
0.22