

FOR IMMEDIATE RELEASE

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DIODES REPORTS SECOND QUARTER RESULTS

Westlake Village, California — July 26, 1996 — Diodes Incorporated (ASE: DIO) today announced revenues and earnings for its second quarter ended June 30, 1996.

Revenues were \$13,450,000 versus \$14,539,000 in the second quarter of 1995, a decrease of 7.5%, but slightly better than the \$13,206,000 reported in the first quarter of 1996. Income from operations was \$903,000 versus \$1,696,000 in the comparable period a year ago, and earnings per share were \$0.11 versus \$0.21 a year ago and \$0.16 in the first quarter of 1996.

David Lin, president and CEO of Diodes, noted that price erosion due to continuing excess inventories throughout the industry adversely affected the Company's net sales, and likewise its gross margins, which declined from 28.1% in the first quarter of 1996 to 25.7% in the current quarter.

Mr. Lin attributed the decline in gross margins to industry-wide pricing pressures, as well as to inventory reserves recorded by the Company. "We remain cautiously optimistic regarding the second half of 1996," said Mr. Lin, "when we expect to see some pick-up in orders as end-users further deplete their inventories."

Affecting income from operations during the quarter were planned increases in selling, general and administrative expenses. The Company cited three items in particular: (i) higher promotional expenses for a new product line of leading-technology surface-mount (SO-8) power MOSFETs; (ii) additional operating costs associated with the Company's controlling interest in Shanghai Kai Hong Electronics Co., Ltd., a previously-announced investment on mainland China for the manufacture of SOT-23s; and (iii) ongoing costs associated with the Company's goal of achieving ISO 9002 certification by year-end. ISO 9002 certification includes a subcontractor qualification program and

is designed to improve product quality, enhance customer service, and strengthen the Company's image in the marketplace.

Net income for the quarter also reflects expenses incurred as a result of the Company's investment in the Kai Hong facility, which is operational and has begun shipping product, although it is not yet at full capacity. Mr. Lin noted that the Kai Hong joint venture, as well as the Company's agreement with FabTech (a wafer fabrication facility outside Kansas City), are part of a strategic plan to position the Company for long-term growth.

"Seeking out and exploiting such opportunities takes time, it takes capital, the payoff is often a year or two away, and sometimes," said Mr. Lin, "it will have an effect on quarterly earnings comparisons. However, as I have noted on other occasions, the pursuit of alliances like these is an essential part of the Company's program to gain market share."

Diodes Incorporated is a leading supplier of discrete semiconductor products to the automotive, electronics/computing and telecommunications industries. Its products include a broad line of standard, zener and signal diodes, bridge rectifiers, small signal transistors, transient voltage suppressors (TVSs), and power MOSFETs.

[Statement of Income Follows]

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

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	1996	1995	1996	1995
Net sales	\$ 13,450,000	\$ 14,539,000	\$ 26,656,000	\$ 28,778,000
Cost of goods sold	9,995,000	10,401,000	19,488,000	20,697,000
Gross profit	3,455,000	4,138,000	7,168,000	8,081,000
Selling, general and administrative expenses	2,552,000	2,442,000	5,009,000	4,879,000
Income from operations	903,000	1,696,000	2,159,000	3,202,000
Other income (expense)	(50,000)	96,000	(5,000)	171,000
Minority interest in joint venture	11,000	--	11,000	--
Income before income taxes	864,000	1,792,000	2,165,000	3,373,000
Provision for income taxes	309,000	670,000	762,000	1,268,000
Net income	\$ 555,000	\$ 1,122,000	\$ 1,403,000	\$ 2,105,000
Earnings per share				
Primary	\$ 0.11	\$ 0.22	\$ 0.27	\$ 0.41
Fully-diluted	\$ 0.11	\$ 0.21	\$ 0.27	\$ 0.40
Weighted average shares outstanding				
Primary	5,224,618	5,182,041	5,226,401	5,157,221
Fully-diluted	5,224,618	5,232,808	5,226,401	5,221,289

A copy of the Form 10-Q may be requested from KBL Associates, Inc., 101 East Green Street, Suite 2, Pasadena, California 91105, 818-583-8091; or a request may be e-mailed to: diodes-info@diodes.com. Recent news releases, annual reports, and SEC filings are also available at the Company's web site: <http://www.diodes.com>. Recent news releases may also be obtained by dialing 800-758-5804, ext. 246725.

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