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DIODES REPORTS SECOND-QUARTER EARNINGS

Westlake Village, California — July 28, 1998 — Diodes Incorporated (Amex: DIO) today announced financial results for the second quarter ending June 30, 1998.

For the quarter ended June 30, 1998, revenues were \$14.3 million, an 8% decrease from \$15.5 million in the same period last year, due primarily to decreased unit sales. Net income was \$521,000, a decrease of 60% from \$1.3 million in the second quarter of 1997, and diluted earnings per share were \$0.10 compared to \$0.23 in the same period last year.

For the six months ended June 30, 1998, revenues were \$31.1 million, a decrease of 3% from \$32.0 million in the same period a year ago, due primarily to the overall weakness in the semiconductor market. Net income was \$1.7 million, a decrease of 29% from \$2.4 million a year ago, and diluted earnings per share were \$0.31 versus \$0.45 in the first six months of 1997.

Second-quarter 1998 gross margins of 25.2%, compared to 26.1% in the preceding quarter and 30.2% in the second quarter of 1997, were primarily affected by an inventory write-down to reflect current market value, and by market pricing pressures resulting in lower manufacturing profits at the Company's facilities in Asia.

As previously noted by the Company, since the beginning of the year its operations have been adversely affected by a slowdown throughout the electronics industry that has included the semiconductor segment. "In this environment," said Michael Rosenberg, President of Diodes Incorporated, "we anticipate that Diodes' top- and bottom-line results will continue to be affected by a combination of gross margin pressures and industry-wide weaker demand. However, we expect to benefit from the fact that the Company is making progress in lowering its product costs, and we are pleased to see that average selling prices appear to have begun to stabilize. Also encouraging is the fact that, although the industry as a whole is facing adversity, Diodes was able to report its 33rd consecutive profitable quarter."

Diodes Incorporated provides high-quality discrete semiconductor devices and customer support to leading manufacturers in the automotive, electronics, computing and telecommunications industries. Diodes' products

include small signal transistors and MOSFETs, transient voltage suppressors (TVSs), zeners, Schottkys, diodes, rectifiers and bridges.

Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995: Any statements set forth above that are not historical facts are forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. Potential risks and uncertainties include, but are not limited to, such factors as 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, and other information detailed from time to time in the Company's filings with the United States Securities and Exchange Commission.

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

(Statement of Income Follows)

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	1998	1997	1998	1997
Net sales	\$ 14,333,000	\$ 15,541,000	\$ 31,137,000	\$ 32,031,000
Cost of goods sold	<u>10,727,000</u>	<u>10,854,000</u>	<u>23,139,000</u>	<u>22,642,000</u>
Gross profit	3,606,000	4,687,000	7,998,000	9,389,000
Selling, general and administrative expenses	<u>2,900,000</u>	<u>3,050,000</u>	<u>5,732,000</u>	<u>6,079,000</u>
Income from operations	706,000	1,637,000	2,266,000	3,310,000
Other income (expense)				
Interest income	66,000	88,000	149,000	133,000
Interest expense	(161,000)	(97,000)	(254,000)	(200,000)
Minority interest in earnings of joint venture	2,000	(158,000)	(3,000)	(248,000)
Commissions and other	<u>116,000</u>	<u>113,000</u>	<u>249,000</u>	<u>202,000</u>
	23,000	(54,000)	141,000	(113,000)
Income before income taxes	729,000	1,583,000	2,407,000	3,197,000
Provision for income taxes	<u>208,000</u>	<u>354,000</u>	<u>700,000</u>	<u>784,000</u>
Net income	<u>\$ 521,000</u>	<u>\$ 1,229,000</u>	<u>\$ 1,707,000</u>	<u>\$ 2,413,000</u>
Earnings per share				
Basic	\$ 0.10	\$ 0.25	\$ 0.34	\$ 0.49
Diluted	<u>\$ 0.10</u>	<u>\$ 0.23</u>	<u>\$ 0.31</u>	<u>\$ 0.45</u>
Number of shares used in computation				
Basic	5,022,621	4,962,855	5,010,589	4,960,779
Diluted	<u>5,391,062</u>	<u>5,435,581</u>	<u>5,424,287</u>	<u>5,391,507</u>