

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

FORM 8-K

CURRENT REPORT

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

APRIL 28, 2005

Date of Report (Date of earliest event reported)

DIODES INCORPORATED

(Exact name of registrant as specified in its charter)

DELAWARE  
(State or other  
jurisdiction of  
incorporation)

1-5740  
(Commission File Number)

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)

ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On April 28, 2005, Diodes Incorporated issued a press release announcing first quarter 2005 earnings. A copy of the press release is attached as Exhibit 99.1.

During the investor conference call on April 28, 2005, Carl Wertz, the Company's Chief Financial Officer made the following additional comments:

- a. Operating expenses for the second quarter of 2005 should be in line with first quarter 2005 expenses, except for higher costs in the first quarter of 2005 associated with Sarbanes-Oxley 404 compliance.
- b. Depending upon profit mix in the various tax jurisdictions, consolidated tax rates for the remainder of 2005 are expected to be in the 16-20% range.
- c. Sales to Lite-On Semiconductor Corporation (the Company's largest shareholder at 32%) in the first quarter of 2005, as a percentage of total sales, were in the low-to-mid teens.
- d. Capacity utilization at the wafer fab for the first quarter of 2005 was low-to-mid-80%, and low 90% at the manufacturing facilities in China.

During the investor conference call on April 28, 2005, Mark King, the Company's Vice President of Sales and Marketing made the following additional comment:

- a. North American design wins contributed to approximately 28% of Asian sales revenues in the first quarter of 2005.
- b. European sales, as a percentage of total sales, are still expected to be in the 3-5% range towards the later part of 2005.

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

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.

(C) EXHIBITS

Exhibit 99.1 - Press Release dated April 28, 2005

SIGNATURES

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

Dated: April 28, 2005

DIODES INCORPORATED

By /s/ Carl C. Wertz

CARL C. WERTZ  
Chief Financial Officer

EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION
99.1	Press Release dated April 28, 2005

Diodes Incorporated

FOR IMMEDIATE RELEASE

## Diodes Incorporated Reports First Quarter 2005 Earnings

Revenues up 17% year-over-year  
Earnings per share increases 49% to \$0.46 per share

Westlake Village, California, April 28, 2005 - Diodes Incorporated (Nasdaq: DIOD), a leading manufacturer and supplier of high quality discrete semiconductors, today reported financial results for the first quarter of 2005 ended March 31, 2005.

## First Quarter Highlights:

>> Revenues increased 17.3% year-over-year and 1.5% sequentially to \$48.6 million  
>> Gross margin improved 330 basis points to 34.1%  
>> Operating income increased 40.4% to \$9.1 million  
>> Net income increased 49.1% to \$7.2 million, or \$0.46 per share, up from 1Q04 of \$4.9 million, or \$0.32 per share

Revenues for the first quarter of 2005 were \$48.6 million, an increase of 17.3% from the first quarter of 2004, and a sequential increase of 1.5% from the fourth quarter of 2004. Net income for the quarter increased 49.1% to \$7.2 million, compared to \$4.9 million for the three months ended March 31, 2004. Diluted earnings per share were \$0.46 for the first quarter of 2005, as compared to \$0.32 for the same period last year.

Commenting on the quarter, C.H. Chen, President and CEO of Diodes Incorporated, said, "We are very pleased to start this fiscal year with a successful quarter marked by revenue growth and continued strong profitability. During the first three months of 2005, Diodes enjoyed robust demand for its next-generation devices and our design wins and market share were at record levels. As a result of the Company's ongoing research and development efforts, we continued to enjoy strong uptake on our higher-margin products, which reinforces Diodes' status as an innovation leader in the discrete category in all end-user markets."

"During the quarter we focused on operating efficiencies and achieved higher operating and net income margins compared to the prior-year quarter. We continued to generate positive cash flows, and have a solid balance sheet to support future growth initiatives. Despite a softer industry environment, Diodes continues to outperform the discrete semiconductor industry and we believe that this trend will continue through 2005."

## End Markets

"Diodes' end-equipment markets remained in line with the previous quarter, with consumer electronics and computer accounting for about 68% of our business during the first quarter of 2005. Sales growth was primarily driven by accelerating demand for our products in digital audio players, set-top boxes, LCD panels and notebook computers," commented Mark King, Vice President of Sales and Marketing.

"While demand in Europe was flat, we continue to strengthen our sale capability in this market and signed a distribution agreement with Rutronik Electronic Components. This notably augments Diodes' opportunities in the large European market and enhances the network we established in Southern Europe through Silverstar Srl, an Arrow Electronics company, in September 2004," said Mr. King.

## New Products and Design Wins

"Just last week, we introduced the new DFN 1006-2 and DFN 1006-3 packages using QFN (Quad Flat No-Lead) technology. The new QFN platform is an ideal choice for space-constrained applications such as mobile phones, PDAs, portable media and entertainment devices, digital cameras and camcorders, notebook computers, and wireless equipment. The ultra-compact package requires only 40% of the PCB area of the already sub-miniature SOD-523 packages, while maintaining the power dissipation of packages almost 10 times their size," said Mr. Chen. "And we continued to expand the line of products based on our breakthrough PowerDI(TM)123 Compact Power Package to include a series of 1-Watt Zener devices and a series of 2-Ampere Schottky devices. Our new products have been key to enabling Diodes to enter new accounts, expand our margins, and position our company as the first name our customers think of for discrete semiconductor solutions."

"The success of our product development initiatives was validated by design wins at 54 accounts in various markets from a broad range of end-equipment users. We had strong design activity for our SOT563 array and SOD523 product lines in the first quarter. We also generated the first meaningful revenue from PowerDI(TM)123. In addition, sales of new products were 15.7% of total sales, compared to a record high of 16.2% in the previous quarter. This apparent decline was due to continued sales of the Powermite3 line and some Zener lines that have now been in the market for over three years, and therefore, are no longer classified as new product revenues," Mr. Chen continued.

## Additional Financial Highlights

Gross profit for the first quarter of 2005 was \$16.6 million compared to \$16.2

million in the fourth quarter of 2004, and increased 30.2% over the \$12.8 million in the first quarter of 2004. Gross margin for the quarter increased to 34.1% compared to 33.9% of sales for the fourth quarter of 2004. Compared to the prior-year quarter, gross margin increased 330 basis points from 30.8% due to an improved product mix, new product revenue expansion and manufacturing cost efficiencies.

For the quarter, SG&A expenses were \$6.7 million, or 13.8% of sales, as compared to \$5.5 million, or 13.2% of sales, in the comparable quarter last year. Sequentially, SG&A expenses increased by \$1.3 million over the fourth quarter of 2004. This reflects \$0.7 million in one-time reductions to Asia sales commissions and royalty expenses recorded in the fourth quarter, and increased professional fees associated with Sarbanes-Oxley implementation, upgrades to the Company's ERP system, and a donation in support of Tsunami relief in the first quarter of 2005.

Research and development expenses rose 18.0% to \$0.9 million, or 1.9% of revenue, from \$0.8 million, or 1.8% of revenue, in the first quarter of 2004, as the Company continues to invest in enhancing current product features and developing new products.

Operating income for the first quarter increased 40.4% to \$9.1 million, or 18.7% of sales, compared to \$6.5 million, or 15.7% of sales, for the first quarter of 2004. Other expense for the first quarter was \$0.2 million compared to \$0.3 million in the year-ago quarter, due primarily to lower currency exchange losses and reduced interest expense.

Capital expenditures for the current quarter were \$2.1 million and depreciation expense was \$3.8 million.

At March 31, 2005, Diodes had \$27.9 million in cash, \$61.3 million in working capital, \$11.6 million in term debt, and \$33.2 million in availability under its bank credit facilities. For the first quarter, the Company generated cash flow from operations of \$11.0 million, and shareholders' equity increased 7.9% to \$121.0 million.

#### Business outlook

"Entering the second quarter, shipments and orders for delivery continue to show strength with a book-to-bill ratio slightly above one. However, given a somewhat uncertain industry outlook, we forecast that our second quarter revenue and gross margin will be comparable to the first quarter. Given our continued progress in shifting our sales mix and expanding market share, we feel confident that we will continue to outperform the discrete semiconductor market in 2005," Chen concluded.

#### Conference Call

Diodes Incorporated will hold its fourth quarter conference call for all interested persons at 8 a.m. Pacific Time (11 a.m. Eastern Time) today to discuss its results. This conference call will be broadcast live over the Internet and can be accessed by all interested parties on the investor section of Diodes' website at [www.diodes.com](http://www.diodes.com). To listen to the live call, please go to the Investor section of Diodes website and click on the Conference Call link at least fifteen minutes prior to the start of the call to register, download, and install any necessary audio software. For those unable to participate during the live broadcast, a replay will be available shortly after the call on Diodes website for 60 days.

#### About Diodes Incorporated

Diodes Incorporated (Nasdaq: DIOD) is a leading manufacturer and supplier of high-quality discrete semiconductor products, serving the communications, computer, industrial, consumer electronics and automotive markets. The Company operates three Far East subsidiaries, Diodes-China (QS-9000 and ISO-14001 certified) in Shanghai, Diodes-Taiwan (ISO-9000 certified) in Taipei, and Diodes-Hong Kong. Diodes-China's manufacturing focus is on subminiature surface-mount devices destined for wireless devices, notebook, flat panel display, digital camera, mobile handset, set top box, DC to DC conversion, and automotive applications, among others. Diodes-Taiwan is our Asia-Pacific sales, logistics and distribution center. Diodes-Hong Kong covers sales warehouse and logistics functions. The Company's 5" wafer foundry, Diodes-FabTech (QS-9000 certified), specializes in Schottky products and is located just outside Kansas City, Missouri. The Company's ISO-9000 corporate sales, marketing, engineering and logistics headquarters is located in Southern California. For further information, visit the Company's website at <http://www.diodes.com>.

Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995: Any statements set forth above that are not historical facts are forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements, including, but not limited to, any forecast of revenues or gross margin. 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 and vendor 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.

Source: Diodes Incorporated

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Recent news releases, annual reports, and SEC filings are available at  
the Company's website: <http://www.diodes.com>. Written

requests may be sent directly to the Company, or they may be  
e-mailed to: diodes-fin@diodes.com.

CONSOLIDATED CONDENSED INCOME STATEMENT and BALANCE SHEET FOLLOWS

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

	Three Months Ended March 31,	
	2004	2005
Net sales	\$ 41,435,000	\$ 48,600,000
Cost of goods sold	28,685,000	32,004,000
Gross profit	12,750,000	16,596,000
Selling, general and administrative expenses	5,476,000	6,692,000
Research and development expenses	763,000	900,000
Loss (gain) on sale of fixed assets	23,000	(105,000)
Total operating expenses	6,262,000	7,487,000
Income from operations	6,488,000	9,109,000
Other income (expense)		
Interest expense, net	(182,000)	(154,000)
Other	(147,000)	(34,000)
	(329,000)	(188,000)
Income before income taxes and minority interest	6,159,000	8,921,000
Income tax provision	(1,160,000)	(1,442,000)
Income before minority interest	4,999,000	7,479,000
Minority interest in joint venture earnings	(143,000)	(239,000)
Net income	\$ 4,856,000	\$ 7,240,000
Earnings per share		
Basic	\$ 0.37	\$ 0.51
Diluted	\$ 0.32	\$ 0.46
Weighted average shares outstanding		
Basic	13,096,836	14,217,910
Diluted	15,286,416	15,683,348

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

DIODES INCORPORATED AND SUBSIDIARIES  
CONSOLIDATED CONDENSED BALANCE SHEET

ASSETS

December 31,

March 31,

	2004	2005
	-----	-----
		(Unaudited)
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 18,970,000	\$ 27,922,000
Accounts receivable		
Customers	38,682,000	40,310,000
Related parties	5,526,000	4,522,000
	-----	-----
	44,208,000	44,832,000
Less: Allowance for doubtful receivables	432,000	451,000
	-----	-----
	43,776,000	44,381,000
Inventories	22,238,000	21,227,000
Deferred income taxes, current	2,453,000	2,419,000
Prepaid expenses and other current assets	4,243,000	3,802,000
Prepaid income taxes	406,000	376,000
	-----	-----
Total current assets	92,086,000	100,127,000
<b>PROPERTY, PLANT AND EQUIPMENT, at cost, net</b> of accumulated depreciation and amortization	60,857,000	58,884,000
<b>DEFERRED INCOME TAXES, non-current</b>	7,970,000	7,689,000
<b>OTHER ASSETS</b>		
Goodwill	5,090,000	5,090,000
Other	1,798,000	895,000
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<b>TOTAL ASSETS</b>	\$ 167,801,000	\$ 172,685,000
	=====	=====

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

DIODES INCORPORATED AND SUBSIDIARIES  
CONSOLIDATED CONDENSED BALANCE SHEET

LIABILITIES AND STOCKHOLDERS' EQUITY

	December 31, 2004	March 31, 2005
	-----	-----
		(Unaudited)
<b>CURRENT LIABILITIES</b>		
Line of credit	\$ 6,167,000	\$ 4,135,000
Accounts payable		
Trade	17,274,000	15,940,000
Related parties	3,936,000	5,834,000
Accrued liabilities	11,459,000	8,942,000
Current portion of long-term debt		
Related party	2,500,000	2,500,000
Other	1,014,000	4,391,000
Current portion of capital lease obligations	165,000	135,000
	-----	-----
Total current liabilities	42,515,000	41,877,000
<b>LONG-TERM DEBT, net of current portion</b>		
Related party	1,250,000	625,000
Other	6,583,000	4,127,000
<b>CAPITAL LEASE OBLIGATIONS, net of current portion</b>	2,172,000	1,707,000
<b>MINORITY INTEREST IN JOINT VENTURE</b>	3,133,000	3,371,000
<b>STOCKHOLDERS' EQUITY</b>		
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; 30,000,000 shares authorized; 15,763,266 and 15,892,591 shares issued at December 31, 2004 and March 31, 2005, respectively	7,260,000	7,346,000
Additional paid-in capital	24,765,000	26,247,000
Retained earnings	81,330,000	88,570,000
	-----	-----
Less:	113,355,000	122,163,000

Treasury stock - 1,613,508 shares of common stock, at cost  
Accumulated other comprehensive gain

1,782,000  
(575,000)

1,782,000  
(597,000)

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1,207,000

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1,185,000

Total stockholders' equity

112,148,000

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120,978,000

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY

\$ 167,801,000  
=====

\$ 172,685,000  
=====

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