

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

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

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

- a. In regards to the Company's third quarter revenue guidance of "modest sequential revenue growth", the assumed definition of "modest" is in the 1%-5% range.

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 1984, 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 July 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: July 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 July 28, 2005

Diodes Incorporated

FOR IMMEDIATE RELEASE

Diodes Incorporated Reports Second Quarter 2005 Earnings

o Record quarterly revenues of \$50.6 million, up 7.6%
 o Record quarterly earnings of \$7.7 million, up 25%

Westlake Village, California, July 28, 2005 - Diodes Incorporated (Nasdaq: DIOD), a leading manufacturer and supplier of high-quality discrete semiconductors, today reported record financial results for the second quarter ended June 30, 2005.

Second Quarter Highlights:

>> Revenue increased 7.6% year-over-year and 4.1% sequentially to a record \$50.6 million
 >> Gross margin improved 260 basis points to 34.6% year-over-year
 >> Operating income increased 21.1% to 9.5 million
 >> Net income increased 25.2% to a record \$7.7 million, or \$0.47 per diluted share, up from \$6.1 million, or \$0.40 per diluted share, in 2Q04 Launched new DFN packaging platform
 >> Expanded product offerings using PowerDI(TM)123 and SOD-523 compact performance packages

Revenues for the second quarter of 2005 were a record \$50.6 million, an increase of 7.6% from the second quarter of 2004, and a sequential increase of 4.1%. Net income for the quarter increased 25.2% to a record \$7.7 million, compared to \$6.1 million for the three months ended June 30, 2004. Diluted earnings per share were \$0.47 for the second quarter of 2005, compared with \$0.40 for the second quarter of 2004.

Revenues for the first six months of 2005 increased 12.2% to \$99.2 million, compared to \$88.4 million in the same period last year. Net income for the first half of 2005 increased 35.7% to \$14.9 million, compared to \$11.0 million in the same period last year. Diluted earnings per share were \$0.93 for the first six months of 2005, compared to \$0.72 for the same period last year.

Gross profit for the second quarter of 2005 increased to \$17.5 million, or 34.6% of sales, compared to \$15.0 million, or 32.0%, in the second quarter of 2004, and \$16.6 million, or 34.1% of sales in the first quarter of 2005. The improvements in gross margin were due to the positive contribution of higher-margin new products, a favorable product mix, and efficient utilization of manufacturing capacity.

Commenting on the quarter, Dr. Keh-Shew Lu, President and CEO of Diodes Incorporated, said: "During the second quarter Diodes continued to outpace the discrete semiconductor market, as our revenues and net income reached new record highs. Margins continue to be driven by robust demand for our next-generation products. Diodes' market share is at an all time high in most of our end-user markets. In addition to the profit improvement, we generated \$24.1 million in operating cash flow during the first half of 2005, providing us with a very strong balance sheet to support future corporate growth initiatives."

"Over the past several years, Diodes has established a reputation as an innovation leader in the discrete semiconductor segment, while delivering profitable growth to our shareholders," Dr. Lu continued. "I am very excited to help lead Diodes, Inc. to the next stage of its growth as we progress into adjacent technologies, such as analog and mixed-signal products, which offer the potential to expand our addressable market and profitability over time. This represents a natural evolution in Diodes' long-term growth strategy and builds upon our core strength in multi-chip packaging integration to deliver a growing range of value-added solutions for our customers."

End-Markets

"Demand for our innovative space and power-saving subminiature devices in areas including notebooks computers and audio players drove Diodes' revenue growth in the quarter, with computer and consumer electronics contributing 36% and 34% of total sales respectively," commented Mark King, Vice President of Sales and Marketing.

"Asia continued to be the fastest growing region of global electronics manufacturing, contributing 66% of our second quarter revenues. Demand in North America remained in line with the previous quarter and sales represented 31% of total revenues. And despite soft market demand in Europe, we continued to establish Diodes' position in this market by penetrating new accounts to grow this region's contribution to almost 3% of sales," said Mr. King.

Design Wins and New Products

During the second quarter, Diodes launched a new breakthrough DFN packaging platform using Quad Flat No-Lead technology, which will be employed in a new line of ultra-miniature devices broadly used in mobile phones, PDAs, portable media and entertainment devices, digital cameras and camcorders, notebook computers, and wireless equipment. And the Company continued to expand its compact power PowerDI(TM)123 and ultra-small SOD-523 packages, with new products offering reduced size and power consumption suited to a wide range of portable electronic devices, consumer electronics and automotive applications, as well as switch-mode power supply designs.

Sales of new products were 15.7% of total sales, compared to 12.6% a year ago.

"New product revenues were primarily driven by SOD523 product line, array products in various packages and early revenues generated by PowerDI(TM)123," Mr. King commented. "Design wins for our PowerDI(TM)123, PowerDI(TM)5, and array products continued to be very strong during the quarter, which has us well positioned as the next-generation of end-equipment goes into production."

Additional Financial Highlights

For the quarter, SG&A expenses were \$7.2 million, or 14.2% of sales, as compared to \$6.4 million, or 13.6% of sales, in the comparable quarter last year. The increase was primarily attributable to non-cash expenses of \$358,000 related to the granting of a total of 220,000 shares of Diodes' stock to Dr. Lu and C.H. Chen as part of Diodes' recent strengthening of its senior management team. In addition to the expense, the 220,000 shares are included in the diluted shares outstanding calculation. The combined impact of the share grant reduced Diodes' diluted earnings per share during the second quarter by two cents, from 49 cents to 47 cents. The share grant will continue to be expensed quarterly based on Diodes' stock price over the required 4-year vesting period.

Research and development expenses were \$850,000, or 1.7% of revenue, compared to \$815,000, or 1.7% of sales, in the second quarter of 2004.

Operating income for the second quarter increased 21.1% to \$9.5 million, or 18.7% of sales, compared to \$7.8 million, or 16.6% of sales, for the second quarter of 2004.

Capital expenditures for the current quarter were \$4.0 million and \$6.8 million year to date. Depreciation expense for the quarter was \$3.9 million and \$7.8 million year to date.

At June 30, 2005, Diodes had \$33.0 million in cash, \$66.5 million in working capital, \$10.8 million in long-term debt and unused and available credit facilities of \$49.8 million. For the first six months of 2005, shareholder equity increased 18.6% to \$133.0 million.

Business Outlook

"With flat demand in the worldwide discrete semiconductor market, and coming off our record revenue performance during the second quarter, we expect to see modest sequential revenue growth and comparable gross margins for the third quarter of 2005," stated Dr. Lu. "We are very encouraged by the strong interest in our new value-added products and excited about the opportunities to continue to expand our growth horizons through customer-driven innovation. In addition, with our China facility operating at capacity, and solid demand, we are now increasing our previous full-year capital expenditure forecast from \$12-14 million to \$15-18 million."

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. 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, primarily to the communications, computing, industrial, consumer electronics and automotive markets. The Company operates four Far East subsidiaries, Diodes-China (QS-9000 and ISO-14001 certified) in Shanghai, our newest manufacturing facility in China, Diodes-Shanghai, Diodes-Taiwan (ISO-9000 certified) in Taipei, and Diodes-Hong Kong. Diodes-China and Diodes-Shanghai manufacturing focus are 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-9001:2000 corporate sales, marketing, engineering and logistics headquarters is located in Southern California. For further information, including SEC filings, 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
CONTACT: Carl Wertz, Chief Financial Officer,
Diodes Incorporated (805) 446-4800
e-mail: carl_wertz@diodes.com
or
Crocker Coulson, President, CCG Investor Relations,
(310) 231-8600, Ext. 103, e-mail: crocker.coulson@ccgir.com

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:

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CONSOLIDATED CONDENSED INCOME STATEMENT and BALANCE SHEET FOLLOWS

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2005	2004	2005
Net sales	\$ 47,017,000	\$ 50,598,000	\$ 88,442,000	\$ 99,198,000
Cost of goods sold	31,989,000	33,101,000	60,664,000	65,105,000
Gross profit	15,028,000	17,497,000	27,778,000	34,093,000
Selling, general and administrative expenses	6,417,000	7,196,000	11,908,000	13,888,000
Research and development expenses	815,000	850,000	1,562,000	1,750,000
Loss (gain) on sale of fixed assets	(8,000)	--	15,000	(105,000)
Total operating expenses	7,224,000	8,046,000	13,485,000	15,533,000
Income from operations	7,804,000	9,451,000	14,293,000	18,560,000
Other income (expense)				
Interest income	8,000	39,000	10,000	43,000
Interest expense	(153,000)	(118,000)	(337,000)	(277,000)
Other	24,000	12,000	(124,000)	(21,000)
	(121,000)	(67,000)	(451,000)	(255,000)
Income before income taxes and minority interest	7,683,000	9,384,000	13,842,000	18,305,000
Income tax provision	(1,383,000)	(1,461,000)	(2,543,000)	(2,903,000)
Income before minority interest	6,300,000	7,923,000	11,299,000	15,402,000
Minority interest in joint venture earnings	(177,000)	(258,000)	(319,000)	(497,000)
Net income	\$ 6,123,000	\$ 7,665,000	\$ 10,980,000	\$ 14,905,000
Earnings per share				
Basic	\$ 0.46	\$ 0.53	\$ 0.83	\$ 1.04
Diluted	\$ 0.40	\$ 0.47	\$ 0.72	\$ 0.93
Number of shares used in computation				
Basic	13,265,146	14,418,819	13,180,992	14,318,916
Diluted	15,329,760	16,209,651	15,306,089	16,071,423

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

DIODES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEET

ASSETS

	December 31, 2004	June 30, 2005
	(Unaudited)	
CURRENT ASSETS		
Cash and cash equivalents	\$ 18,970,000	\$ 33,014,000
Accounts receivable		
Customers	38,682,000	43,782,000
Related parties	5,526,000	4,599,000
	44,208,000	48,381,000
Less: Allowance for doubtful receivables	432,000	464,000
	43,776,000	47,917,000
Inventories	22,238,000	22,304,000

Deferred income taxes, current	2,453,000	2,375,000
Prepaid expenses and other current assets	4,243,000	4,160,000
Prepaid income taxes	406,000	883,000
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Total current assets	92,086,000	110,653,000
PROPERTY, PLANT AND EQUIPMENT, at cost, net of accumulated depreciation and amortization	60,857,000	63,005,000
DEFERRED INCOME TAXES, non-current	7,970,000	7,309,000
OTHER ASSETS		
Goodwill	5,090,000	5,090,000
Other	1,798,000	323,000
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TOTAL ASSETS	\$167,801,000	\$ 186,380,000
	=====	=====

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	June 30, 2005
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		(Unaudited)
CURRENT LIABILITIES		
Line of credit	\$ 6,167,000	\$ --
Accounts payable		
Trade	17,274,000	18,374,000
Related parties	3,936,000	6,071,000
Accrued liabilities	11,459,000	12,730,000
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	136,000
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Total current liabilities	42,515,000	44,202,000
LONG-TERM DEBT, net of current portion		
Related party	1,250,000	--
Other	6,583,000	3,877,000
CAPITAL LEASE OBLIGATIONS, net of current portion	2,172,000	1,678,000
MINORITY INTEREST IN JOINT VENTURE	3,133,000	3,630,000
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; 30,000,000 shares authorized; 15,763,266 and 16,185,552 shares issued at December 31, 2004 and June 30, 2005, respectively	7,260,000	7,538,000
Additional paid-in capital	24,765,000	30,199,000
Retained earnings	81,330,000	96,235,000
	-----	-----
	113,355,000	133,972,000
Less:		
Treasury stock - 1,613,508 shares of common stock, at cost	1,782,000	1,782,000
Accumulated other comprehensive gain	(575,000)	(803,000)
	-----	-----
	1,207,000	979,000
Total stockholders' equity	112,148,000	132,993,000
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TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$167,801,000	\$ 186,380,000
	=====	=====

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