
**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

Date of Report (Date of earliest event reported): April 4, 2008

DIODES INCORPORATED

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation or organization)

1-5740
(Commission File Number)

95-2039518
(I.R.S. Employer Identification No.)

15660 North Dallas Parkway Suite 850
Dallas, Texas
(Address of principal executive offices)

75248
(Zip Code)

(972) 385-2810
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 7.01. Regulation FD Disclosure.

On April 4, 2008, the Company hosted a conference call to discuss the announced acquisition of Zetex plc (“Zetex”). The press release and the conference call script, were previously filed on April 4, 2008. A recording of the conference call has been posted on the Company’s website at www.diodes.com.

During the conference call, Dr. Keh-Shew Lu, President and CEO of Diodes Incorporated, as well as Carl C. Wertz, Chief Financial Officer, Rick White, Senior Vice President of Finance, Mark King, Senior Vice President of Sales and Marketing, and Hans Rohrer, CEO of Zetex made additional comments during a question and answer session. A copy of the transcript is attached as Exhibit 99.1.

The information in this Item 7.01, will not be treated as filed for the purposes of Section 18 of the Securities Exchange Act of 1934 (the “Exchange Act”) or otherwise subject to the liabilities of that section. This information will not be incorporated by reference into a filing under the Securities Act of 1933, or into another filing under the Exchange Act, unless that filing expressly refers to specific information in this Report. The furnishing of the information in this Item 7.01 is not intended to, and does not, constitute a representation that such furnishing is required by Regulation FD or that the information in this Item 7.01 is material information that is not otherwise publicly available.

Cautionary Information Regarding Forward-Looking Statements

Except for the historical and factual information contained in the transcript attached as Exhibit 99.1, the matters set forth in the transcript (including statements as to: the expected benefits of the acquisition, including the acquisition being accretive; the efficiencies, cost savings, market profile, financial strength, competitive ability and position of the Company after the acquisition; this acquisition will accelerate Diodes’ strategy; Zetex will aid deeper penetration of our key end-markets; this combination will create synergies including excellent cross-selling opportunities, economies of scale and cost savings; and, will create a highly valuable supplier for the combined worldwide customer base; and other statements identified by words such as “estimates,” “expects,” “projects,” “plans,” “will” and similar expressions) are forward-looking statements within the meaning of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995.

These forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially, including, but are not limited to, such factors as the Company’s inability to identify suitable acquisition candidates or consummate desired acquisitions; if the Company makes any acquisitions, the Company may be unable to successfully integrate any acquired companies within our operations due to factors associated with unexpected losses of key employees or customers of the acquired company, bringing the acquired company’s standards, procedures and controls into conformance within our Company’s operation; coordinating our new product and process development, hiring additional management and other critical personnel, increasing the scope, geographic diversity and complexity of our operations, difficulties in consolidating facilities and transferring processes and know-how, difficulties in reducing costs of the acquired entity’s business and diversion of our management’s attention from the management of our business; the Company’s business strategy, fluctuations in product demand and supply, the

continued 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, the Company's ability to successfully make additional acquisitions, risks of foreign operations, availability of tax credits, and other information detailed from time to time in the Company's filings with the United States Securities and Exchange Commission. You should not place undue reliance on these forward-looking statements, which speak only as of the date of the transcript. The Company undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number	Description
99.1	Question and answer transcript dated April 4, 2008.

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 thereunto duly authorized.

DIODES INCORPORATED

Date: April 8, 2008

By: /s/ Carl C. Wertz

Carl C. Wertz,
Chief Financial Officer

QUESTION AND ANSWER

Operator

(OPERATOR INSTRUCTIONS). Harsh Kumar, Morgan Keegan.

Harsh Kumar - Morgan Keegan — Analyst

Congratulations. It sounds like a great deal. I had a couple of questions. Maybe Dr. Keh-Shew Lu or Carl and jump in and help me out here. I'm having some troubles with the slide show. I couldn't actually see the numbers, guys. My understanding is the operating margins for Zetex is around 6%. You are at 17, in that range. Can you talk about some of the things that you could do if those numbers are indeed correct? What are some of the steps you would take and how long would it take for maybe Zetex to come up to your level, if that is possible?

Dr. Keh-Shew Lu - Diodes Inc. — President, CEO

If you look at the gross margin percent, we're about the same. And the difference would be the below line from the gross margin down. And that has two aspects. One is the R&D, one is SG&A. I do not intend to reduce R&D because the reason we buy this company is most important is people, the technology. Therefore there is no reason for us to reduce the R&D.

So the way I intend to do is by cross-selling, by — expand — the sales of growth — the sales, the R&D percent will be going down. I don't intend to do just coming and cutting R&D to make it into our model. And then for SG&A, they have a lot of stuff we can consolidate. For example, there are no — you don't need a corporate organization. And they have a corporate organization and that corporate is going to be — when you combine two companies those would go away. Like the —.

Carl Wertz - Diodes Inc. — CFO

Basically public cost (multiple speakers) combine into one.

Dr. Keh-Shew Lu - Diodes Inc. — President, CEO

Yes, a public company, there are a lot of company expense. For example, we don't need an auditor. You consolidate together. We don't need the whole Board of Directors — two Board of Directors. We will consolidate into one. We don't need to publish annual report. They have a lot of stuff we can save.

Harsh Kumar - Morgan Keegan — Analyst

Fair enough. Can I follow-up on that real quick? I didn't — wasn't able to get the R&D as a percentage of sales. Could you tell us what R&D is for Zetex as a percentage of sales. And that is one. I have got one or two more.

Dr. Keh-Shew Lu - Diodes Inc. — President, CEO

I think that is public information. For 2007 their R&D is like (multiple speakers). I think — let's check. I think it is —. Hold on.

Harsh Kumar - Morgan Keegan — Analyst

Fair enough. So the goal would be to bring R&D as a percentage of sales for Zetex back to your level, which is about 3, 3.5ish. Is that pretty fair for me to think?

Dr. Keh-Shew Lu - Diodes Inc. — President, CEO

On long term but not immediately, because like I said what would you think — I think I have been talking about that in the past. We grow as fast as possible and that percent will be automatically going down. And then at the end we're going to be somewhere around 3.5 plus or minus 10 percent. That is our business model. And I predict from long term point of view we should be able to achieve that.

Harsh Kumar - Morgan Keegan — Analyst

My last question, and I will let somebody else get in and then come back. Any room for gross margins of Zetex to go up from here?

Dr. Keh-Shew Lu - Diodes Inc. — President, CEO

Obviously a lot of synergies we have been talking about, so obviously yes.

Harsh Kumar - Morgan Keegan — Analyst

Correct. For gross margins too?

Dr. Keh-Shew Lu - Diodes Inc. — President, CEO

Yes. Because remember I mentioned our larger capacity and the capability of the wafer fab and assembly with Zetex technology and capability, they have both assembly and packaging and the wafer fabs — they have in both areas, they have a very good technology and capability. Together with the Diodes capacity in a large volume you can draw the conclusion that is where the synergies are coming from.

Harsh Kumar - Morgan Keegan — Analyst

Got it guys. Thank you. I will come back. It sounds like a great deal. Thank you.

Operator

Steve Smigie, Raymond James.

Steve Smigie - Raymond James — Analyst

I apologize, I have been calling on a cell phone. So if you guys can't hear me at all, just let me know and I will jump off. I will add my congratulations. And I was just — if you could talk about, did you have a total dollar amount in terms the synergies that you are expecting to get out of the deal?

Dr. Keh-Shew Lu - Diodes Inc. — President, CEO

We, at this moment, we cannot discuss about the synergy. But through my presentation I think you can estimate yourself. But I'm sorry, we're limited to be able to talking about it. By the way, the percent of the R&D is a little bit less than 10% last year for Zetex.

Steve Smigie - Raymond James — Analyst

Thanks for that, that clarification. I also had a little trouble getting the slides, would you guys be able to pose that to your website?

Dr. Keh-Shew Lu - *Diodes Inc.* — *President, CEO*

I think it is on the Website, right?

Unidentified Company Representative

It will be, yes.

Dr. Keh-Shew Lu - *Diodes Inc.* — *President, CEO*

We'll be putting it on the website.

Steve Smigie - *Raymond James* — *Analyst*

Great. I was hoping you could talk a little bit more about manufacturing. Your model in the past has been manufacture in Asia because that is the cheapest location. Now it seems like you've got some stuff in the UK and in Germany that I would — my first guess would be, oh wow, that seems like some high cost locations. Am I thinking about that incorrectly? And did you rationalize some of those facilities, or how should I be thinking about that?

Dr. Keh-Shew Lu - *Diodes Inc.* — *President, CEO*

Okay, I can talk about that. You know, let's talk about wafer fabs first. I think in the past in the Roadshow I am always talking about wafer fab is not a key cost effort — a key cost factor for our kinds of business. I think we — in the past I already said in our discrete and the standard analog, really the cost is coming from assembly. Wafer fab is a small portion, or die, is a small portion of the cost.

You know we are using the Kansas City, which is not in China, to produce the wafer for us. And a lot of our analog wafer we have subcon. We use foundry to produce it for us. Therefore you can see our cost saving is not really coming from the wafer. Therefore, UK — Zetex, their wafer fab in the UK is not really something that will trouble me.

And more they have a lot of technology and capability in their wafer fab process we can benefit that in our wafer fab in Kansas City. And therefore I think that is a mutual benefit.

And then we're talking about packaging. Packaging, yes, is more important. And we have a very, very large packaging capacity in China. And their packaging in Germany is actually in the East Germany. And that facility is not really big. They are more in the R&D and to support European customers and turn out for prototype. The majority of their production is subcon outside. And we can see a lot of synergy from that subcon packaging. I hope that answers your question.

Steve Smigie - *Raymond James* — *Analyst*

That was extraordinarily helpful. I appreciate that. To follow-up on the question from the previous individual, in terms of the gross margin benefits, it seems like maybe some manufacturing synergies, and you guys bringing your discipline in, is it — and given the level of R&D they are investing, it seems like it is probably a pretty high-level product. Can you take that up to 40% gross margin or 45% type gross margin? Is that the focus of this (multiple speakers) you have got everything run through? I'm just trying to get a general cost sense of what you can do.

Dr. Keh-Shew Lu - *Diodes Inc.* — *President, CEO*

At this moment, since we cannot really discuss the synergy, I cannot discuss the gross margin for the future. But you look at my presentation, you can clearly guess they have a lot of synergy we can benefit from the combined companies.

Again, the Zetex technology and capability for both wafer fab and packaging can benefit greatly (inaudible) complement Diodes' wafer fab and packaging capacity and capability, we will both benefit. That is really why it makes a lot of good sense for us to consolidate Zetex. It makes a lot of sense. And they have a lot of synergy can be benefit from the combined together.

Steve Smigie - Raymond James — Analyst

This last question, and I will let somebody else get on. Carl, if you could let us know what sort of a percent, what kind of rate you're getting now in terms of interest income, so we can run our accretion, dilution analysis? On the cash that you use to purchase it, are you getting —?

Carl Wertz - Diodes Inc. — CFO

I understand. I fully understand. Yes, we're getting substantially improved interest rates right now in probably the 7 to 8% range. And that is on those both auction rate securities.

Dr. Keh-Shew Lu - Diodes Inc. — President, CEO

That is the short-term. You cannot use that. You should use — in December we have been have in the past 3, 4%. But short term because those (multiple speakers) ARS securities, which because of that they give you the high interest rate. That is short-term, very short-term. So don't use that as a model. You should use what we have been using in the past.

Carl Wertz - Diodes Inc. — CFO

These are normalized rate, yes.

Dr. Keh-Shew Lu - Diodes Inc. — President, CEO

Normalized which is about 3 to 4%. Am I correct?

Carl Wertz - Diodes Inc. — CFO

Yes, around 4.

Dr. Keh-Shew Lu - Diodes Inc. — President, CEO

4%. You should use that, because that is really the sustained long term. And from long term you know the interest rate is going down, so that money will — that interest from those money are going down for sure. So you can expect what will be the long-term interest rate, and then you can from there to calculate the synergy. And accretive or, it is very easy to see it.

Steve Smigie - Raymond James — Analyst

Perfect. I agree. Thank you very much. I appreciate that.

Operator

Shawn Harrison, Longbow Research.

Shawn Harrison - Longbow Research — Analyst

I apologize if this first question is (technical difficulty) the call. But what is the rate of interest on the collateralized loan that you will be taking out, or just maybe a ballpark, and then also the rate of interest on the revolver?

Dr. Keh-Shew Lu - Diodes Inc. — President, CEO

You are talking about interest or loan, or what is the question?

Shawn Harrison - Longbow Research — Analyst

Yes, the interest rate both on the loan, as well as the revolver that you expanded — that you will expand to complete the deal.

Dr. Keh-Shew Lu - Diodes Inc. — President, CEO

The interest will be just washed out, because like I mentioned, our ARS was higher and that — so we go to borrow the money and those interest rates just canceled each other. Then the time our money free we will sell the security and pay for the loan. Then so it is actually the cost of the money is a washout.

Carl Wertz - Diodes Inc. — CFO

I think we will be filing those. And like Dr. Lu says, it is pretty close to a wash. I think we at LIBOR plus 4% (multiple speakers).

Dr. Keh-Shew Lu - Diodes Inc. — President, CEO

Yes, our interest is LIBOR plus 4. And you can see LIBOR is changing somewhere 2% to 3% plus 4 you are talking about 6, 7%. And right now our weighted average — it changes every time, but somewhere around 8%. So basically the safe way to assume is they are washed out.

Shawn Harrison - Longbow Research — Analyst

Okay, until those rates reset and then maybe the calculation changes a bit, correct?

Dr. Keh-Shew Lu - Diodes Inc. — President, CEO

When the money is free up then we just paid it off. We have the money. That is why I said you probably don't need to put into the consideration because it washout. And whenever the money available interest rate resets, we can pay off.

Shawn Harrison - Longbow Research — Analyst

Okay. Second question, just another follow-up on the manufacturing. I guess if you could just maybe — if I missed this as well — the wafer technology used in the UK, and what is the utilization rate right now on the number of wafers they are outputting on a monthly basis?

Dr. Keh-Shew Lu - Diodes Inc. — President, CEO

We probably at this moment cannot talk too much about that, but I can tell you is they are 6 inch wafer fab and they have some 4 inch wafer fab. And we believe by combined together and by — and get the technology from UK to our FabTech, we're going to benefit from each other.

And don't forget, we're looking for the cross-selling. We can sell a lot of their product, especially in Asia. And that will help them to load in their wafer fab too. That is why we believe cross-selling and revenue growth will be help to each other and improve the gross margin.

Shawn Harrison - Longbow Research — Analyst

I think in an answer to the previous question you mentioned the majority of the packaging and testing is outsourced. Is there a way you could put a percentage on the number that is done in China?

Dr. Keh-Shew Lu - Diodes Inc. — President, CEO

I don't know can we discuss that or not. I don't have the legal people right next to me, but I can tell you, it is a majority. We are allowed [through registration] what I can say, what I cannot say. I just need to apologize.

Carl Wertz - Diodes Inc. — CFO

I don't see where that has been publicly communicated, so we probably better be careful there.

Dr. Keh-Shew Lu - Diodes Inc. — President, CEO

Yes, we cannot. Okay?

Shawn Harrison - Longbow Research — Analyst

Will the potential for gross margin expansion from internalizing that be similar to what you achieved with Anachip, which was I think about 10 points?

Dr. Keh-Shew Lu - Diodes Inc. — President, CEO

Don't call the number. But we intend to like we do in Anachip. But don't ask me to call the number.

Shawn Harrison - Longbow Research — Analyst

I should maybe think of a similar range as a better way to answer the question.

Dr. Keh-Shew Lu - Diodes Inc. — President, CEO

I'm sorry. I cannot really give you any hint. I wish I can.

Carl Wertz - Diodes Inc. — CFO

You probably just need to look at their gross margin and assume we're going to get some synergies out of there, but we are not allowed at this time to elaborate.

Dr. Keh-Shew Lu - Diodes Inc. — President, CEO

We're not allowed. It is all.

Shawn Harrison - Longbow Research — Analyst

Thank you very much and congratulations.

Operator

Christopher Longiaru, Sidoti.

Christopher Longiaru - Sidoti — Analyst

Great job. It looks great. I guess the first thing is just — I'm looking at their financials, it doesn't really break out operating costs. Just on the SG&A line, could you tell me as a percentage of sales what they did last year?

Dr. Keh-Shew Lu - Diodes Inc. — President, CEO

SG&A as what?

Christopher Longiaru - Sidoti — Analyst

Year in dollars or percentage of sales.

Dr. Keh-Shew Lu - Diodes Inc. — President, CEO

Okay. I think is like — Rick is going to look at it. And like I said, R&D is about — I think it is a little bit less than 10%. And SG&A, we're going to look at it, I will give you later on.

Christopher Longiaru - Sidoti — Analyst

How quickly do you think —?

Dr. Keh-Shew Lu - Diodes Inc. — President, CEO

Let me ask Hans. Hans, do you have the number?

Hans Rohrer - Zetex plc — CEO

SG&A is in the range of 14%.

Dr. Keh-Shew Lu - Diodes Inc. — President, CEO

14%.

Hans Rohrer - Zetex plc — CEO

And indeed that is a considerable room in that area where I think synergies can get applied.

Christopher Longiaru - Sidoti — Analyst

Thank you for that. It's helpful. Also what is the first areas where you would focus on when integrating the acquisition? There is a lot of areas to work on. What would be the first thing on your plate?

Dr. Keh-Shew Lu - *Diodes Inc.* — *President, CEO*

I don't know, can I discuss that or not?

Carl Wertz - *Diodes Inc.* — *CFO*

Well I think the manufacturing efficiency.

Dr. Keh-Shew Lu - *Diodes Inc.* — *President, CEO*

Okay, manufacturing efficiency. That I think we can talk about it. Because obviously quickly we will try to get the technology, which is developed in the UK in their wafer fab to help us to transport that technology to our Kansas City fab, because we have much bigger capacity over there. And they do — but that is we probably do the first.

And then the second is really cross-selling. This is much easier to get the synergy and to get us in the growth — our growth strategy, because now we can sell our product into their customer base. At the same time they can sell our product into our customer base. And if you can see, they are very, very strong in Europe market, which we have a lot of opportunity. [That] doesn't say we're weak. So I say we have a lot of opportunity. And obviously their sales force can help me in great deal to bring our product into European market. And at the same time we're very, very strong in Asia. And their product, a lot of them, is really good for our market segment, consumer, computer, communication. And our Asia sales force, combined together they are going to go to see our customer and their customer and gradually sell each other's.

So if you ask me, those are the areas I believe we will be quickly working on it: expands the market, expands the cross-sell and expands the technology from them to us. And there's a lot of stuff we can do.

Christopher Longiaru - *Sidoti* — *Analyst*

On the other hand now, on the manufacturing, is this going to help you improve your output in Kansas City?

Dr. Keh-Shew Lu - *Diodes Inc.* — *President, CEO*

Obviously.

Christopher Longiaru - *Sidoti* — *Analyst*

I mean, like how quickly will that end up happening, do you think?

Dr. Keh-Shew Lu - *Diodes Inc.* — *President, CEO*

It depends on how quickly we qualify some of their technology. We probably will get their people coming to help us to install their process technology. And then some of their stuff today they cannot support it, and they need to go to some subcon; even foundry they can use our wafer fab. So they have a lot of stuff we can help each other. Like I mentioned, our capacity using their technology can complement each other and help each other.

Operator

Kevin Rottinghaus, Cleveland Research.

Kevin Rottinghaus - *Cleveland Research* — *Analyst*

Could you say what headcount in R&D — headcount in sales and R&D and headcount for Zetex?

Dr. Keh-Shew Lu - *Diodes Inc.* — *President, CEO*

Let me defer to Hans to answer that.

Hans Rohrer - *Zetex plc* — *CEO*

We do have in design and circuit design around 30 people. And we do have in sales — I mean in pure sales function around 40 people. Obviously you have some support function around the designers, and you obviously have some support function around the sales function itself.

Kevin Rottinghaus - *Cleveland Research* — *Analyst*

Is most of your design work, is that done out of Europe or is there an Asian contingent there as well?

Hans Rohrer - *Zetex plc* — *CEO*

Right now all of our circuit design to done either in the UK or in Germany. There's a lot of system engineering, meaning primarily product definition, done closer to the customer, and that is also done in Asia. But the execution of the design, the skills for analog circuitry is much more pronounced in Europe than from what I can see anywhere else. So that is what we do in Europe.

Kevin Rottinghaus - *Cleveland Research* — *Analyst*

On your businesses you have been more of a recent entrant into analog space? Is that then an initiative to diversify there, or similar to Diodes maybe you have more of a discrete background and having more near-term success in analog, or have you always been a participant in analog?

Hans Rohrer - *Zetex plc* — *CEO*

The company was always actually very, very strong in bipolar technology. And therefore the core, or the majority of our business, is still in bipolar transistors. But our growth rate in the analog space is remarkable over the last couple of years. We grew in excess of 20%. And this more complex product now already contribute more than 40% to our revenues.

Kevin Rottinghaus - *Cleveland Research* — *Analyst*

Your analog gross margins I would assume are better than what you get on the discrete side?

Hans Rohrer - *Zetex plc* — *CEO*

Very considerable better. Our discrete margins, now I refer back to what Dr. Lu said, can greatly get enhanced by using the technologies, the manufacturing technology, the assembly capability and capacity from Diodes because that is where we suffer.

Kevin Rottinghaus - *Cleveland Research* — *Analyst*

And maybe just want more for you, and then just kind of a general question. Could you talk about the seasonality in the Zetex business?

Hans Rohrer - *Zetex plc* — *CEO*

Actually, the seasonality is there, but it is mainly there related to our business in Asia. Our business in the U.S. and Europe is very strong around the industrial and automotive. Yes, there is some seasonality in the segment but it is by fire not as pronounced as in a consumer environment, whether that is PC or mobile communication or conventional consumer equipment. (multiple speakers) than most of the semiconductor companies.

Kevin Rottinghaus - Cleveland Research — Analyst

So it will follow the second half is generally stronger than the first?

Hans Rohrer - Zetex plc — CEO

Actually, no. What I intended to say, we're less seasonal than a normal semiconductor country company due to what I would say our products are more used in industrial equipment. It is not necessarily what you and I buy either for Christmas or for whatever, Chinese New Year.

Kevin Rottinghaus - Cleveland Research — Analyst

My last question. Is there any level that you can help us out with that you're looking for in synergies to make this deal accretive within the 12 months? Is there any kind of direction you can give us on that, Carl, or Rick or anybody?

Dr. Keh-Shew Lu - Diodes Inc. — President, CEO

As I said, we really cannot talk about in specifics. We were really limited by what we can say, what we cannot say. I think the best way is you go through my presentation, and you can realize where we are and how do we get synergies, and how do we get it. And you need to do your own guess or your own model. We can discuss it more after we're done and after —.

Carl Wertz - Diodes Inc. — CFO

After we close we have more liberty to talk about a little more about it.

Dr. Keh-Shew Lu - Diodes Inc. — President, CEO

Yes, we can talk a little more, but right now we cannot really talk of that. Yes, they have a lot of UK law regulation I cannot talk about it. I really think I apologize for this.

Kevin Rottinghaus - Cleveland Research — Analyst

No problem. Thank you very much.

Operator

Kevin Cassidy, Thomas Weisel Partners.

Kevin Cassidy - Thomas Weisel Partners — Analyst

Just a question on the overlap in the markets of communications. Can you describe a little deeper where Zetex sales in the communications market? Is it in mobile or is it in base stations?

Dr. Keh-Shew Lu - Diodes Inc. — President, CEO

Mark? Hans, do you want to answer this?

Hans Rohrer - Zetex plc — CEO

Sure I would be flattered to do that. Clearly mobile communication is a considerable market for us in that segment. But actually it is much more in the line interface, DSL, ADSL, so this is balanced in mobile and fixed line communication. It is not that it is 80% mobile communication. It is around 50-50, fixed line communication and mobile communication.

Kevin Cassidy - Thomas Weisel Partners — Analyst

So it is not related to handsets? It is not in the handsets?

Hans Rohrer - Zetex plc — CEO

Some of our products are indirectly in handsets. Our position is very strong in power management. And this product tends to be in the power supply of — about everything you buy, and also in handsets.

Kevin Cassidy - Thomas Weisel Partners — Analyst

Again, I wasn't able to see the slides, can you give a distribution geography-wise where your sales are?

Dr. Keh-Shew Lu - Diodes Inc. — President, CEO

Do you want to (inaudible)? We can read it over, right? For Zetex 38% of their 2007 revenue from Europe, 13% from North America, 49% from Asia. So if you combine their 49% and our 76% then the combined company we feel has 69% of the revenue coming from Asia. While the European our 4%, their 38% combined together will be tripled to 12% of the total combined revenue.

North America is about the same, because we have 20%, they have 13%. Combined will be 19%. You can see by combining these two companies together, the biggest percent benefit is Europe from 4% of [sales] to 12% of combined. And Asia and the U.S. is about the same, from 20 to 19. And Asia will be shrink from 78 to 69. And that will buy us two great opportunities, one is we would sale their product in Asia, and they could help us sell our product in Europe. And this is where is the synergy — cross-selling going to come from. Now U.S. we help each other. They are good where we are good, so we can help each other.

Operator

Steve Smigie.

Steve Smigie - Raymond James — Analyst

Thanks for the opportunity for a follow-up. I am hoping you could talk a little bit more about the automotive products that you're picking up and what areas that is going to be focusing on.

Dr. Keh-Shew Lu - Diodes Inc. — President, CEO

Hans, do you want to answer that?

Hans Rohrer - Zetex plc — CEO

I am more than happy to do that. The products actually are in both categories. They are in the discrete space where we have what the industry calls smart MOSFETs. They are a very prominent product in all the things which has to do with controlling the interior, driving relays, driving motors, dealing with also the switching — cars, one has to do in a car. The second product category for automotive are in general everything which has to do with power regulation and power management.

Steve Smigie - Raymond James — Analyst

Okay.

Hans Rohrer - Zetex plc — CEO

There are a few, and I am saying that a little bit reluctant because these are new products, they are gaining fast traction. And these are products in the LED space. These are drivers for LEDs, where we see a significant interest and design-in activities in the automotive space.

Steve Smigie - Raymond James — Analyst

That is the discrete side, if you just talk about just the analog, that would be great.

Hans Rohrer - Zetex plc — CEO

Actually, no, no. I am talking about LED drivers. LED drivers are really analog products, and so are the power management and the power control circuits. I'm sorry, I didn't clearly separate that set out when I moved from discrete to the IC.

Steve Smigie - Raymond James — Analyst

Just to clarify, earlier you said you're about 40% analog for the total company and about 60% discrete?

Hans Rohrer - Zetex plc — CEO

This is roughly correct, give and take a few percentages.

Steve Smigie - Raymond James — Analyst

Dr. Lu, I guess you guys have traditionally had a very high growth rate. Again, if I add in automotive and industrial categories, I might in the classic sense say, hey those are much slower growth markets. Again, is that the right way to be thinking about that portion of the business?

Dr. Keh-Shew Lu - Diodes Inc. — President, CEO

Actually, the reason we would like to get into those markets by buying Zetex is one thing, there is our seasonality. We are in the consumer market, when you are heavily in the consumer market you have a lot of seasonality for that. Now by diversify from the three Cs, market, consumer, computer, communication to the other two market, automotive and industrial, it helps us to stabilize our market — our seasonality.

But don't forget, we still have 69% of the Asia market, which is very high growth market. So we're still looking for — we have been looking — in Diodes we always said we want to grow 2X faster than the market grows. And I don't see any reason why we were not able to. So we will continue in our strategy of growth.

This will help us to stabilize. And we believe Europe now is going to be — Europe — essentially Eastern Europe —, we believe Europe will be in the high growth area too. And cross-selling is another key one now, because you remember when we consolidated Anachip, we grow quite fast. Because with our sales force we're able to sell a product they have in much higher growth rate. And we believe the same way, because we have a very strong sales force in Asia. They have a very strong sales force in Europe. By cross-selling our experience in the Anachip acquisition, it tell us that will be able to help each other very fast. I don't know, but I don't believe our growth will slow down.

Steve Smigie - Raymond James — Analyst

My last question was just — from a cash position you guys still have a decent amount of cash. It looks like you're going to have some great cash flows in the combined business. What comes in the future, stock buyback or — not to jump the gun — another acquisition later in the year or how should we —?

Carl Wertz - Diodes Inc. — CFO

Not a possibility.

Dr. Keh-Shew Lu - Diodes Inc. — President, CEO

Well, I don't know. When the markets don't have a lot of — I won't say cheap — a lot of good companies. But I really cannot disclose, but I am just saying there are still a lot of good opportunities, but —.

Steve Smigie - Raymond James — Analyst

Congratulations again. Thank you.

Operator

Harsh Kumar, Morgan Keegan.

Harsh Kumar - Morgan Keegan — Analyst

Just one or two quick questions. You mentioned the mobile space. Should we think about battery chargers as one of the areas that you are big in as far as Zetex?

Dr. Keh-Shew Lu - Diodes Inc. — President, CEO

Hans, I give you the honor.

Hans Rohrer - Zetex plc — CEO

We are in fact, when you look at the customer base actually they are probably a joint customer. You see already some power management customer using, for example, our current monitors. And indeed we have a couple of literally very exciting sockets and circuits in design, as we speak.

Harsh Kumar - Morgan Keegan — Analyst

Fair enough. Then my last question. If you were to — Hans, if you are to think about your power management business, would you say that is mid end, low end, high end? How would you classify it in general?

Hans Rohrer - Zetex plc — CEO

Actually, probably — I'm afraid, I cannot give you a clear answer because we are in both. We have standard products where we're clearly subject to market forces. We have a number of though fast-growing proprietary power management circuits. These are new products and they are in the ramp up phase.

Harsh Kumar - Morgan Keegan — Analyst

Fair enough. Perfect. Thanks guys. Congratulations.

Dr. Keh-Shew Lu - Diodes Inc. — President, CEO

Thank you very much. We are very excited too.

Operator

Michael Burke.

Michael Burke Analyst

Just two quick things. First of all, can you give us a sense in terms of ongoing CapEx for the Zetex business, and thinking about that in terms of free cash flow as you would picture it going forward?

Dr. Keh-Shew Lu - Diodes Inc. — President, CEO

I really right now, I am not really thinking about that. But one thing, you know our model, we always said 12% of our revenues and that is our business model. But 127 million revenue last year, that obviously will increase our CapEx capability, or CapEx revenue additional probably about \$15 million. So that is one thing we additionally gain from the revenue growth. Then move forward is the business growth as what we expected, which is going to be a much faster growth than the past. And we don't know, but if we're able to do that, then your CapEx budget will be increased too.

I do need to look at do I need to have a onetime deal to enlarge my packaging capacity to be able to consolidate their subcon business? I don't know yet. You remember we do that on our Anachip consolidation. We do because at that time the market is so hot our additional capacity was consumed by the 30% growth of the market, therefore it delayed us to bring in our product into our SKE [facility]. And you remember it took until last year September we finished that bring in and started to get a much better gross margin percent. So it really cannot tell. It really depend on the market.

If market really turned hot, then my strategy always and using that extra capacity to generate additional revenue, instead of bring in and generate additional gross margin. You remember, we're always talking about it is better to get the revenue instead of get the gross margins. And of course it depends. It really depends on the market situation. It depends on how fast I can put in the capacity. You know we are — expand our building — our third building in China. You know that. So it really depends. Very hard to say it now.

Michael Burke Analyst

Fair enough. I guess I'm also trying to just calibrate in terms of incremental cash flow from Zetex. Hans, maybe this is a question then for you, in terms of you might just think about back in 2007, obviously we have the EBITA numbers, but in terms of what CapEx you guys had for 2007, either on a maintenance basis or in an expansion basis?

Hans Rohrer - Zetex plc — CEO

We were clearly in a maintenance stage. Our status was very different in the sense that we were not intending to put more capacity in there. We're much on the outsourcing path, because we simply couldn't afford some of the things that combined companies clearly can afford and make a lot of sense.

Michael Burke Analyst

Last question. Carl, this is for you. In terms of how you would see any sort of currency impacts or sales in dollars or euro, or how it is going to look for you, any adjustments you need to make there?

Carl Wertz - *Diodes Inc.* — CFO

We are looking at it. We have done some hedging on foreign exchange. I don't think there is going to be a significant impact as we move forward, other than what we are normally faced with.

Rick White - *Diodes Inc.* — SVP Finance

You can look at Zetex's public statements and they talk about the hedging that they do on the euro and some other currencies. So you can just take a look at them, and we will probably continue those same type of activities.

Michael Burke Analyst

Thanks fellows. Congratulations.

Operator

I would now like to turn the presentation back over to management for closing remarks.

Dr. Keh-Shew Lu - *Diodes Inc.* — President, CEO

Well, you can see we're very excited about this opportunity. We do strongly believe by combining two companies is going to be good for our customers. It is going to be good for on both sides, the employees. And it is going to be good for investors. We are really excited about this opportunity. And we believe there is a lot of growth potential for us to achieve.

I want to thank you, especially thank you Hans for his participation, and give us a lot of help on question and answer. And I want to thank you for everybody who join us during the call and bring a lot of good questions for us. And thank you very much.

Operator

Thank you for your participation in today's conference. This concludes the presentation. You may now disconnect. Good day.