

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

February 7, 2005
Date of Report (Date of earliest event reported)

DIODES INCORPORATED
(Exact name of registrant as specified in its charter)

Delaware 1-5740 95-2039518
(State or other (Commission File Number) (I.R.S. Employer
jurisdiction of Identification Number)
incorporation)

3050 East Hillcrest Drive 91362
Westlake Village, California
(Address of principal executive offices) (Zip Code)

(805) 446-4800
(Registrant's telephone number, including area code)

Item 2.02 Results of Operations and Financial Condition

On February 7, 2005, Diodes Incorporated issued a press release announcing fourth quarter and full-year 2004 earnings. A copy of the press release is attached as Exhibit 99.1.

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 February 7, 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: February 7, 2005

DIODES INCORPORATED

By /s/ Carl C. Wertz
CARL C. WERTZ
Chief Financial Officer

EXHIBIT INDEX

Exhibit Number	Description
99.1	Press Release dated February 7, 2005

Diodes Incorporated

FOR IMMEDIATE RELEASE

Diodes Incorporated Reports Record Fourth Quarter and
Full Year 2004 Results

- o Annual revenues up 35.6% to a record \$185.7 million
- o Annual net income increases 153.1% to a record \$25.6 million

Westlake Village, California, February 7, 2005 - Diodes Incorporated (Nasdaq: DIOD), a leading manufacturer and supplier of high quality discrete semiconductors, today reported record financial results for the fourth quarter and fiscal year 2004 ended December 31, 2004.

Fourth Quarter Highlights:

- >> Revenues increased 22% to \$47.9 million
- >> New product revenue at 16% of total sales, a new record high
- >> Gross margin improved 440 basis points to 33.9%
- >> Operating income increased 115% to a record \$9.9 million
- >> Net income increased 113% to a record \$7.3 million, or \$0.47 per share

Revenues for the fourth quarter of 2004 were \$47.9 million, a 22.2% increase from the fourth quarter of 2003, but a sequential decrease of 3.0% from the third quarter of 2004. Net income for the quarter increased 113.2% to a record \$7.3 million, compared to \$3.4 million for the three months ended December 31, 2003. Diluted earnings per share were \$0.47 for the fourth quarter of 2004, as compared to \$0.23 for the same period last year.

Revenues for the twelve months ended December 31, 2004, increased 35.6% to a record \$185.7 million, compared to \$136.9 million in the same period last year. For the full year 2004, the Company earned a record \$25.6 million, or \$1.65 per share, as compared to net income of \$10.1 million, or \$0.70 per share in 2003.

C.H. Chen, President and CEO of Diodes Incorporated, commented: "2004 was a year of record-breaking financial performance for Diodes and superior execution in every key aspect of our business. Our research and development initiatives delivered a stream of breakthrough products that are establishing Diodes as a technology leader for discrete semiconductors. We continued to extend our sales reach in Asia and Europe, entering a number of important new customer accounts. Our world class manufacturing centers achieved substantial increases in unit output, while continuously improving yields and cost efficiencies.

"Finally, our focus on financial discipline resulted in excellent working capital management, improving operating margins, an ever stronger balance sheet, and substantial positive operating cash flows. In 2004, Diodes outperformed the discrete semiconductor market by nearly two times, and we feel confident we will again outperform the semiconductor market in 2005."

End Markets

"Diodes' growth in the fourth quarter was driven by continued robust customer demand and increasing market share in Asia, which contributed 62% of total revenues for the quarter," said Mark King, Vice President of Sales and Marketing. "Orders across all of our end-equipment markets remained strong and were dominated by demand in the consumer electronics and computer industries. We continued to successfully integrate our next-generation devices and ultra-miniature arrays into products, including digital audio players, set-top boxes, cell phones and notebook computers."

Sales in Europe were 2.6% of total revenues during the quarter and the Company continues to strengthen its footprint in the region. Diodes entered into a new representative relationship for Northern Europe, covering Sweden, Finland, Denmark and Norway, extending the Company's reach into these markets.

"During the quarter, we received contract awards with two European customers, both of which represent significant revenue increases for next year. And we are very encouraged to have landed our first orders with a second European mobile handset manufacturer on a design win from last quarter," said Mr. King.

New Products and Design Wins

"Design win momentum continued in the fourth quarter, resulting in multiple wins at 50 new or existing accounts from a broad range of end-equipment users. Sales of new products reached a new record high of 16.2% of total revenue, as prior design wins translated into new orders on the latest generation products," commented Mr. Chen.

"During the fourth quarter, Diodes introduced three new Schottky barrier rectifiers that employ our proprietary new high-current density package type, PowerDI(TM)5. And at the beginning of February we announced another six Schottky Rectifiers in the PowerDI(TM)5 family, which deliver unparalleled efficiency and performance improvements in a smaller space. These performance products combine lower forward voltage drop with exceptionally low reverse leakage current, resulting in the highest efficiency rectifiers of their type available. In the PowerDI(TM)5 package, these devices consume only a fraction of the PC board space occupied by competing products, and put Diodes in a leadership position to support the switch mode power supply (SMPS) market. These types of products are enabling Diodes, Inc. to continue to build our position with existing customers, enter new accounts and drive sustainable margin expansion as proprietary and performance devices become a bigger component of our sales mix."

Additional Financial Highlights

Gross profit for the fourth quarter of 2004 was \$16.2 million compared to \$16.7 million in the third quarter of 2004, and increased 40.2% over the \$11.6 million in the fourth quarter of 2003. Gross margin remained consistent with the third quarter of 2004 at 33.9% of sales. Compared to the prior-year quarter, gross margin increased 440 basis points due to an improved product mix, new product

revenue expansion and manufacturing cost efficiencies. For the year, gross margin increased 600 basis points to 32.7% from 26.7% last year.

For the quarter, SG&A expenses were \$5.4 million, or 11.4% of sales, as compared to \$5.5 million, or 14.0% of sales, in the comparable quarter last year. Sequentially, SG&A expenses were approximately \$0.7 million lower due to one-time reductions in Asia sales commissions and royalty expenses. Research and development expenses rose 30.5% to \$0.9 million, or 1.9% of revenue, from \$0.7 million, or 1.8%, in the fourth quarter of 2003, as the Company continues to invest in enhancing current product features and developing new products.

Operating income for the fourth quarter increased 115.2% to a record \$9.9 million, or 20.6% of sales, compared to \$4.6 million, or 11.7%, for the fourth quarter of 2003. Other expense for the fourth quarter was \$0.5 million, due primarily to currency exchange losses related to the weakened U.S. dollar.

The Company recorded a \$1.8 million income tax provision for the fourth quarter, for an effective tax rate of 19.7%. The tax expense includes a \$1.3 million tax provision for planned foreign dividend distributions under the American Jobs Creation Act of 2004, offset by a \$1.2 million foreign reinvestment tax refund (net of U.S. taxes) and a \$0.6 million research and development tax credit.

Capital expenditures for the current quarter were \$7.8 million and \$26.2 million for the full year. Depreciation expense for the quarter was \$3.6 million and \$13.2 million for the full year.

At December 31, 2004, Diodes had \$19.0 million in cash, \$50.8 million in working capital and \$11.3 million in term debt. For the fiscal 2004, shareholder equity increased 50.4% to \$107.5 million. Cash flow from operations was \$8.2 million for the quarter and \$29.3 million for the year of 2004.

Business Outlook

"After the blistering pace of 2004, the initial outlook for the semiconductor industry as a whole is somewhat muted for 2005. For the first quarter of 2005, Diodes continues to experience solid bookings and we expect sales and gross margins to be comparable to the fourth quarter 2004," said Mr. Chen. "As we enter 2005, given the strength of demand for our new products and continued stream of new performance devices, we again expect to significantly outperform the semiconductor market."

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, 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. 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.

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

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2003	2004	2003	2004
Net sales	\$ 39,202,000	\$ 47,887,000	\$ 136,905,000	\$ 185,703,000
Cost of goods sold	27,643,000	31,676,000	100,377,000	124,968,000
Gross profit	11,559,000	16,211,000	36,528,000	60,735,000
Selling, general and administrative expenses	5,490,000	5,439,000	19,587,000	23,503,000
Research and development expenses	691,000	902,000	2,049,000	3,422,000
Loss (gain) on sale of fixed assets	791,000	--	1,036,000	14,000
Total operating expenses	6,972,000	6,341,000	22,672,000	26,939,000
Income from operations	4,587,000	9,870,000	13,856,000	33,796,000
Other expense				
Interest expense, net	(189,000)	(150,000)	(860,000)	(637,000)
Other	(34,000)	(385,000)	(5,000)	(418,000)
	(223,000)	(535,000)	(865,000)	(1,055,000)
Income before income taxes and minority interest	4,364,000	9,335,000	12,991,000	32,741,000
Income tax provision	(776,000)	(1,836,000)	(2,460,000)	(6,514,000)
Income before minority interest	3,588,000	7,499,000	10,531,000	26,227,000
Minority interest in joint venture earnings	(151,000)	(170,000)	(436,000)	(676,000)
Net income	\$ 3,437,000	\$ 7,329,000	\$ 10,095,000	\$ 25,551,000
Earnings per share				
Basic	\$ 0.27	\$ 0.53	\$ 0.79	\$ 1.91
Diluted	\$ 0.23	\$ 0.47	\$ 0.70	\$ 1.65
Weighted average shares outstanding				
Basic	12,954,320	13,896,695	12,730,808	13,404,276
Diluted	14,932,341	15,707,776	14,406,054	15,471,438

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

DIODES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEET

ASSETS

	December 31, 2003	December 31, 2004
		(Unaudited)
CURRENT ASSETS		
Cash and cash equivalents	\$ 12,847,000	\$ 18,970,000
Accounts receivable		
Customers	27,010,000	38,682,000
Related parties	3,938,000	5,526,000
	30,948,000	44,208,000
Less: Allowance for doubtful receivables	375,000	432,000
	30,573,000	43,776,000
Inventories	16,164,000	22,238,000
Deferred income taxes, current	5,547,000	3,731,000
Prepaid expenses and other current assets	2,256,000	4,243,000
Prepaid income taxes	446,000	406,000

Total current assets	67,833,000	93,364,000
PROPERTY, PLANT AND EQUIPMENT, at cost, net of accumulated depreciation and amortization	47,893,000	60,857,000
DEFERRED INCOME TAXES, non-current	1,816,000	2,095,000
OTHER ASSETS		
Goodwill	5,090,000	5,090,000
Other	1,163,000	1,798,000
TOTAL ASSETS	\$ 123,795,000	\$ 163,204,000

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, 2003	December 31, 2004
	-----	----- (Unaudited)
CURRENT LIABILITIES		
Line of credit	\$ 8,488,000	\$ 6,167,000
Accounts payable		
Trade	14,029,000	17,274,000
Related parties	3,453,000	3,936,000
Accrued liabilities	8,715,000	11,527,000
Current portion of long-term debt		
Related party	2,500,000	2,500,000
Other	3,333,000	1,014,000
Current portion of capital lease obligations	161,000	165,000
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Total current liabilities	40,679,000	42,583,000
LONG-TERM DEBT, net of current portion		
Related party	3,750,000	1,250,000
Other	3,000,000	6,583,000
CAPITAL LEASE OBLIGATIONS, net of current portion	2,334,000	2,172,000
MINORITY INTEREST IN JOINT VENTURE	2,582,000	3,133,000
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; 14,627,284 and 15,763,266 shares issued at December 31, 2003 and December 31, 2004, respectively	6,502,000	7,260,000
Additional paid-in capital	11,192,000	20,100,000
Retained earnings	55,779,000	81,330,000
	-----	-----
73,473,000	73,473,000	108,690,000
Less:		
Treasury stock - 1,613,508 shares of common stock, at cost	1,782,000	1,782,000
Accumulated other comprehensive loss (gain)	241,000	(575,000)
	-----	-----
2,023,000	2,023,000	1,207,000
Total stockholders' equity	71,450,000	107,483,000
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TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 123,795,000	\$ 163,204,000
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The accompanying notes are an integral part of these financial statements.