

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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended JUNE 30, 2000

or

Transition Report Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934

For the transition period from _____ to _____.

COMMISSION FILE NUMBER: 1-5740

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

DELAWARE
(State or other jurisdiction of
incorporation or organization)

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)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No
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The number of shares of the registrant's Common Stock, \$0.66 2/3 par value, outstanding as of August 3, 2000 (after the effect of a 3-for-2 stock dividend payable on July 14, 2000) was 9,175,285, including 1,075,673 shares of treasury stock.

INDEPENDENT ACCOUNTANT'S REPORT

Board of Directors and Shareholders
Diodes Incorporated and Subsidiaries

We have reviewed the accompanying consolidated condensed balance sheet of Diodes Incorporated and subsidiaries as of June 30, 2000, and the related consolidated condensed statements of income and cash flows for the three and six months ended June 30, 2000. These financial statements are the responsibility of the management of Diodes Incorporated and subsidiaries.

We conducted our review in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the consolidated condensed financial statements referred to above for them to be in conformity with generally accepted accounting principles.

We have previously audited, in accordance with generally accepted auditing standards, the consolidated balance sheet of Diodes Incorporated and subsidiaries as of December 31, 1999, and the related consolidated statements of income, stockholders' equity and cash flows for the year then ended not presented herein; and in our report dated January 28, 2000, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated condensed balance sheet as of December 31, 1999, is fairly presented, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ Moss Adams LLP

Los Angeles, CA
July 18, 2000

PART I - FINANCIAL INFORMATION

ITEM 1 - CONSOLIDATED FINANCIAL INFORMATION

DIODES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEET

ASSETS

	DECEMBER 31, 1999	JUNE 30, 2000
	-----	-----
		(UNAUDITED)
CURRENT ASSETS		
Cash	\$ 3,557,000	\$ 3,209,000
Accounts receivable		
Customers	14,962,000	19,277,000
Related party	90,000	26,000
Other	300,000	582,000
	-----	-----
	15,352,000	19,885,000
Less allowance for doubtful receivables	297,000	319,000
	-----	-----
	15,055,000	19,566,000
Inventories	16,575,000	21,601,000
Deferred income taxes, current	1,700,000	1,702,000
Prepaid expenses and other current assets	762,000	1,393,000
	-----	-----
Total current assets	37,649,000	47,471,000
PROPERTY, PLANT AND EQUIPMENT, at cost, net of accumulated depreciation and amortization	20,909,000	24,787,000
ADVANCES TO RELATED PARTY VENDOR	2,561,000	2,493,000
DEFERRED INCOME TAXES, non-current	146,000	146,000
OTHER ASSETS		
Goodwill, net	969,000	947,000
Other	173,000	151,000
	-----	-----
TOTAL ASSETS	\$62,407,000	\$75,995,000
	=====	=====

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, 1999	JUNE 30, 2000
	-----	-----
		(UNAUDITED)
CURRENT LIABILITIES		
Line of credit	\$ 3,237,000	\$ 6,629,000
Accounts payable		
Trade	7,716,000	10,143,000
Related party	1,821,000	2,814,000
Accrued liabilities	5,782,000	5,987,000
Income taxes payable	878,000	718,000
Current portion of long-term debt	2,312,000	2,313,000
	-----	-----
Total current liabilities	21,746,000	28,604,000
DEFERRED COMPENSATION	57,000	59,000
LONG-TERM DEBT, net of current portion	4,672,000	3,195,000
MINORITY INTEREST IN JOINT VENTURE	959,000	1,239,000
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; 9,008,281 and 9,167,784 shares issued and outstanding at December 31, 1999 and June 30, 2000, respectively	6,006,000	6,112,000
Additional paid-in capital	5,886,000	6,290,000
Retained earnings	24,863,000	32,278,000
	-----	-----
	36,755,000	44,680,000
Less:		
Treasury stock - 1,075,673 shares of common stock at cost	1,782,000	1,782,000
	-----	-----
Total stockholders' equity	34,973,000	42,898,000
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$62,407,000	\$75,995,000
	=====	=====

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

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

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	1999	2000	1999	2000
NET SALES	\$ 18,229,000	\$ 32,600,000	\$ 34,261,000	\$ 60,037,000
COST OF GOODS SOLD	13,800,000	22,111,000	25,922,000	41,111,000
Gross profit	4,429,000	10,489,000	8,339,000	18,926,000
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	3,376,000	5,270,000	6,496,000	9,812,000
Income from operations	1,053,000	5,219,000	1,843,000	9,114,000
OTHER INCOME (EXPENSE)				
Interest income	77,000	143,000	139,000	195,000
Interest expense	(143,000)	(372,000)	(303,000)	(588,000)
Other	(9,000)	40,000	38,000	46,000
	(75,000)	(189,000)	(126,000)	(347,000)
INCOME BEFORE INCOME TAXES AND MINORITY INTEREST	978,000	5,030,000	1,717,000	8,767,000
PROVISION FOR INCOME TAXES	120,000	535,000	137,000	1,027,000
MINORITY INTEREST IN JOINT VENTURE EARNINGS	(33,000)	(175,000)	(66,000)	(280,000)
NET INCOME	\$ 825,000	\$ 4,320,000	\$ 1,515,000	\$ 7,460,000
EARNINGS PER SHARE				
Basic	\$ 0.11	\$ 0.54	\$ 0.20	\$ 0.93
Diluted	\$ 0.10	\$ 0.46	\$ 0.19	\$ 0.81
WEIGHTED AVERAGE SHARES OUTSTANDING				
Basic	7,570,856	8,072,885	7,570,856	8,029,413
Diluted	7,904,228	9,340,505	7,871,879	9,250,361

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

DIODES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)

	SIX MONTHS ENDED JUNE 30,	
	1999	2000
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 1,515,000	\$ 7,460,000
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation and amortization	1,248,000	2,087,000
Minority interest earnings	66,000	280,000
Interest income accrued on advances to vendor	(96,000)	(94,000)
Changes in operating assets:		
Accounts receivable	(3,682,000)	(4,511,000)
Inventories	1,760,000	(5,026,000)
Prepaid expenses and other assets	(712,000)	(589,000)
Changes in operating liabilities:		
Accounts payable	2,754,000	3,420,000
Accrued liabilities	58,000	207,000
Income taxes payable	(169,000)	(160,000)
	-----	-----
Net cash provided by operating activities	2,742,000	3,074,000
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,708,000)	(5,965,000)
Minority interest of joint venture investment	96,000	--
Collections on note receivable	--	162,000
	-----	-----
Net cash used by investing activities	(1,612,000)	(5,803,000)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances on line of credit, net	(706,000)	3,392,000
Net proceeds from the issuance of capital stock	--	510,000
Proceeds from (repayments of) long-term obligations	34,000	(1,476,000)
Other	--	(45,000)
	-----	-----
Net cash provided (used) by financing activities	(672,000)	2,381,000
	-----	-----
INCREASE (DECREASE) IN CASH	458,000	(348,000)
CASH AT BEGINNING OF PERIOD	2,415,000	3,557,000
	-----	-----
CASH AT END OF PERIOD	\$ 2,873,000	\$ 3,209,000
	=====	=====
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the period for:		
Interest	\$ 164,000	\$ 393,000
	=====	=====
Income taxes	\$ 579,000	\$ 1,189,000
	=====	=====

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

DIODES INCORPORATED AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(Unaudited)

NOTE A - BASIS OF PRESENTATION

The accompanying consolidated, condensed financial statements have been prepared in accordance with the instruction to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the financial position and results of operations have been included. Operating results for interim periods are not necessarily indicative of the results that may be expected for the full year. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the calendar year ended December 31, 1999.

The consolidated financial statements include the accounts of the Company and its wholly-owned foreign subsidiary, Diodes Taiwan Co., Ltd. ("Diodes-Taiwan"), and the accounts of Shanghai KaiHong Electronics Co., Ltd. ("Diodes-China") in which the Company has a 95% interest. All significant intercompany balances and transactions have been eliminated.

NOTE B - INCOME TAXES

The Company accounts for income taxes using an asset and liability method. Under this method, deferred tax assets and liabilities are recognized for the tax effect of differences between the financial statement and tax basis of assets and liabilities. Accordingly, the Company has recorded a net deferred tax asset of \$1,848,000 resulting from temporary differences in bases of assets and liabilities. This deferred tax asset results primarily from inventory reserves and certain expense accruals, which are not currently deductible for income tax purposes.

The income tax expense as a percentage of pre-tax income differs from the statutory combined federal and state tax rates. The primary reason for this difference is that in accordance with Chinese tax policy, earnings of Diodes-China are not subject to tax for the first two years upon commencement of cumulative profitable operations, which includes the 1999 and 2000 reporting periods. As indicated below, deferred income taxes have not been provided on earnings of Diodes-China.

As of June 30, 2000, accumulated and undistributed earnings of Diodes-China is approximately \$9.8 million. The Company has not recorded a deferred tax liability (estimated to be \$3.9 million) on these earnings since the Company considers this investment to be permanent, and has no plans, intentions or obligation to distribute all or part of that amount from China to the United States. The Company will consider the need to provide deferred taxes on future earnings of Diodes-China as further investment strategies are determined.

NOTE C - ADVANCES TO RELATED PARTY VENDOR

Under a compensation-trade agreement the Company has advanced \$2.5 million in cash to a related party vendor, FabTech Incorporated ("FabTech"), a wholly owned subsidiary of Lite-On Power Semiconductor Corporation ("LPSC"). Interest accrues monthly at LIBOR plus 1.1%. Outstanding principal and accrued interest as of June 30, 2000 totaled \$2,493,000.

Amounts advanced, including interest, are payable through February 2001 when any outstanding balances become due on demand, and are secured by FabTech's accounts receivable. The compensation-trade agreement allows the Company to recover interest and principal due by deducting a fixed amount (\$10.00) per unit for products (silicon wafers) purchased from FabTech. FabTech may also repay its debt in cash. Through June 30, 2000, the Company has collected \$762,000 in cash on the note, and expects this note to be collected, including interest, no later than February 2001, according to the terms of the agreement.

NOTE D - STOCK SPLIT

On July 14, 2000 the Company issued a three-for-two stock split for shareholders of record as of June 28, 2000. All share and per share amounts in the accompanying financial statements reflect the effect of this stock split.

NOTE E - SEGMENT INFORMATION

Information about the Company's operations in the United States, Taiwan, and China are presented below. Items transferred among the Company and its subsidiaries are transferred at prices to recover costs plus an appropriate mark up for profit. Inter-company revenues, profits and assets have been eliminated to arrive at the consolidated amounts.

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. The Company's chief decision-making group consists of the President, Vice President of Sales and Marketing, Chief Financial Officer, and Vice President of Far East Operations. The operating segments are managed separately because each operating segment represents a strategic business unit whose function and purpose differs from the other segments.

For financial reporting purposes, the Company is deemed to operate in three separate segments: North America, Taiwan, and China. All three segments focus on discrete semiconductor devices. The North American segment procures and distributes products primarily throughout North America and provides management, warehousing and engineering support to the other two segments. The Taiwan segment procures product from, and manufactures and distributes product primarily to, companies in Taiwan, Korea, Singapore, and Hong Kong. This segment also procures product for, and manufactures and distributes product to, the Company's North American operations. The China segment manufactures product for, and distributes product to, both the North American and Taiwan segments. In 1997, the China segment began manufacturing product for, and distributing product to, customers in China and the U.S.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies in the Company's annual report on Form 10-K. The Company evaluates performance based on stand-alone operating segment income. Revenues are attributed to geographic areas based on the location of the market producing the revenues.

THREE MONTHS ENDED JUNE 30, 1999 -----	Shanghai KaiHong Electronics (China) -----	Diodes-Taiwan Corporation, Ltd. (Taiwan) -----	Diodes Incorporated (United States) -----	Consolidated Segments -----
Total sales	\$ 2,240,000	\$ 10,509,000	\$ 11,280,000	\$ 24,029,000
Inter-segment sales	(1,491,000)	(3,971,000)	(560,000)	(6,022,000)
Net sales	\$ 749,000	\$ 6,538,000	\$ 10,720,000	\$ 18,007,000
Depreciation and amortization	\$ 732,000	\$ (107,000)	\$ 71,000	\$ 696,000
Interest expense (income), net	\$ (16,000)	\$ (5,000)	\$ 86,000	\$ 65,000
Income tax provision (benefit)	\$ --	\$ 284,000	\$ (164,000)	\$ 120,000
Net income (loss)	\$ 627,000	\$ 605,000	\$ (407,000)	\$ 825,000
Segment assets	\$ 15,763,000	\$ 14,559,000	\$ 18,715,000	\$ 49,037,000
	=====	=====	=====	=====

THREE MONTHS ENDED JUNE 30, 2000 -----	Shanghai KaiHong Electronics (China) -----	Diodes-Taiwan Corporation, Ltd. (Taiwan) -----	Diodes Incorporated (United States) -----	Consolidated Segments -----
Total sales	\$ 9,418,000	\$ 19,049,000	\$ 18,485,000	\$ 46,952,000
Inter-segment sales	(7,361,000)	(6,234,000)	(756,000)	(14,352,000)
Net sales	\$ 2,057,000	\$ 12,814,000	\$ 17,729,000	\$ 32,600,000
Depreciation and amortization	\$ 972,000	\$ 45,000	\$ 72,000	\$ 1,089,000
Interest expense (income), net	\$ 44,000	\$ (12,000)	\$ 197,000	\$ 229,000
Income tax provision (benefit)	\$ --	\$ 722,000	\$ (187,000)	\$ 535,000
Net income (loss)	\$ 3,333,000	\$ 1,500,000	\$ (513,000)	\$ 4,320,000
Segment assets	\$ 32,526,000	\$ 20,042,000	\$ 23,427,000	\$ 75,995,000
	=====	=====	=====	=====

SIX MONTHS ENDED JUNE 30, 1999 -----	Shanghai KaiHong Electronics (China) -----	Diodes-Taiwan Corporation, Ltd. (Taiwan) -----	Diodes Incorporated (United States) -----	Consolidated Segments -----
Total sales	\$ 4,254,000	\$ 18,173,000	\$ 21,379,000	\$ 43,806,000
Inter-segment sales	(2,941,000)	(6,042,000)	(1,204,000)	(10,187,000)
Net sales	\$ 1,313,000	\$ 12,131,000	\$ 20,175,000	\$ 33,619,000
Depreciation and amortization	\$ 1,199,000	\$ (93,000)	\$ 142,000	\$ 1,248,000
Interest expense (income), net	\$ (4,000)	\$ (2,000)	\$ 170,000	\$ 164,000
Income tax provision (benefit)	\$ --	\$ 588,000	\$ (451,000)	\$ 137,000
Net income (loss)	\$ 1,251,000	\$ 1,079,000	\$ (815,000)	\$ 1,515,000
Segment assets	\$ 15,763,000	\$ 14,559,000	\$ 18,715,000	\$ 49,037,000
	=====	=====	=====	=====

THREE MONTHS ENDED JUNE 30, 2000 -----	Shanghai KaiHong Electronics (China) -----	Diodes-Taiwan Corporation, Ltd. (Taiwan) -----	Diodes Incorporated (United States) -----	Consolidated Segments -----
Total sales	\$ 16,047,000	\$ 34,733,000	\$ 34,176,000	\$ 84,956,000
Inter-segment sales	(12,641,000)	(10,853,000)	(1,425,000)	(24,919,000)
Net sales	\$ 3,406,000	\$ 23,880,000	\$ 32,751,000	\$ 60,037,000
Depreciation and amortization	\$ 1,829,000	\$ 91,000	\$ 167,000	\$ 2,087,000
Interest expense (income), net	\$ 41,000	\$ (10,000)	\$ 362,000	\$ 393,000
Income tax provision (benefit)	\$ --	\$ 1,377,000	\$ (350,000)	\$ 1,027,000
Net income (loss)	\$ 5,323,000	\$ 2,890,000	\$ (753,000)	\$ 7,460,000
Segment assets	\$ 32,526,000	\$ 20,042,000	\$ 23,427,000	\$ 75,995,000
	=====	=====	=====	=====

ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Except for the historical information contained herein, the matters addressed in this Item 2 constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such forward-looking statements are subject to a variety of risks and uncertainties, including those discussed below under the heading "Factors That May Affect Future Results" and elsewhere in this Quarterly Report on Form 10-Q, that could cause actual results to differ materially from those anticipated by the Company's management. The Private Securities Litigation Reform Act of 1995 (the "Act") provides certain "safe harbor" provisions for forward-looking statements. All forward-looking statements made on this Quarterly Report on Form 10-Q are made pursuant to the Act.

GENERAL

Diodes Incorporated (the "Company") is a manufacturer and distributor of high-quality discrete semiconductor devices to leading manufacturers in the automotive, electronics, computing and telecommunications industries. The Company's products include small signal transistors and MOSFETs, transient voltage suppressors (TVSs), zeners, diodes, rectifiers and bridges.

The Company's products are sold primarily in North America and Asia, both directly to original equipment manufacturers ("OEMs") (53% of total sales for the six months ended June 30, 2000) and through electronic component distributors (47% of total sales for the six months ended June 30, 2000). For the six months ended June 30, 2000, approximately 55% and 45% of the Company's products were sold in North America and the Far East, respectively. For the twelve months ended December 31, 1999, approximately 56% and 44% of the Company's products were sold in North America and the Far East, respectively, compared to 71% and 29% in 1998, respectively. The increase in the percentage of sales in the Far East is expected to continue, as the Company believes there is greater potential to increase market share in that region.

For financial reporting purposes, the Company is deemed to engage in three industry segments: North America, Taiwan, and China. All three segments focus on discrete semiconductor devices. The North American segment procures and distributes products primarily throughout North America and provides management, warehousing and engineering support. The Taiwan segment procures product from, and manufactures and distributes product primarily to, companies in Taiwan, Korea, Singapore, and Hong Kong. This segment also procures product for, and manufactures and distributes product to the Company's North American operations. The China segment manufactures product for, and distributes product to, both the North American and Taiwan segments. In 1997, the China segment began manufacturing product for, and distributing product to, customers in China and North America. See Note E of "Notes to Consolidated Financial Statements" for a description of the Company's adoption of SFAS No. 131, Disclosures about Segments of an Enterprise and Related Information.

In July 1997, Vishay Intertechnology, Inc. ("Vishay") and the Lite-On Group, a Taiwanese consortium, formed a joint venture -- Vishay/Lite-On Power Semiconductor Pte., LTD. ("Vishay/LPSC") -- to acquire Lite-On Power Semiconductor Corp. ("LPSC"), the Company's largest shareholder and a member of the Lite-On Group of the Republic of China. Vishay is the largest U.S. and European manufacturer of passive electronic components and a major producer of discrete semiconductors and power integrated circuits. The Lite-On Group, with worldwide sales of almost \$2 billion, is a leading manufacturer of power semiconductors, computer peripherals, and communication products.

In March 2000, Vishay agreed to sell its 65% interest in the Vishay/LPSC joint venture to the Lite-On Group, the 35% owner. Because of this transaction, the Lite-On Group, through LPSC, its wholly-owned subsidiary, indirectly owns approximately 38% of the Company's Common Stock. The Company considers its

relationship with LPSC to be mutually beneficial and the Company and LPSC will continue its strategic alliance as it has since 1991. The Company will continue to compete, as it always has, with Vishay's Telefunken division. The overlap in comparable products is insignificant and is not expected to have any material impact on the financial results of the Company.

Products are currently sold under the Diodes, Inc. brand name. The Company has unified product lines under a single brand names in order to establish brand name unity and consistency of product, and to capitalize on brand name recognition, where possible. Although customers continue to recognize Diodes brand products and view the Company as a separate vendor from Vishay, at this time it is uncertain as to the effect that the Vishay/LPSC transaction will have on brand recognition or major distributors. However, management believes that with the Company's competitive pricing, internal manufacturing capabilities and capacity, customer/applications engineering, and strong customer service reputation, it has proven itself to be a valuable supplier, and as such the impact of the Vishay/LPSC transaction is not anticipated to have a material adverse impact on customer relations.

In March 2000, the Company appointed C.H. Chen as President and Chief Executive Officer, replacing Michael Rosenberg who left the Company to pursue other interests. From 1969 to 1990, Mr. Chen held various positions at Texas Instruments, most recently as Vice President of Texas Instruments-Taiwan. In 1990, he left Texas Instruments to found Dyna Image Corp., a Lite-On Group company (now listed on the Taiwan OTC market) that has become the world's leading supplier of contact image sensors (CISs), which are key components in facsimile machines and scanners. Mr. Chen is currently the Vice Chairman and President of Dyna Image Corp.

In June 2000, the Company's common stock commenced trading on the Nasdaq Stock Market, National Market System, under the symbol "DIOD." In addition, the Company effected a three-for-two stock split in the form of a 50% stock dividend payable on July 14, 2000 to stockholders of record on June 28, 2000. Under the terms of this stock split in the form of a stock dividend, stockholders received a dividend in the form of one additional share for every two shares held on the record date. Fractional shares created by the stock dividend were paid in cash. The dividend was paid in authorized but unissued shares of the common stock of the Company. The number of outstanding shares of stock after the split was increased from approximately 5.3 million to approximately 8.0 million shares, net of treasury shares held. The par value of the stock was not be affected by the split and remains at \$0.66 2/3 per share.

Also in June 2000, the Company retained Coffin Communications Group to implement and manage its investor relations program. This announcement, combined with the switch to Nasdaq and the stock split, are part of the Company's on-going program to increase the Company's visibility and communication with stockholders, and ultimately contribute to enhanced stockholder liquidity and value.

The Company's Far East subsidiaries, Diodes-Taiwan and Diodes-China, both manufacture product for sale to North America and the Far East. Diodes-Taiwan's manufacturing focuses on products such as axial Schottky and MELF rectifiers. These "general use" products are destined for end products in the automotive industry as well as for use in commercial appliances, household lighting, and electric hand tools, among others. Diodes-China's manufacturing primarily focuses on SOT-23 and SOD-123 products. These surface mount devices ("SMDs") are used in the computer and telecommunications industries and are destined for notebook computers, pagers, PCMCIA cards, modems, and garage door transmitters, among others. Diodes-China's state-of-the-art facilities have been designed to develop even smaller, higher-density products as electronic industry trends to portable and hand-held devices continue.

The discrete semiconductor industry has, for the last several years, been subject to severe pricing pressures, compounded by the Asian economic situation. Although manufacturing costs generally decreased during this period, excess manufacturing capacity and over-inventory caused selling prices to fall at a greater rate than manufacturing costs. Because of this competitive environment, gross profit margins declined from 28.3% in 1995 to 26.4% in 1999. Beginning in the second half of 1999, manufacturing profit from Diodes-China coupled with an apparent easing of pricing pressures contributed to a gross profit margin of 32.2% for the three months ended June 30, 2000 compared to 24.3% for the same period last year. There can be no assurance that these improved margins can be maintained or improved upon in the future.

To compete in this highly competitive industry, in recent years, the Company has committed substantial resources to the development and implementation of two areas of operation: (i) sales and marketing, and (ii) manufacturing. Emphasizing the Company's focus on customer service, additional personnel and programs have been added. In order to meet customers' needs at the design stage of end-product development, the Company has employed additional applications engineers. These applications engineers work directly with customers to assist them in "designing in" the correct products to produce optimum results. Regional sales managers, working closely with manufacturers' representative firms and distributors, have also been added in the U.S. and the Far East to help satisfy customers' requirements. In addition, the Company has developed relationships with major distributors who inventory and sell the Company's products.

Beginning in 1998, the Company increased the amount of product shipped to larger distributors. Although these sales were significant in terms of total sales dollars and gross margin dollars, they generally were under agreements that resulted in lower gross profit margins for the Company when compared to sales to smaller distributors and OEM customers. As the consolidation of electronic component distributors continues, the Company anticipates that a greater portion of its distributor sales will be to the larger distributors, and thus may result in lower gross profit margins for this sales channel.

Since 1997, the Company's manufacturing focus has primarily been in the development and expansion of Diodes-China. To date, the Company and its 5% minority partner have increased property, plant and equipment at the facility to approximately \$28 million. The equipment expansion allows for the manufacture of additional SOT-23 packaged components as well as other surface-mount packaging, including the smaller SOD packages.

In December 1999, the Company announced it would invest an additional \$6.5 million in Diodes-China to expand its manufacturing capacity by approximately 65%. The additional expansion, to be financed with cash flow and existing credit facilities, is expected to be fully operational in the third quarter of 2000. In April 2000, the Company announced an additional investment of \$9 million in Diodes-China that is expected to be in full production by the first quarter of 2001. These investments, when completed, will bring the total property, plant and equipment at the manufacturing facility to approximately \$40 million. As the industry requires manufacturing of smaller and more efficient products that meet the technical requirements of customers seeking to integrate multiple technologies within one package, the Company will continue to increase manufacturing capacity as worldwide demand warrants.

The Company intends to continue its strategic plan of locating alternate sources of its products and raw materials, including those provided by its major suppliers. Alternate sources include, but are not limited to, Diodes-China and other sourcing agreements in place, as well as those in negotiation. The Company anticipates that the effect of the loss of any one of its major suppliers will not have a material adverse effect on the Company's operations, provided that alternate sources remain available. The Company continually evaluates alternative sources of its products to assure its ability to deliver high-quality, cost-effective products.

In 1999, Diodes-Taiwan began purchasing silicon wafers, a new product line, from FabTech for resale to customers in the Far East. Diodes-Taiwan also purchases wafers from LPSC, among others. Silicon wafer sales for the three and six months ended June 30, 2000 were \$2.7 million and \$4.9 million compared to \$944,000 and \$1.4 million for the same periods in 1999, respectively. Wafer sales for the twelve months ended December 31, 1999 were \$4,005,000. The gross margin percentage on sales of silicon wafers, though still profitable, is below that of the Company's standard product lines. Silicon wafer sales are a complementary service for some customers, rather than a focused product line. It is anticipated that significant sales of silicon wafers may not continue beyond the second half of 2000 as the Company evaluates other, more profitable complementary products.

Products from foreign suppliers are purchased primarily in United States dollars. To a limited extent, and from time to time, the Company contracts in foreign currencies (e.g., a portion of the equipment purchases for the Diodes-China expansion), and, accordingly, its results of operations could be materially affected by fluctuations in currency exchange rates. Due to the limited number of contracts denominated in foreign currencies and the complexities of currency hedges, the Company has not engaged in hedging to date. If the

volume of contracts written in foreign currencies increases, and the Company does not engage in currency hedging, a substantial increase in the relative value of such currencies could have a material adverse effect on the Company's results of operations. Management believes that the current contracts written in foreign currencies are not significant enough to justify the costs inherent in currency hedging.

The Company's effective tax rate was 10.6% and 11.7% for the three and six months ended June 30, 2000, respectively. This compares to 19.3% and 36.0% for the twelve months ended December 31, 1999 and 1998, respectively. The decrease in the Company's effective tax rate is due primarily to the increase in Diodes-China's contribution to net income at a tax rate of 0% through year 2000. From 2001 through 2003, Diodes-China will be taxed at 13.5% (one-half of the current Chinese tax rate) and then at 27% thereafter. Based upon tax rates in the U.S. and Taiwan and the expected profitability of each of the Company's three business segments during the balance of the year, it is anticipated that for the twelve months of 2000, the consolidated provision for income taxes will be in the range of 10-20% of pre-tax income.

The Company has conducted a comprehensive review of its computer systems to identify the systems that could be affected by the Year 2000 Issue ("Y2K"). The total cost of Y2K compliance was not considered a material expense, and to date, no significant operational problems for the Company's computer systems have occurred as a result of Y2K. However, if problems surface that have not yet been identified that will require substantial time and resources to remedy, they could have a material adverse effect on the Company's business.

Net Sales, Cost of Goods Sold and Other Income for the three and six months ended June 30, 1999 have been restated to be consistent with the current presentation of certain transactions. In the past, profit realized on drop shipments from Diodes-Taiwan was accounted for as "Commission Income" under "Other Income". These shipments, which have become an increasingly significant part of the Company's business, are now included in "Net Sales", with an appropriate charge to "Cost of Goods Sold". The income derived from these transactions is now included in Gross Profit. These changes have no effect on Net Income and Earnings per Share. The increase to Net Sales and Gross Profit, and the decrease in Other Income for the three months ended June 30, 1999 was \$222,000, \$76,000, and \$76,000, respectively. The increase to Net Sales and Gross Profit, and the decrease in Other Income for the six months ended June 30, 1999 was \$642,000, \$146,000, and \$146,000, respectively.

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED JUNE 30, 1999 AND 2000

The following table sets forth, for the periods indicated, the percentage that certain items in the statement of income bear to net sales and the percentage dollar increase (decrease) of such items from period to period.

	PERCENT OF NET SALES THREE MONTHS ENDED JUNE 30,		PERCENTAGE DOLLAR INCREASE (DECREASE)
	1999 -----	2000 -----	'99 TO '00 -----
Net sales	100.0%	100.0%	78.8%
Cost of goods sold	(75.7)	(67.8)	60.2
Gross profit	24.3	32.2	136.8
Selling, general & administrative expenses ("SG&A")	(18.5)	(16.2)	56.1
Income from operations	5.8	16.0	395.6
Interest expense, net	(0.4)	(0.7)	247.0
Other income	0.0	0.1	544.4
Income before taxes and minority	5.4	15.4	414.3
Income taxes	0.7	1.6	345.8
Minority interest	(0.2)	(0.5)	430.3
Net income	4.5 =====	13.3 =====	423.6 =====

The following discussion explains in greater detail the consolidated operating results and financial condition of the Company for the three months ended June 30, 2000 compared to the three months ended June 30, 1999. This discussion should be read in conjunction with the consolidated financial statements and notes thereto appearing elsewhere in this quarterly report.

	1999 ----	2000 ----
NET SALES	\$18,229,000	\$32,600,000

Net sales increased approximately \$14.4 million, or 78.8%, for the three months ended June 30, 2000 compared to the same period last year, due primarily to a 62.8% increase in units sold, as a result of an increased demand for the Company's products, primarily in the Far East. Diodes-China contributed trade sales of \$2.1 million, compared to \$750,000 in the same period last year. The Company's average selling price ("ASP") increased 8.8% over the same period last year, primarily in the Far East, and increased 5.4% from the first quarter of 2000. There can be no assurance that ASP's will continue to strengthen. In 1999, Diodes-Taiwan began purchasing silicon wafers, a new product line, from FabTech, among others, for resale in the Far East. Sales totaling \$2.7 million of silicon wafers compared to \$944,000 in the same period last year also contributed to the increase in sales. It is anticipated that sales of silicon wafers may not continue beyond the second half of 2000 as the Company evaluates other, more profitable complementary products.

	1999 ----	2000 ----
COST OF GOODS SOLD	\$13,800,000	\$22,111,000
GROSS PROFIT	\$ 4,429,000	\$10,489,000
GROSS PROFIT MARGIN PERCENTAGE	24.3%	32.2%

Gross profit rose approximately \$6.1 million, or 136.8%, for the three months ended June 30, 2000 compared to the same period last year. Of the \$6.1 million increase, approximately \$3.5 million was due to the 78.8% increase in sales, while \$2.6 million was due to the increase in gross margin percentage from 24.3% to 32.2%. Manufacturing profit at Diodes-China contributed to the increase in gross margin percentage. Although gross profit margins strengthened in the second quarter of 2000, pricing pressures continue to exist on many of the Company's product lines, and there can be no assurance that margins will continue to improve or be maintained.

	1999 ----	2000 ----
SG&A	\$3,376,000	\$5,270,000

SG&A for the three months ended June 30, 2000 increased approximately \$1.9 million, or 56.1%, compared to the same period last year, due primarily to increases in wage/benefits expenses due to additional sales and engineering personnel, higher marketing and advertising expenses, and increased sales commissions. SG&A as a percentage of sales decreased to 16.2% from 18.5% in the comparable period last year.

	1999 ----	2000 ----
INTEREST INCOME	\$ 77,000	\$143,000
INTEREST EXPENSE	\$143,000	\$372,000
NET INTEREST EXPENSE	\$ 66,000	\$229,000

Net interest expense for the three months ended June 30, 2000 increased \$163,000 versus the same period last year, due primarily to an increase use of the Company's credit facility (at higher interest rates) to support the expansion of Diodes-China. The Company's interest expense is primarily the result of the term loan by which the Company is financing (i) the investment in the Diodes-China manufacturing facility and (ii) the \$2.5 million, including accrued interest, advanced to FabTech. Interest income is primarily the interest charged to FabTech, under the Company's formal loan agreement, as well as earnings on its cash balances.

	1999 ----	2000 ----
OTHER INCOME	\$(9,000)	\$40,000

Other income for the three months ended June 30, 2000 increased approximately \$49,000 compared to the same period last year, due primarily to currency exchange fluctuation at the Company's subsidiaries in Taiwan and China.

	1999 ----	2000 ----
PROVISION FOR INCOME TAXES	\$120,000	\$535,000

The Company's overall effective federal, state, and foreign tax rate decreased to 10.6% for the three months ended June 30, 2000 from 12.3% in the comparable period last year. Diodes-China will continue to benefit from 0% tax for the remainder of year 2000. From 2001 through 2003, Diodes-China will be taxed at 13.5% (one-half of the current Chinese tax rate) and at 27% thereafter.

Based upon tax rates in the U.S. and Taiwan and the expected profitability of each of the Company's three business segments during the balance of the year, it is anticipated that for the twelve months of 2000, the consolidated provision for income taxes will be in the range of 10-20% of pre-tax income.

	1999 ----	2000 ----
MINORITY INTEREST IN JOINT VENTURE	\$(33,000)	\$(175,000)

Minority interest in joint venture represents the minority investor's share of the Diodes-China joint venture's income for the period. The increase in the joint venture earnings for the three months ended June 30, 2000 is primarily the result of increased sales, both internal and to external customers. The joint venture investment is eliminated in consolidation of the Company's financial statements and the activities of Diodes-China are included therein. As of June 30, 2000, the Company had a 95% controlling interest in the joint venture.

RESULTS OF OPERATIONS FOR THE SIX MONTHS ENDED JUNE 30, 1999 AND 2000

The following table sets forth, for the periods indicated, the percentage that certain items in the statement of income bear to net sales and the percentage dollar increase (decrease) of such items from period to period.

	PERCENT OF NET SALES SIX MONTHS ENDED JUNE 30, -----		PERCENTAGE DOLLAR INCREASE (DECREASE) -----
	1999 -----	2000 -----	'99 TO '00 -----
Net sales	100.0%	100.0%	75.2%
Cost of goods sold	(75.7)	(68.5)	58.6
Gross profit	24.3	31.5	127.0
Selling, general & administrative expenses ("SG&A")	(19.0)	(16.3)	51.0
Income from operations	5.4	15.2	394.5
Interest expense, net	(0.5)	(0.7)	139.6
Other income	0.1	0.1	21.1
Income before taxes and minority	5.0	14.6	410.6
Income taxes	0.4	1.7	649.6
Minority interest	(0.2)	(0.5)	324.2
Net income	4.4	12.4	392.4
	=====	=====	=====

The following discussion explains in greater detail the consolidated operating results and financial condition of the Company for the six months ended June 30, 2000 compared to the six months ended June 30, 1999. This discussion should be read in conjunction with the consolidated financial statements and notes thereto appearing elsewhere in this quarterly report.

	1999 ----	2000 ----
NET SALES	\$34,261,000	\$60,037,000

Net sales increased approximately \$25.8 million, or 75.2%, for the six months ended June 30, 2000 compared to the same period last year, due primarily to a 61.1% increase in units sold, as a result of an increased demand for the Company's products, primarily in the Far East. Diodes-China contributed trade sales of \$3.4 million, compared to \$1.3 million in the same period last year. The Company's ASP increased 7.8% over the same period last year, primarily in the Far East. There can be no assurance that ASP's will continue to strengthen. In 1999, Diodes-Taiwan began purchasing silicon wafers, a new product line, from FabTech, among others, for resale in the Far East. Sales totaling \$4.9 million of silicon wafers compared to \$1.4 million in the same period last year also contributed to the increase in sales. It is anticipated that sales of silicon wafers may not continue beyond the second half of 2000 as the Company evaluates other, more profitable complementary products.

	1999 ----	2000 ----
COST OF GOODS SOLD	\$25,922,000	\$41,111,000
GROSS PROFIT	\$ 8,339,000	\$18,926,000
GROSS PROFIT MARGIN PERCENTAGE	24.3%	31.5%

Gross profit rose approximately \$10.6 million, or 127.8%, for the six months ended June 30, 2000 compared to the same period last year. Of the \$10.6 million increase, approximately \$6.3 million was due to the 75.2% increase in sales, while \$4.3 million was due to the increase in gross margin percentage from 24.3% to 31.5%. Manufacturing profit at Diodes-China contributed to the increase in gross margin percentage. Although gross profit margins strengthened in the first quarter of 2000, pricing pressures continue to exist on many of the Company's product lines, and there can be no assurance that margins will continue to improve or be maintained.

	1999 ----	2000 ----
SG&A	\$6,496,000	\$9,812,000

SG&A for the six months ended June 30, 2000 increased approximately \$3.3 million, or 51.0%, compared to the same period last year, due primarily to separation compensation paid to the former President and Chief Executive Officer in March 2000. Increases in wage/benefits expenses due to additional sales and engineering personnel, higher marketing and advertising expenses, and increased sales commissions also contributed to the increase in SG&A. SG&A as a percentage of sales decreased to 16.3% from 19.0% in the comparable period last year.

	1999 ----	2000 ----
INTEREST INCOME	\$139,000	\$195,000
INTEREST EXPENSE	\$303,000	\$588,000
NET INTEREST EXPENSE	\$164,000	\$393,000

Net interest expense for the six months ended June 30, 2000 increased \$229,000 versus the same period last year, due primarily to an increase use of the Company's credit facility (at higher interest rates) to support the expansion of Diodes-China. The Company's interest expense is primarily the result of the term loan by which the Company is financing (i) the investment in the Diodes-China manufacturing facility and (ii) the \$2.5 million, including accrued interest, advanced to FabTech. Interest income is primarily the interest charged to FabTech, under the Company's formal loan agreement, as well as earnings on its cash balances.

	1999 ----	2000 ----
OTHER INCOME	\$38,000	\$46,000

Other income for the six months ended June 30, 2000 increased approximately \$8,000 compared to the same period last year, due primarily to currency exchange fluctuation at the Company's subsidiaries in Taiwan and China.

	1999 ----	2000 ----
PROVISION FOR INCOME TAXES	\$137,000	\$1,027,000

The Company's overall effective federal, state, and foreign tax rate increased to 11.7% for the six months ended June 30, 2000 from 1.7% in the comparable period last year. Diodes-China will continue to benefit from 0% tax for the remainder of year 2000. From 2001 through 2003, Diodes-China will be taxed at 13.5% (one-half of the current Chinese tax rate) and at 27% thereafter. Based upon tax rates in the U.S. and Taiwan and the expected profitability of each of the Company's three business segments during the balance of the year, it is anticipated that for the twelve months of 2000, the consolidated provision for income taxes will be in the range of 10-20% of pre-tax income.

	1999 ----	2000 ----
MINORITY INTEREST IN JOINT VENTURE	\$(66,000)	\$(280,000)

Minority interest in joint venture represents the minority investor's share of the Diodes-China joint venture's income for the period. The increase in the joint venture earnings for the six months ended June 30, 2000 is primarily the result of increased sales, both internal and to external customers. The joint venture investment is eliminated in consolidation of the Company's financial statements and the activities of Diodes-China are included therein. As of June 30, 2000, the Company had a 95% controlling interest in the joint venture.

FINANCIAL CONDITION

LIQUIDITY AND CAPITAL RESOURCES

Cash provided by operating activities for the six months ended June 30, 2000 was \$3.1 million compared to cash provided of \$2.7 million for the same period in 1999. The primary sources of cash flows from operating activities in 2000 were net income of \$7.5 million and an increase in accounts payable of \$3.4 million. The primary use of cash flows from operating activities in 2000 was an increase in inventories of \$5.0 million and an increase in accounts receivable of \$4.5 million. The primary sources of cash flows from operating activities for the six months ended June 30, 1999 were an increase in accounts payable of \$2.8 million and a decrease in inventories of \$1.8 million, while the primary use was a \$3.7 million increase in accounts receivable. Inventory turns at June 30, 2000 are 4.3 times compared to 3.5 times at December 31, 1999. Accounts receivable days at June 30, 2000 are 52 days compared to 56 days at December 31, 1999. The ratio of the Company's current assets to current liabilities on June 30, 2000 was 1.66 to 1, compared to a ratio of 1.73 on December 31, 1999.

Cash used by investing activities was \$5.8 million as of June 30, 2000, compared to \$1.6 million during the same period in 1999. The primary investment in both years was for additional manufacturing equipment at the Diodes-China manufacturing facility.

Cash provided by financing activities was \$2.4 million for the six months ended June 30, 2000, compared to a use of \$672,000 for the same period in 1999. The Company has a \$23.1 million credit facility with a major bank consisting of: a working capital line of credit up to \$9 million and term commitment notes providing up to \$14 million for plant expansion, advances to vendors, and letters of credit for Diodes-China. Interest on outstanding borrowings under the credit agreement is payable monthly at LIBOR plus a

borrowings require fixed principal plus interest payments for sixty months thereafter. The agreement has certain covenants and restrictions, which, among other matters, require the maintenance of certain financial ratios and operating results, as defined in the agreement. The Company was in compliance as of June 30, 2000. The Company has extended its working capital line of credit through June 30, 2002, and has obtained an additional \$10 million in term commitment notes. As of June 30, 2000, approximately \$5.6 million is outstanding under the term note commitment, and the average interest rate on outstanding borrowings was approximately 7.4%.

The Company has used its credit facility primarily to fund the advances to Diodes-China and FabTech as well as to support its operations. At June 30, 2000, amounts due from FabTech, including accrued interest, are approximately \$2.5 million, and the entire amount is due February 2001. The Company believes that the continued availability of this credit facility, together with internally generated funds, will be sufficient to meet the Company's currently foreseeable operating cash requirements.

In January 2000, the Company entered into an intercompany loan agreement with Diodes-China for up to \$6.0 million. The interest rate charged by the Company will be equal to the Company's borrowing rate. Diodes-China will repay the loan by installment payments as cash flow allows, however, the total outstanding balance, including accrued interest, will be payable in full on or before December 31, 2003.

Total working capital increased approximately 18.6% to \$18.9 million as of June 30, from \$15.9 million as of December 31, 1999. The Company believes that such working capital position will be sufficient for growth opportunities.

The Company's long-term debt to equity ratio decreased to 0.13 at June 30, 2000, from 0.20 at December 31, 1999. The Company's total debt to equity ratio decreased to 0.77 at June 30, 2000, from 0.78 at December 31, 1999. It is anticipated that these ratios may increase as the Company continues to use its credit facilities to fund additional sourcing and manufacturing opportunities.

As of June 30, 2000, the Company has no material plans or commitments for capital expenditures other than in connection with the expansion at Diodes-China. However, to ensure that the Company can secure reliable and cost effective sourcing to support and better position itself for growth, the Company is continuously evaluating additional sources of products. The Company believes its financial position will provide sufficient funds should an appropriate investment opportunity arise and thereby, assist the Company in improving customer satisfaction and in maintaining or increasing market share.

FACTORS THAT MAY AFFECT FUTURE RESULTS

CAUTIONARY STATEMENT FOR PURPOSES OF THE "SAFE HARBOR" PROVISION OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

Except for the historical information contained herein, the matters addressed in this Quarterly Report on Form 10-Q constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such forward-looking statements are subject to a variety of risks and uncertainties, including those discussed below and elsewhere in this Quarterly Report on Form 10-Q that could cause actual results to differ materially from those anticipated by the Company's management. The Private Securities Litigation Reform Act of 1995 (the "Act") provides certain "safe harbor" provisions for forward-looking statements. All forward-looking statements made on this Quarterly Report on Form 10-Q are made pursuant to the Act.

All forward-looking statements contained in this Quarterly Report on Form 10-Q are subject to, in addition to the other matters described in this Quarterly Report on Form 10-Q, a variety of significant risks and uncertainties. The following discussion highlights some of these risks and uncertainties. Further, from time to time, information provided by the Company or statements made by its employees may contain forward-looking information. There can be no assurance that actual results or business conditions will not differ materially from

those set forth or suggested in such forward-looking statements as a result of various factors, including those discussed below.

There are many factors that could cause the events in such forward looking statements to not occur, including but not limited to:

- - general or specific economic conditions
- - fluctuations in product demand
- - introduction of new products
- - Company's ability to maintain customer relationships
- - technological advancements
- - impact of competitive products and pricing
- - change in growth in targeted markets
- - risks of foreign operations such as Diodes-China and Diodes-Taiwan
- - ability and willingness of the Company's customers to purchase products provided by the Company
- - perceived absolute or relative overall value of these products by the purchasers, including the features, quality, and price in comparison to other competitive products
- - level of availability of products and substitutes and the ability and willingness of purchasers to acquire new or advanced products
- - pricing, purchasing, financing, operational, advertising and promotional decisions by intermediaries in the distribution channels which could affect the supply of or end-user demands for the Company's products
- - amount and rate of growth of the Company's selling, general and administrative expenses
- - difficulties in obtaining materials, supplies and equipment
- - difficulties or delays in the development, production, testing and marketing of products
- - failure to ship new products and technologies when anticipated
- - failure of customers to accept these products or technologies when planned
- - defects in products
- - any failure of economies to develop when planned
- - acquisition of fixed assets and other assets, including inventories and receivables
- - making or incurring of any expenditures
- - effects of and changes in trade, monetary and fiscal policies, laws and regulations
- - other activities of governments, agencies and similar organizations
- - changes in social and economic conditions, such as trade restriction or prohibition, inflation and monetary fluctuation, import and other charges or taxes, especially at Diodes-China and Diodes-Taiwan
- - ability or inability of the Company to obtain or hedge against foreign currency
- - foreign exchange rates and fluctuations in those rates
- - intergovernmental disputes
- - developments or assertions by or against the Company relating to intellectual property rights
- - adaptations of new, or changes in, accounting policies and practices in the application of such policies and practices and the effects of changes within the Company's organization

- - changes in compensation benefit plans
- - activities of parties with which the Company has an agreement or understanding, including any issues affecting any investment or joint venture in which the Company has an investment
- - amount, and the cost of financing which the Company has, and any changes to that financing
- - the sale of Vishay's 65% ownership in Vishay/LPSC to LPSC
- - any other information detailed from time to time in the Company's filings with the United States Securities and Exchange Commission.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

There are no matters to be reported under this heading.

ITEM 2. CHANGES IN SECURITIES

There are no matters to be reported under this heading.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

There are no matters to be reported under this heading.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The Company submitted to a vote of its security holders at an annual meeting of shareholders on June 12, 2000, the election of members of the Board of Directors. The directors were each elected to serve until the 2001 annual meeting or until their successors are elected and have qualified. The results of the tabulation for each nominee for director of the Company is as follows:

C.H. Chen, Director	For: Withheld:	4,698,280 402,784
Michael R. Giordano, Director	For: Withheld:	4,697,780 403,284
David Lin, Director	For: Withheld:	4,695,900 405,164
M.K. Lu, Director	For: Withheld:	4,697,180 403,884
Shing Mao, Director	For: Withheld:	4,697,780 403,284
Leonard M. Silverman, Director	For: Withheld:	4,697,780 403,284
Raymond Soong, Director	For: Withheld:	4,697,180 403,884
John M. Stich, Director	For: Withheld:	4,696,900 404,164

The Company submitted to a vote of its security holders at an annual meeting of shareholders on June 12, 2000, an amendment to Article Four of the Company's Certificate of Incorporation to increase its authorized shares of Common Stock from 9,000,000 to 30,000,000. The result of the tabulation was 4,430,787 shares voted in favor of the proposal, 657,635 shares voted against, and 12,642 abstained from voting on the proposal. No broker non-votes with respect to this proposal were received.

The Company also submitted to a vote of its security holders at an annual meeting of shareholders on June 12, 2000, the appointment of Moss Adams LLP as the Company's independent certified public accountants for the fiscal year ending December 31, 2000. The result of the tabulation was 5,081,563 shares voted in favor of the proposal, 6,818 shares voted against, and 12,683 abstained from voting on the proposal. No broker non-votes with respect to this proposal were received.

ITEM 5. OTHER INFORMATION

The proxy materials for the 2000 annual meeting of stockholders held on June 12, 2000 were mailed to stockholders of the Company on May 5, 2000. Under certain circumstances, stockholders are entitled to present proposals at stockholder meetings. Any such proposal to be included in the proxy statement for the 2001 annual meeting of stockholders must be received at the Company's executive offices at 3050 East Hillcrest Drive, Westlake Village, California, 91362, addressed to the attention of the Corporate Secretary by January 4, 2001 in a form that complies with applicable regulations. Recently, the Securities and Exchange Commission amended its rule governing a company's ability to use discretionary proxy authority with respect to stockholder proposals which were not submitted by the stockholders in time to be included in the proxy statement. As a result of that rule change, in the event a stockholder proposal is not submitted to the Company prior to March 15, 2001, the proxies solicited by the Board of Directors for the 2001 annual meeting of stockholders will confer authority on the holders of the proxy to vote the shares in accordance with their best judgment and discretion if the proposal is presented at the 2001 annual meeting of stockholders without any discussion of the proposal in the proxy statement for such meeting.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

Exhibit 11	Computation of Earnings Per Share
Exhibit 27	Financial Data Schedule
Exhibit 99.5	Press release; Diodes Incorporated Retains Coffin Communications Group as Investor Relations Counsel
Exhibit 99.6	Press release; John M. Stich Appointed to Board of Diodes Incorporated
Exhibit 99.7	Press release; C.H. Chen Addresses Diodes Shareholders at Annual Meeting
Exhibit 99.8	Press release; Diodes, Inc. Announces Move to NASDAQ and Declares Three-for-Two Stock Split
Exhibit 99.9	Press release; Diodes, Inc. to Trade Ex-Dividend of Three-for-Two Stock Split
Exhibit 99.10	Press release; Diodes, Inc. Posts Record Results for Second Quarter 2000 -- Net Income Up 424%

(b) Reports on Form 8-K

None

SIGNATURE

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 (Registrant)

By: /s/ Carl Wertz

August 4, 2000

CARL WERTZ
Chief Financial Officer, Treasurer and Secretary
(Duly Authorized Officer and Principal Financial and
Chief Accounting Officer)

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Exhibit 99.7	Press Release; C.H. Chen Addresses Diodes Shareholders at Annual Meeting	Page 32
Exhibit 99.8	Press Release; Diodes, Inc. Announces Move to NASDAQ and Declares Three-for-Two Stock Split	Page 35
Exhibit 99.9	Press release; Diodes, Inc. to Trade Ex-Dividend of Three-for-Two Stock Split	Page 37
Exhibit 99.10	Press release; Diodes, Inc. Posts Record Results for Second Quarter 2000 -- Net Income Up 424%	Page 38

EXHIBIT - 11

DIODES INCORPORATED AND SUBSIDIARIES

COMPUTATION OF EARNINGS PER SHARE
(Unaudited)

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	1999	2000	1999	2000
BASIC				
Weighted average number of common shares outstanding used in computing basic earnings per share	7,570,856	8,072,885	7,570,856	8,029,413
Net income	\$ 825,000	\$4,320,000	\$1,515,000	\$7,460,000
Basic earnings per share	\$ 0.11	\$ 0.54	\$ 0.20	\$ 0.93
DILUTED				
Weighted average number of common shares outstanding used in computing basic earnings per share	7,570,856	8,072,885	7,570,856	8,029,413
Assumed exercise of stock options	333,372	1,267,620	301,023	1,220,948
	7,904,228	9,340,505	7,871,879	9,250,361
Net income	\$ 825,000	\$4,320,000	\$1,515,000	\$7,460,000
Diluted earnings per share	\$ 0.10	\$ 0.46	\$ 0.19	\$ 0.81

Earnings per share and weighted average shares outstanding are after the effects of a three-for-two stock split in the form of a dividend payable on July 14, 2000.

6-MOS			
	DEC-31-2000		
	JAN-01-2000		
	JUN-30-2000		
		3,209,000	
		0	
		19,885,000	
		319,000	
		21,601,000	
	47,471,000		
		32,591,000	
		7,804,000	
		75,995,000	
28,604,000			0
	0		
		0	
		6,112,000	
		36,786,000	
75,995,000			
		60,037,000	
	60,037,000		
		41,111,000	
		9,812,000	
		0	
		0	
		393,000	
		8,767,000	
		1,027,000	
7,460,000			
		0	
		0	
			0
		7,460,000	
		0.93	
		0.81	

EXHIBIT 99.5

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Carl Wertz, Chief Financial Officer

FOR IMMEDIATE RELEASE

Diodes Incorporated Retains Coffin Communications Group as Investor Relations Counsel

Westlake Village, California - June 6, 2000 - Diodes Incorporated (Amex: DIO), a leading manufacturer and supplier of high quality discrete semiconductors to the telecommunications, computing, electronics and automotive industries, announced today that it has retained Coffin Communications Group ("CCG") to implement and manage its investor relations program.

"These are exciting times for the Company," said C.H. Chen, President and CEO of Diodes. "Our last fiscal year has seen heavy investment in the expansion of our manufacturing facilities, bringing total planned expenditure on plant and equipment in Diodes-China to almost \$40 million. With each successive expansion, we increase our ability to meet growing worldwide demand for our quality products."

"In the meantime," continued Mr. Chen, "we feel it is management's responsibility to enhance our communications with our stockholders. In order to make our current business conditions and strategic plans more clear to the investment community, CCG will be providing full-service investor relations for Diodes including strategic counsel, corporate communications, investor contact and targeted media relations."

One of the country's respected investor relations firms, CCG provides investor relations for over 30 publicly traded and private companies throughout the country, including The Right Start, Inc., Point of Sale, Ltd., Quality Systems, Inc., Mentor Corporation, North American Scientific and Exult, Inc. The full-service investor relations agency has expertise in representing companies in the Internet, high-tech, semiconductor, medical device, bio-tech and retail sectors and maintains its corporate headquarters in Sherman Oaks (Los Angeles). For further information, contact CCG directly, or visit its website at <http://www.coffincg.com>.

About Diodes Incorporated

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competitive products and pricing, growth in targeted markets, risks of foreign operations, and other information detailed from time to time in the Company's filings with the United States Securities and Exchange Commission.

Recent news releases, annual reports, and SEC filings are available at the Company's 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.

EXHIBIT 99.6

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Carl Wertz, Chief Financial Officer

FOR IMMEDIATE RELEASE

John M. Stich Appointed to Board of Diodes Incorporated

Westlake Village, California - June 8, 2000 - Diodes Incorporated (Amex: DIO), a leading manufacturer and supplier of high quality discrete semiconductors to the telecommunications, computing, electronics and automotive industries, announced today that John M. Stich has been appointed to the Company's Board of Directors.

Mr. Stich, who has an extensive background in the semiconductor industry, is currently President and CEO of The Asian Network, a consulting company that specializes in assisting high-tech companies in Asia. Prior to this, he served as Chief Marketing Officer for Texas Instruments ("TI") in Japan, where he oversaw sales and marketing in that country from 1994 to 1999. Mr. Stich first joined TI in 1964, serving in various management positions, including Marketing Manager for TI Asia from 1970 to 1972, Marketing Director in Taiwan from 1978 to 1982, Managing Director of TI-Hong Kong from 1982 to 1991, and Vice President-Semiconductors for TI Asia from 1991 to 1994.

"We are gratified that our newest independent director brings such a wealth of experience in the Asian technology markets," said C.H. Chen, President and CEO of Diodes. "John Stich's contributions to the semiconductor industry are renowned, and we expect him to make a substantial contribution as Diodes continues its aggressive expansion in the Far East. We believe that his expertise will help to position Diodes as premier supplier in this rapidly growing market for discrete semiconductors. In addition to a sophisticated understanding of the needs of customers in Asia, John brings with him relationships with many of the industry leaders, among whom he must be numbered. We welcome him aboard."

Mr. Stich has been a leader of several industry associations, including Governor of the American Chamber of Commerce in Japan and in Hong Kong, and Chairman of the Semiconductor Industry Association (Japan Chapter).

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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.

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

EXHIBIT 99.7

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Carl Wertz, Chief Financial Officer

FOR IMMEDIATE RELEASE

C.H. Chen Addresses Diodes Shareholders at Annual Meeting

- - - Predicts record revenues and earnings for Q2 2000 - -

Westlake Village, California - June 12, 2000 - Diodes Incorporated (Amex: DIO), a leading manufacturer and supplier of high-quality discrete semiconductors, primarily to the telecommunications, computing, electronics and automotive industries, held its annual meeting today in Agoura Hills, California. In an address to shareholders, recently appointed President and CEO C.H. Chen reaffirmed the Company's commitment to expanding its manufacturing capacity in mainland China, announced plans to implement a new ERP system, and predicted that the Company would achieve record revenues and earnings in the second quarter of 2000.

"This past year was marked by several important themes, including growing demand for our products in key markets, improved margins on those products, and continued expansion of our production capacity through significant investments in building a state-of-the-art factory in China," said Mr. Chen. "These factors produced record results for our Company in 1999. Revenues reached a record high of \$79.3 million and increased 29% over 1998. Net income of \$5.6 million, or \$1.02 per share, was also a record and represented an increase of over 100% from \$0.50 per share the previous year."

"This solid momentum continued in the first quarter of 2000, with revenues up 71% to \$27.3 million, and net income up 349% to \$3.1 million, or \$0.51 per share. Both of these figures represent the highest quarterly results in our Company's history. I should also note that this was our 40th consecutive profitable quarter."

"We are pleased with the results thus far in the second quarter and are looking forward to reporting record revenues and earnings."

"Going forward, we see demand continuing to run strong for our high-quality discrete semiconductors. Our products can be found in everything from wireless applications, notebook computers, and PC's to automobiles and consumer and industrial electronics. Recently, we have concentrated on providing ever smaller, more energy efficient components demanded by the next generation of mobile devices."

"As a company, Diodes has one foot planted on each side of the Pacific, and we are well positioned to benefit from the resurgence of the Asian economies," Mr. Chen continued. "In this last quarter, sales in the Far East comprised about 45% and North America about 55%, as compared to 29% and 71% in 1998."

"Robust demand and improved product mix have also helped to improve our gross margins, which have increased to 30.8%, from 24.4% a year ago."

"An important contributing factor to these improved margins is the increased capacity of our production facilities in Mainland China. Employing the most advanced manufacturing techniques and drawing on a low-cost, highly

qualified labor pool, these facilities are manufacturing discrete semiconductors at world class standards, as confirmed by our ISO-9000 and QS-9000 certifications."

"In April, we announced that we will be making an additional \$9 million investment in expanding that capacity, on top of the \$11 million investment announced in 1999. This latest expansion will increase our total investment in state-of-the-art equipment and facilities to nearly \$40 million. Diodes-China will increase our capacity to produce next-generation, sub-miniature components that allow us to integrate multiple technologies in ever smaller packages. With capacity from our most recent expansion already sold out, and demand for these products continuing to escalate, we anticipate that these investments will produce significant returns for Diodes' shareholders in the future."

"While the outlook for market conditions remains very positive for the near and medium term, we are acutely aware that we operate in an extremely competitive industry that has in the past been subject to severe pricing pressures. Diodes' management is gratified that we have been able to remain profitable even during periods of difficult market conditions. And we will continue to pursue a strategy to maximize profitability through financial discipline, flexible production and pricing and the ability to rapidly adjust to changing market conditions."

"We are committed to maintaining our margins by providing added value to our customers. In the area of sales and marketing, we recently added several regional sales managers in the U.S. and in Asia, who will work with manufacturers and distributors to better understand our customers' needs. We also continue to expand our applications engineering resources. These engineers work to satisfy our customer's needs by creating custom solutions that design in our parts that optimize their products."

"Recently Diodes began to implement a state-of-the-art information system that will connect our sales representatives directly with the engineering, warehousing, manufacturing and supply chain. This Oracle based ERP system should create a fully integrated, global supply chain to deliver even better, faster service to our customers."

"We believe that these steps will position Diodes to capitalize on growing demand for our products and to compete effectively in our key markets. As the global economies continue to converge and change more rapidly, the race will go to those companies that are lean, flexible and resolutely focused on the needs of their global customers. At Diodes we work every day to build just such a company," concluded Mr. Chen.

The Shareholders' Meeting of Diodes Incorporated elected eight members of the Board of Directors: C.H. Chen, Michael R. Giordano, David Lin, M.K. Lu, Shing Mao, Leonard M. Silverman, Raymond Soong, and John M. Stich.

The shareholders approved an amendment to Article Four of the Company's Certificate of Incorporation to increase its authorized shares of Common Stock from 9,000,000 to 30,000,000.

In addition, the shareholders ratified the appointment of Moss Adams LLP as the Company's independent certified public accountants for the year ending December 31, 2000.

About Diodes Incorporated

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EXHIBIT 99.8

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Carl Wertz, Chief Financial Officer

FOR IMMEDIATE RELEASE

Diodes, Inc. Announces Move to NASDAQ and Declares Three-for-Two Stock Split

Westlake Village, California - June 14, 2000 - Diodes Incorporated (Amex: DIO), a leading manufacturer and supplier of high quality discrete semiconductors, primarily to the telecommunications, computing, electronics and automotive industries, announced today that its common stock will commence trading on the NASDAQ Stock Market, National Market System, under the symbol "DIOD," commencing on June 19, 2000.

In addition, the Company's Board of Directors has declared a three-for-two stock split in the form of a 50% stock dividend payable on July 14, 2000 to stockholders of record on June 28, 2000. Under the terms of this stock split in the form of a stock dividend, Diodes' stockholders will receive a dividend in the form of one additional share for every two shares held on the record date. Fractional shares created by the stock dividend will be paid in cash. The dividend will be paid in authorized but unissued shares of the common stock of the Company.

C. H. Chen, President and Chief Executive Officer of Diodes, Inc., said, "We are pleased to be listing our shares on the NASDAQ National Market system and, by doing so, joining many of the world's most innovative growth and technology firms. We believe that the actions of listing on the NASDAQ stock market as well as the three-for-two stock dividend will contribute to enhanced shareholder liquidity and value."

The Company anticipates that the number of outstanding shares of stock after the split will be increased from approximately 5.3 million to approximately 8.0 million shares. The par value of Diodes, Inc.'s stock will not be affected by the split and will remain at \$0.66 2/3 per share.

About Diodes Incorporated

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Carl Wertz, Chief Financial Officer

FOR IMMEDIATE RELEASE

Diodes, Inc. to Trade Ex-Dividend of Three-for-Two Stock Split

Westlake Village, California - July 17, 2000 - Diodes Incorporated (Nasdaq: DIOD), a leading manufacturer and supplier of high quality discrete semiconductors, primarily to the telecommunications, computing, electronics and automotive industries, announced that its common stock will commence trading ex-dividend of a three-for-two stock split today, July 17, 2000.

The three-for-two stock split in the form of a 50% stock dividend was payable on July 14, 2000. For stock splits/dividends greater than 25%, the ex-date is set as the first business day after the payment date.

Under the terms of the stock dividend announced on June 14, 2000, Diodes' stockholders will receive one additional share for every two shares held. Fractional shares created by the stock dividend will be paid in cash. The dividend will be paid in authorized but unissued shares of the common stock of the Company.

The Company anticipates that the number of outstanding shares of stock after the split will be increased from approximately 5.4 million to approximately 8.1 million shares.

The Company expects to release its second quarter results on July 27, 2000. As previously announced, management anticipates that both revenues and net income will be the highest in the Company's history. Earnings per share will reflect the effect of the three-for-two stock split.

About Diodes Incorporated

Diodes, Inc. (Nasdaq: DIOD) is a leading manufacturer and supplier of high-quality discrete semiconductor products, primarily to manufacturers in the telecommunications, computer, electronics and automotive industry. The Company's Far East subsidiaries, Diodes-China and Diodes-Taiwan, manufacture products for sale to North America and Asia. Diodes-China focuses on surface-mount devices destined for wireless devices, notebook computers, pagers, PCMCIA cards and modems, among others, while Diodes-Taiwan focuses on products destined for a broad base of end products. 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>.

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 Carl Wertz, Chief Financial Officer

FOR IMMEDIATE RELEASE

Diodes, Inc. Posts Record Results for Second Quarter 2000
 - -- Net Income Up 424% --

Westlake Village, California, July 27, 2000 - Diodes Incorporated (Nasdaq: DIOD), a leading manufacturer and supplier of high quality discrete semiconductors, primarily to the telecommunications, computing, electronics and automotive industries, today reported record revenues and earnings for the three and six months ended June 30, 2000.

Revenues for the second quarter increased 79% to a record \$32.6 million, as compared to \$18.2 million for the comparable quarter in 1999. Operating income for the second quarter rose 396% to \$5.2 million, as compared to \$1.1 million in the second quarter of 1999. Net income for the same period rose 424% to \$4.3 million, as compared to \$825,000 for the three months ended June 30, 1999.

Earnings per share reflects the effects of a three-for-two stock split announced by the Company in June 2000. Diluted earnings per share increased 360% to \$0.46 (\$0.69 pre-split) for the second quarter of 2000, as compared to \$0.10 (\$0.16 pre-split) for the same period last year. Sequentially, earnings per share of \$0.46 (\$0.69 pre-split) compares to \$0.34 (\$0.51 pre-split) in the first quarter of 2000.

For the first six months of 2000, the Company earned a record \$7.5 million, or \$0.81 (\$1.21 pre-split) per share, on record revenues of \$60.0 million, compared to net income of \$1.5 million, or \$0.19 (\$0.29 pre-split) per share, on revenues of \$34.3 million for the same period in 1999.

Commenting on the Company's 41st consecutive quarter of profitability, C. H. Chen, President and Chief Executive Officer of Diodes, said, "This continues to be a year of significant milestones for Diodes. These figures represent the highest recorded quarterly results in our Company's history and reflect a growing demand for our products in key markets. They are a vindication of an aggressive strategic investment policy, aimed at creating state-of-the-art manufacturing facilities in Mainland China."

Second Quarter Highlights:

- > Revenues of \$32.6 million up 79% over the same period in 1999
- > Net income of \$4.3 million increases 424% over same period last year
- > \$4.5 million strategic investment in Diodes-China becomes fully operational
- > \$6.5 million manufacturing expansion will be fully realized in third quarter 2000
- > Announces additional \$9.0 million investment in manufacturing facilities
- > Stock begins trading on the Nasdaq National Market
- > Declares three-for-two stock split; first stock split in Company's history

Chen noted that the Company's gross profit margin rose to 32.2% in the second quarter, as compared to 24.3% in the comparable quarter of 1999. This increase reflects robust demand for the Company's products and an increased contribution from products manufactured by Diodes-China. SG&A expenses were 16.2% of net sales in the quarter compared to 18.5% in the second quarter of 1999.

"With capacity from our most recent expansion already sold out, the Company has entered the next phase of our planned investment program," continued Chen. "This will see expenditure of an additional \$9 million, bringing our total investment in the Diodes-China manufacturing facility to nearly \$40 million. We are on target to complete this phase by the first quarter of 2001 and expect it to generate an increase in capacity of somewhere in the region of 35-45%. We expect the additional expansion of our manufacturing capacity to better serve our customers' needs and to fuel our continued growth. The outlook for Diodes and the market as a whole remains positive."

Chen continued, "We are fully aware that the ongoing expansion of the Company brings with it increasing responsibilities to our growing client and shareholder base. Our mission at Diodes is to create a lean, flexible and service-focused organization, capable of responding to our client needs and providing value to our shareholders. We will work to continue our policy of introducing innovative, cost-effective procedures in order to maximize the benefits of improving margins on our world class product lines."

About Diodes Incorporated

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CONSOLIDATED CONDENSED INCOME STATEMENT FOLLOWS

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	1999	2000	1999	2000
Net sales	\$ 18,229,000	\$ 32,600,000	\$ 34,261,000	\$ 60,037,000
Cost of goods sold	13,800,000	22,111,000	25,922,000	41,111,000
Gross profit	4,429,000	10,489,000	8,339,000	18,926,000
Selling, general and administrative expenses	3,376,000	5,270,000	6,496,000	9,812,000
Income from operations	1,053,000	5,219,000	1,843,000	9,114,000
Other income (expense)				
Interest income	77,000	143,000	139,000	195,000
Interest expense	(143,000)	(372,000)	(303,000)	(588,000)
Other	(9,000)	40,000	38,000	46,000
	(75,000)	(189,000)	(126,000)	(347,000)
Income before income taxes and minority interest	978,000	5,030,000	1,717,000	8,767,000
Provision for income taxes	120,000	535,000	137,000	1,027,000
Minority interest in joint venture earnings	(33,000)	(175,000)	(66,000)	(280,000)
Net income	\$ 825,000	\$ 4,320,000	\$ 1,515,000	\$ 7,460,000
Earnings per share				
Basic	\$ 0.11	\$ 0.54	\$ 0.20	\$ 0.93
Diluted	\$ 0.10	\$ 0.46	\$ 0.19	\$ 0.81
Weighted average shares outstanding				
Basic	7,570,856	8,072,885	7,570,856	8,029,413
Diluted	7,904,228	9,340,505	7,871,879	9,250,361

Note: Earnings per share and shares outstanding and been restated to reflect the effect of a three-for-two stock split in July 2000.