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

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934 [FEE REQUIRED]
For the fiscal year ended DECEMBER 31, 1999.
Or
[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

For the transition period from _______ to ________.

COMMISSION FILE NUMBER: 1-5740

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

DELAWARE	95-2039518
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
3050 EAST HILLCREST DRIVE WESTLAKE VILLAGE, CALIFORNIA	91362
(Address of principal executive offices)	(Zip Code)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (805) 446-4800

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

COMMON STOCK, PAR VALUE $0.66 2/3	AMERICAN STOCK EXCHANGE
(Title of each class)	(Name of each exchange on which registered)

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: None

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 [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

The aggregate market value of the 3,267,190 shares of Common Stock held by non-affiliates of the registrant, based on the closing price of the Common Stock on the American Stock Exchange on March 17, 2000 of $32.875 per share, was approximately $107,408,871. The number of shares of the registrant's Common Stock outstanding as of March 17, 2000, was 6,072,522 including 717,115 shares of treasury stock.

DOCUMENT INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A in connection with the 2000 Annual Meeting are incorporated by reference into Part III of this Report. Such Proxy Statement will be filed with the Securities and Exchange Commission not later than 120 days after the registrant's fiscal year ended December 31, 1999.

PART I

ITEM 1. BUSINESS

BUSINESS DEVELOPMENT

Diodes Incorporated (the "Company") was formed in 1959 under the laws of Delaware. The Company is engaged in the manufacture, sale, and distribution of discrete semiconductors worldwide, primarily to manufacturers of automotive, computer and telecommunication products and to distributors of electronic components. In addition to the Company's corporate headquarters in Westlake Village, California, which provides sales, marketing and engineering functions, the Company's wholly-owned subsidiary, Diodes Taiwan Corporation, Ltd. ("Diodes-Taiwan"), maintains a sales, manufacturing, engineering, and purchasing facility in Taipei, Taiwan. The Company also has a 95% interest in a sales and manufacturing facility, Shanghai KaiHong Electronics Co., Ltd. ("Diodes-China" formerly referred to as "KaiHong"), in Shanghai, China.

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 a Fortune 1,000 Company with annual sales of $1.8 billion, and the largest U.S. and European manufacturer of passive electronic components (resistors, capacitors, inductors) and a major producer of discrete semiconductors (diodes, optoelectronics, transistors), IrDCs (infrared communication devices), and power and analog switching integrated circuits. The Lite-On Group, with worldwide sales of approximately $2 billion, is a leading manufacturer of power semiconductors, computer peripherals, and communication products. The Vishay/LPSC joint venture includes the worldwide discrete power semiconductor business of LPSC and the Asian passive component business of Vishay. Vishay holds a 65% controlling interest in the joint venture, and the Lite-On Group holds the other 35%. In March 2000, Vishay agreed to sell their 65% interest in Vishay/LPSC to the Lite-On Group. See "Item 1. Business: New Developments."

PRODUCTS

Technology in the semiconductor industry is ever changing and the products sold by the Company are mature products. Although the Company is not expecting to experience further product technology changes, nor does it believe its products will become obsolete in the foreseeable future, the Company (especially its Diodes-China manufacturing facility) is focusing on developing smaller packages for its product line.

Product Technology. Semiconductors come in two basic configurations: discretes and integrated circuits. The Company is engaged in the manufacture, sale, and distribution of discrete semiconductors, which are fixed-function components such as small signal transistors and MOSFETs, transient voltage suppressors (TVSs), zeners, Schottkys, diodes, rectifiers and bridges.

In terms of function, integrated circuits are far more complex than discrete semiconductors. They are multi-function devices of the sort found in computer memory boards and central processing units. Integrated circuits, characterized by rapid changes in both production and application, and the desire to put ever-more intelligence into ever-smaller packages, have required the development of manufacturing techniques that are sophisticated and expensive.

In contrast, there is little that is proprietary about the manufacturing of discrete semiconductors. Here, technologies are neither new nor rapidly evolving. Success, therefore, is highly dependent upon the ability to produce large numbers of inexpensive components of consistent high quality, and with low overhead. Discretes, which effectively tie integrated circuits to their surrounding environments and enable them to work, come in hundreds of permutations and vary according to voltage, current, power handling capability, and switching speed.

In a standard industry classification, those discrete semiconductors operating at less than one watt are referred to as low-power semiconductors, while those operating at greater than one watt are termed power semiconductors. Both types of semiconductors are found in a wide assortment of commercial instrumentation and communication equipment, in consumer products like televisions and telephones, and in automotive, computer and industrial electronic products.

Product Packaging. Almost as important as the technology of the components, is the packaging. The industry trend is to fit discrete components into ever-smaller surface-mount packages. Smaller packaging provides a reduction in board space, height, and weight and is well suited for battery-powered, hand-held and wireless applications such as cellular phones, pagers, modems, notebook and palmtop computers, and accessories where space is at a premium. The objective is to fit the same functionality and power handling features into smaller packages.

MANUFACTURING AND SIGNIFICANT VENDORS

The Company's Far East subsidiaries, Diodes-Taiwan and Diodes-China, manufacture product for sale primarily to North America and Asia. Diodes-Taiwan's manufacturing focuses on products such as axial schottky and melf rectifiers, to name a few. 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 focuses on SOT-23 and SOD-123 products. These surface-mount devices ("SMD") are much smaller in size and are used in the computer and telecommunication industries, destined for cellular phones, 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.

As a result of the Company's total commitment to product quality and customer satisfaction, the Company's corporate headquarters received official ISO 9002 Certification of Registration from Underwriters Laboratories, the leading third-party certification organization in the United States and the largest in North America. ISO 9000 certifications consist of a series of paradigms for the establishment of systems and protocols to facilitate the creation and maintenance of superior quality-control techniques. Subsequently, both the Diodes-China and Diodes-Taiwan facilities have received official ISO 9002 Certification of Registration. With its underlying premise that true product quality requires a total quality system, ISO certification is often required of vendors seeking to establish relationships with original equipment manufacturers ("OEMs") doing business in intensely competitive global markets.

All of the products sold by the Company, as well as the materials used by the Company in its manufacturing operations, are available both domestically and abroad. In 1999, the two largest external suppliers of products to the Company were Vishay/LPSC and General Semiconductor Corporation. During the year ended December 31, 1999, approximately 22% and 7% of the Company's sales were from product manufactured by these two vendors, respectively, versus 25% and 16% in 1998, respectively. See Notes 9 and 10 of "Notes to Consolidated Financial Statements" for a description of the major vendors and the relationship between Vishay/LPSC and the Company. In addition, sales of product manufactured by Diodes-China and Diodes- Taiwan, the Company's two manufacturing subsidiaries, were approximately 23% and 11% in 1999 versus 13% and 12% in 1998. The Company anticipates that Diodes-China will become an increasingly valuable supplier. No other manufacturer of discrete semiconductors accounted for more than 5% of the Company's sales in 1999. See "Item 1. - Business: New Developments."

In 1996, the Company has entered into an agreement with FabTech, Inc. ("FabTech"), a wholly-owned subsidiary of Vishay/LPSC, whereby the Company has access to an additional supply of processed wafers used in the manufacture of several types of discrete semiconductors. As part of the agreement, the Company has provided FabTech with approximately $2.5 million (plus accrued interest) in working capital to be used in upgrading, reconfiguring, and starting up operations at an existing wafer fabrication facility located in Lee's Summit, Missouri.

The Company's Taiwan and China manufacturing facilities receive wafers from FabTech, among others. Output from the FabTech facility includes wafers used in the production of Schottky barrier diodes, fast recovery epitaxial diodes (FREDs), and other widely used value-added products. Schottky barrier diodes are employed in the manufacture of the power supplies found in personal computers, telecommunications devices and other applications where high frequency, low forward voltage and fast recovery are required.

Although the Company believes that there exist alternative sources for the products of any of its suppliers, the loss of any one of its principal suppliers or the loss of several suppliers in a short period of time could have a materially adverse effect on the Company until an alternate source is located and has commenced providing such products or raw materials.

SALES AND MARKETING

Numerous semiconductor manufacturers and distributors serve the discrete semiconductor components market. Some of the larger companies include Motorola, Fairchild Semiconductor (formerly National Semiconductor), International Rectifier, Rohm, Phillips, and General Semiconductor, many of whom have greater financial, marketing, brand name and other resources than the Company. Over the years, there has been a tendency among some larger manufacturers to limit or de-emphasize the production and marketing of discrete components in favor of integrated and hybrid circuits. With fewer service-oriented sources of discrete components available to OEMs, the Company has been able to capture additional market share. The Company's products primarily include catalog items, but also include units designed to specific customer requirements.

Products are sold under two brand names; Diodes, Inc. and Vishay/Lite-On Power Semiconductor. The Company is unifying product lines under a limited number of 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 than Vishay, at this time it is uncertain as to the effect that the Vishay/LPSC transaction (see "Item 1. - Business: New Developments.") 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, the impact of the Vishay/LPSC transaction should have no adverse impact on customer relations.

The Company sells its products through its own internal and regional sales departments, as well as through representatives and distributors. The Company's sales team, aided by the sales force of approximately 30 independent sales representatives located throughout North America and Asia, supplies approximately 250 OEM accounts. In 1999, OEM customers accounted for approximately 58% of the Company's sales, compared to approximately 53% in 1998. OEM customers range from small, privately held electronics companies to Fortune 500 companies.

The Company further supplies approximately 40 stocking distributors (42% of 1999 sales), who collectively sell to approximately 10,000 customers on the Company's behalf. A significant benefit from the affiliation with Vishay was the broadening of the Company's distribution network to include major distributors such as Future, Arrow, and Marshall, to complement the Company's existing distributor network that includes Jaco, Kent, Reptron, Sterling, TTI, All American, and Advacom, among others. See "Item 1. - Business: New Developments."

Through ongoing sales and customer service efforts, the Company continues to develop business relationships with companies who are considered leaders in their respective market segments, such as automotive, telecommunications, personal computers, computer peripherals and industrial. The Company's marketing efforts also have benefited from an ongoing program to develop strategic alliances with manufacturers, such as Vishay/LPSC and FabTech, among others, to better control its destiny in terms of the price, the quality and especially the availability of the products it sells. See "Item 1. - Business: New Developments."

The Company's products are sold primarily in North America and the Far East, both directly to end users and through electronic component distributors. In 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. See Note 11 of "Notes to Consolidated Financial Statements" for a description of the Company's adoption of SFAS No. 131, Disclosures about Segments of and Enterprise and Related Information. 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 due to the expanding base of electronic product manufacturers.

During the past eight years, the Company has pursued an aggressive program to improve product quality and customer service in order to support more broad-based, strategic accounts. For the fiscal years ended December 31, 1999, 1998, and 1997, the sale of discrete semiconductor products represented 100 percent of the Company's sales and the Company intends to continue this focus on discrete semiconductors.

In 1999, Diodes-Taiwan began purchasing silicon wafers, a new product line, from FabTech for resale to customers in the Far East. Silicon wafer sales in 1999 were $4,005,000. The gross margin percentage on sales of silicon wafers, though still profitable, is far below that of the Company's standard product line. Silicon wafer sales are a complementary service for some customers, rather than a focused product line. 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.

Through Diodes-Taiwan, the Company employs a general manager who acts as the Far East purchasing liaison with respect to product procurement from other vendors located in the Far East. Diodes-Taiwan also manufactures product for sale to the Company as well as for other customers in Taiwan, Korea, and Singapore, among others.

Until the fourth quarter of 1997, all of Diodes-China's production was sold to the Company as inter-company sales. Currently, Diodes-China ships product to trade customers, thus contributing to the Company's consolidated sales. The Company expects Diodes-China to increasingly contribute to the Company's consolidated sales.

The Company is not dependent on any one major customer to support its level of sales. For the fiscal year ended December 31, 1999, there was not one customer that accounted for more than 6% of the Company's sales. The twenty largest customers of the Company accounted, in total, for approximately 54% of the Company's sales in 1999, compared to 52% in 1998.

ENGINEERING

The Company's engineering department consists of customer/applications engineers and product development engineers who drive the direction of the Company's future product line. Their primary function is to work closely with market-leading customers to further refine, expand and improve the Company's product range within the Company's product types and packages. Working with customers to integrate multiple types of technologies within the same package, the Company's applications engineers reduce the required number of components and thus circuit board size requirements, while increasing the component technology to a higher level. Direct contact with the Company's manufacturing facilities allows the manufacturing of up-to-date products that are in line with current technical requirements.

INVENTORY

In general, the Company maintains sufficient inventories of standard products at its U.S. facility and Diodes-Taiwan facility to permit rapid delivery of customers' orders. In addition, the Company continuously coordinates with strategic alliances and subcontractors to support product demand. Beginning in 1998, the Company implemented a program in coordination with its distributors, enabling the Company to transfer inventory from distributors to OEM customers to better manage the Company's on-hand inventory.

The Company's inventory is composed of discrete semiconductors, which are, for the most part, standardized in electronic related industries. Finished goods inventory turns over approximately four times annually. The Company has no special inventory or working capital requirements that are not in the ordinary course of business.

BACKLOG

The amount of backlog to be shipped during any period is dependent upon various factors and all orders are subject to cancellation or modification, usually without penalty to the customer. Backlog of orders scheduled to ship within six months were approximately $22.2 million on December 31, 1999, compared to approximately $12.6 million on December 31, 1998, and $12.2 million on December 31, 1997. The Company and the industry as a whole are experiencing a trend towards shorter lead-times (the amount of time between the date a customer places an order and the date the customer requires shipment). The amount of backlog at any date depends upon various factors, including the timing of the receipt of orders, fluctuations in orders of existing product lines, and the introduction of any new lines. Accordingly, the amount of backlog at any date is not necessarily indicative of actual shipments. The Company strives to maintain proper inventory levels to support customers' just-in-time order expectations.

NEW DEVELOPMENTS

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, LPSC, a wholly-owned subsidiary of the Lite-On Group, becomes the Company's largest shareholder, holding approximately 38% of the Company's Common Stock. The Company considers its relationship with LPSC and the Lite-On Group 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 a material impact on the financial results of the Company. 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, if any. 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 an adverse impact on customer relations.

COMPETITION

Competition in those portions of the semiconductor marketplace in which the Company competes is intense. In general, the Company competes with discrete semiconductor manufacturing companies such as Motorola, General Semiconductor, Fairchild Semiconductor, International Rectifier, Rohm, and Phillips, as well as distributors of similar product lines such as Taitron Components.

Competitiveness in sales of the Company's products is determined by the price and quality of the product and the ability of the Company to provide delivery and customer service in keeping with the customers' needs. The Company believes that it is well equipped to be competitive in respect to these requirements. Many of the Company's competitors have substantially greater financial, marketing, distribution and other resources than the Company. Accordingly, in response to market conditions, the Company from time to time may reposition product lines or decrease prices, which may adversely affect the Company's profit margins on such product lines. See "Cautionary Statement for

Purposes of the `Safe Harbor' Provision of the Private Securities Litigation Reform Act of 1995."

EMPLOYEES

As of December 31, 1999, the Company employed a total of 609 employees. At such date, the Company employed 68 full-time employees in the United States, of whom 27 were in sales and marketing, 20 in customer support, and 21 in operations and administration. Diodes-Taiwan employed an additional 79 employees in its Taiwan office, of whom 47 were in manufacturing, 9 in sales, and 23 in purchasing, quality control, and administration. Diodes-China employed a total of 462 employees, of whom 303 were in manufacturing and 159 in purchasing, quality control and administration. None of the Company's employees is subject to a collective bargaining agreement. The Company considers its relations with its employees to be satisfactory.

IMPORTS AND IMPORT RESTRICTIONS

During 1999, the Company's U.S. operations, which accounted for approximately 56% of the Company's total sales, imported substantially all of its products, of which approximately 38% was imported from Taiwan and approximately 36% from mainland China. The balance of the imports is from Germany, Japan, India, the Philippines, England and Korea, among others. As a result, the Company's operations are subject to the customary risks of doing business abroad, including, among other things, the difficulty and expense of maintaining foreign sourcing channels, cultural and institutional barriers to trade, fluctuations in currency exchange rates, restrictions on the transfer of funds and the imposition of tariffs, political instability, transportation delays, expropriation, import and export controls and other non-tariff barriers (including export licenses and changes in the allocation of quotas), as well as the uncertainty regarding the future relationship between China and Taiwan, and other U.S. and foreign regulations that may apply to the export and import of the Company's products, and which could have a material adverse effect on the Company. Any significant disruption in the Company's Taiwanese or Chinese sources of supply or in the Company's relationship with its suppliers located in Taiwan or China could have a material adverse effect on the Company.

The Company transacts business with foreign suppliers primarily in United States dollars. To a limited extent, and from time to time, the Company contracts (e.g., a portion of the equipment purchases for the Diodes-China expansion) in foreign currencies, 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, any substantial increase in the 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.

Imported products are also subject to United States customs duties and, in the ordinary course of business, the Company from time to time is subject to claims by the United States Customs Service for duties and other charges. The Company attempts to reduce the risk of doing business in foreign countries by, among other things, contracting in U.S. dollars, and, when possible, maintaining multiple sourcing of product groups from several countries.

FINANCIAL INFORMATION ABOUT FOREIGN AND DOMESTIC OPERATIONS AND EXPORT SALES

With respect to foreign operations see Notes 1, 10 and 11 of "Notes to Consolidated Financial Statements."

ITEM 2. PROPERTIES

The Company's primary physical properties during the year ended December 31, 1999, were as follows:

A. Industrial building located at 3050 East Hillcrest Drive, Westlake Village, CA 91362 USA. This building, consisting of approximately 30,900 square feet, is the Company's corporate headquarters and product distribution center. The Company is primary lessee under a lease that has been extended five years and expires in 2003 at a rate of approximately $27,000 per month. The Company has two five-year options to extend the term of the lease.

B. Regional sales offices, leased for less than $1,000 per month, located in the U.S. at the following locations:

   1. 6200 Falls for the Neuse Road, Suite 200, Raleigh, NC 27609

2. One Overlook Drive, Suite 6B, Amherst, NH 03031
3. 160-D East Wend, Lemont, IL 60439
4. 500 Newport Center Drive, Suite 930, Newport Beach, CA 92660
5. 2901 Moorpark Avenue, San Jose, CA 95128

C. Industrial premises consisting of approximately 9,000 square feet and located at 5Fl. 501-16 Chung-Cheng Road, Hsin-Tien City, Taipei, Taiwan, Republic of China. These premises, owned by Diodes-Taiwan, are used as a manufacturing facility. The facility is subject to a mortgage held by Chang-Hwa Commercial Bank, which matures on November 11, 2003, and is secured by land and buildings.

D. Industrial premises consisting of approximately 7,000 square feet and located at 2Fl. 501-15 Chung-Cheng Road, Hsin-Tien City, Taipei, Taiwan, Republic of China. These premises, owned by Diodes-Taiwan, are used as sales and administrative offices. The facility is subject to a mortgage held by Chang-Hwa Commercial Bank, which matures on February 27, 2003, and is secured by land and buildings.

E. Industrial building located at No. 61 Xinnan Street, Xingqiao Town, Songjiang County, Shanghai, Peoples Republic of China. This building, consisting of approximately 20,000 square feet, is the corporate headquarters and product distribution and manufacturing facility for the Diodes-China joint venture. The building is owned by the joint venture company, Shanghai KaiHong Electronics Co., Ltd. The Company is in negotiations to lease an additional 20,000 square feet.

The Company believes its current facilities are adequate for the foreseeable future. See Notes 3 and 12 of "Notes to Consolidated Financial Statements."

ITEM 3. LEGAL PROCEEDINGS

The Company is, from time to time, involved in litigation incidental to the conduct of its business. The Company does not believe that any currently pending litigation, to which it is a party, will have a material adverse affect on its financial condition or results of operations.

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

No matter was submitted to a vote of security holders by the Company during the last three months of the year ending December 31, 1999.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Company's Common Stock is listed and traded on the American Stock Exchange ("AMEX") under the symbol "DIO." The following table shows the range of high and low closing sales prices per share for the Company's Common Stock for each fiscal quarter from January 1, 1998 as reported by AMEX.

CALENDAR QUARTER ENDED	CLOSING SALE PRICE OF COMMON STOCK	
	HIGH	LOW
First quarter (through March 17) 2000...	$34 7/8	$17 1/2
Fourth quarter 1999.....................	21 1/2	6
Third quarter 1999......................	9 5/8	5 3/4
Second quarter 1999.....................	8 15/16	4 1/16
First quarter 1999......................	6 11/16	4 3/8
Fourth quarter 1998.....................	6 1/2	4
Third quarter 1998......................	7 1/8	4
Second quarter 1998.....................	10 3/16	6 5/8
First quarter 1998......................	11 1/2	8 1/4

On March 17, 2000, the closing sale price of the Company's Common Stock as reported by AMEX was $32.875. Shareholders are urged to obtain current market quotations for the Common Stock. As of March 17, 2000, there were approximately 3,000 stockholders of record of the Company's Common Stock.

No dividends have been declared during the past three years and the Company does not expect to declare dividends in the foreseeable future. The payment of dividends is within the discretion of the Company's Board of Directors, and will depend upon, among other things, the Company's earnings, financial condition, capital requirements, and general business conditions.

ITEM 6. SELECTED FINANCIAL DATA

The following selected financial data for the fiscal years ended December 31, 1999, 1998, 1997, 1996 and 1995 is qualified in its entirety by, and should be read in conjunction with, the other information and financial statements, including the notes thereto, appearing elsewhere herein (in 000's except per share data).

	YEAR ENDED DECEMBER 31,				
	1995	1996	1997	1998	1999
INCOME STATEMENT DATA					
Net sales	$61,321	$57,727	$67,016	$61,328	$79,251
Gross profit	16,734	15,073	18,727	15,402	20,948
Selling, general and administrative expenses	9,522	10,386	11,137	11,016	13,670
Income from operations	7,212	4,687	7,590	4,386	7,278
Interest expense, net	144	351	62	281	292
Other income	242	64	243	93	182
Income before taxes and minority interest	7,310	4,400	7,771	4,198	7,168
Provision for income taxes(2)	2,610	1,673	2,631	1,511	1,380
Minority interest in joint venture earnings(1)	--	238	(15)	(14)	(219)
Net income	4,700	2,965	5,125	2,673	5,569
Earnings per share:(3)					
Basic	$0.96	$0.60	$1.03	$0.53	$1.10
Diluted	$0.90	$0.55	$0.93	$0.50	$1.02
Number of shares used in computation:(3)					
Basic	4,881	4,959	4,971	5,029	5,084
Diluted	5,220	5,362	5,482	5,371	5,469

	AS OF DECEMBER 31,				
	1995	1996	1997	1998	1999
BALANCE SHEET DATA					
Total assets	$29,363	$32,546	$38,354	$45,389	$62,407
Working capital	13,263	17,403	18,699	16,639	15,903
Long-term debt	282	5,242	4,257	8,102	6,984
Stockholders' equity	16,499	19,464	24,453	27,460	34,973

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(1) See Note 10 of "Notes to Consolidated Financial Statements" included herein.

(2) See Note 7 of "Notes to Consolidated Financial Statements" included herein.

(3) See Note 1 of "Notes to Consolidated Financial Statements" included herein.

No cash dividends were paid during the years 1995 through 1999.

ITEM 7. 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 7 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 "Cautionary Statement for Purposes of the "Safe Harbor" Provision of the Private Securities Litigation Reform Act of 1995" and elsewhere in this Report on Form 10-K, 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 Annual Report on Form 10-K 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, Schottkys, diodes, rectifiers and bridges.

The Company's products are sold primarily in North America and Asia, both directly to end-users and through electronic component distributors. In 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 11 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, with worldwide sales exceeding $1.5 billion, 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. The Vishay/LPSC joint venture includes the worldwide discrete power semiconductor business of LPSC and the Asian passive component business of Vishay. Vishay holds a 65% controlling interest in the joint venture, and the Lite-On Group holds the other 35%.

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, LPSC, a wholly-owned subsidiary of the Lite-On Group, is the Company's largest shareholder, holding 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 financial impact on the financial results of the Company.

Products are sold under two brand names; Diodes, Inc. and Vishay/Lite-On Power Semiconductor. The Company is unifying product lines under a limited number of 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, if any. 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 an adverse impact on customer relations.

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 manufacturing focuses on products such as axial schottky and melf rectifiers, to name a few. 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 manufacturing, for the most part, focuses on SOT-23 and SOD-123 products. These surface mount devices ("SMD") are used in the computer and telecommunication industries and are destined for cellular phones, 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 few years, been subject to severe pricing pressures, compounded by the Asian economic situation. Although manufacturing costs have been falling, excess manufacturing capacity and over-inventory has caused selling prices to fall at a greater extent than manufacturing cost. Because of this competitive environment, gross profit margins have declined from 28.3% in 1995 to 24.8% in 1998. 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 26.4%. 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. The relationship with Vishay has provided additional opportunities for the Company to have its products offered by some of the world's largest distributors.

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 minority partner have increased property, plant and equipment at the facility to approximately $25 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. Approximately $8.0 million of the Company's existing credit facility has been used to finance the additional manufacturing capacity.

The Company will 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. Silicon wafer sales in 1999 were $4,005,000. The gross margin percentage on sales of silicon wafers, though still profitable, is far 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 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, any substantial increase in the 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 decreased to 19.3% in 1999 from 36.0% in 1998. 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%. From 2001 through 2003, the tax rate at Diodes-China will be 50% of the normal tax rate of 27%. Changes in Taiwan income tax policies in 1998 caused management to reconsider its investment strategies in the fourth quarter of 1998 for current and future earnings at Diodes-Taiwan, resulting in a distribution of approximately $4.5 million made by Diodes-Taiwan to the Company. The decision was made, in part, because the changes in Taiwan income tax policies made it less favorable to accumulate earnings at Diodes-Taiwan and, in part, to allow the Company to redirect its financial resources from Diodes-Taiwan to its expansion of the Diodes-China joint venture. See "Results of Operations - 1999 Compared to 1998" for a more detailed explanation.

Net Sales, Cost of Goods Sold and Other Income for the years ended December 31, 1998, 1997, 1996, and 1995 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 are expected to 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 for the years ended December 31, 1998, 1997, 1996, and 1995 was $1,067,000, $1,317,000, $1,708,000, and $3,131,000, respectively. The increase to Gross Profit was $458,000, $384,000, $231,000, and $271,000, respectively. The decrease in Other Income was $458,000, $384,000, $231,000, and $271,000, respectively. In addition, Minority Interest in Joint Venture Earnings is presented after Provision for Income Taxes as per Rule 5-03(b)12 of Regulation S-X.

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 as of March 17, 2000, no significant operational problems for the Company's computer systems 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.

RESULTS OF OPERATIONS

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 YEAR ENDED DECEMBER 31,					PERCENTAGE DOLLAR INCREASE (DECREASE) YEAR ENDED DECEMBER 31,			
	1995	1996	1997	1998	1999	`95 to`96	`96 to `97	`97 to `98	`98 to `99
Net sales	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	(5.9) %	16.1 %	(8.5) %	29.2 %
Cost of goods sold	(72.7)	(73.9)	(72.1)	(74.9)	(73.6)	(4.3)	13.2	(4.9)	26.9
Gross profit	27.3	26.1	27.9	25.1	26.4	(9.9)	24.2	(17.8)	36.0
Operating expenses	(15.5)	(18.0)	(16.6)	(18.0)	(17.2)	9.1	7.2	(1.1)	24.1
Income from operations	11.8	8.1	11.3	7.2	9.2	(35.0)	61.9	(42.2)	65.9
Interest expense, net	(0.2)	(0.6)	(0.1)	(0.5)	(0.4)	143.8	(82.3)	353.2	3.9
Other income	0.4	0.1	0.4	0.2	0.2	(73.6)	279.7	(61.3)	95.7
Income before taxes and minority interest	11.9	7.6	11.6	6.8	9.0	(39.8)	76.6	(46.0)	70.7
Income taxes	4.3	2.9	3.9	2.4	1.7	(35.9)	57.3	(42.6)	(8.7)
Minority interest	0.0	0.4	(0.0)	(0.0)	(0.3)	--	(106.3)	(6.7)	(1,464.3)
Net income	7.7	5.1	7.6	4.4	7.0	(36.9)	72.8	(47.8)	108.3

The following discussion explains in greater detail the consolidated financial condition of the Company. This discussion should be read in conjunction with the consolidated financial statements and notes thereto appearing elsewhere herein.

1999 COMPARED TO 1998

Net sales for 1999 increased approximately $17,923,000 to $79,251,000 from $61,328,000 for 1998. The 29.2% increase was due primarily to (i) a 36.0% increase in units sold, as a result of an increased demand for the Company's products, primarily in the Far East and (ii) $4,005,000 sales of silicon wafers, a new product line. Diodes-China's trade sales in 1999 were $3,389,000, compared to $280,000 in the same period last year. The increase in units sold was partly offset by a 7.1% decrease in the Company's average selling price, primarily in the Far East. In the fourth quarter of 1999, average selling prices rose 3.6% and 5.0%, compared to the fourth quarter 1998 and the third quarter 1999, respectively. The Company anticipates pricing pressures could continue, though the severity may slowly diminish.

In 1999, Diodes-Taiwan began purchasing silicon wafers, a new product line, from FabTech for resale to customers in the Far East. The gross margin percentage on sales of silicon wafers, though still profitable, is far below that of the Company's standard product line. Silicon wafer sales are a complementary service for some customers, rather than a focused product line. It is anticipated that sales of silicon wafers will not continue through the second half of 2000 as the Company evaluates other, more profitable complementary products.

Gross profit for 1999 increased $5,546,000 to $20,948,000 from $15,402,000 for 1998. The 36.0% increase was due primarily to the 29.2% increase in net sales. Manufacturing profit at Diodes-China at higher gross profit margins contributed to an increase in gross margin percentage to 26.4% for 1999 compared to 25.1% for 1998. Although gross profit margins strengthened in the third and fourth quarters of 1999, pricing pressures continue to exist on many of the Company's product lines, and there can be no guarantee that margins will continue to improve. Average selling prices in 1999 decreased approximately 7.1%, which represents decreases in average selling prices in the Far East and North America of approximately 18.3% and 7.9%, respectively, compared to 1998. In addition, as the trend of consolidation among electronic component distributors continues, the Company anticipates that a greater portion of its distributor sales will be to larger distributors, usually under agreements resulting in lower than historical gross profit margins.

For 1999, selling, general and administrative expenses ("SG&A") increased $2,654,000 to $13,670,000 from $11,016,000 for 1998. The 24.1% increase in SG&A was due primarily to increases in management expenses at Diodes-China, higher Company-wide marketing and advertising expenses, increased sales commissions at Diodes-Taiwan, and additional sales and engineering personnel. SG&A as a percentage of sales decreased to 17.2% from 18.0% in the comparable period last year, primarily due to the 29.2% increase in net sales.

Net interest expense for 1999 increased $11,000, due primarily to an increased use of the Company's credit facility to support the expansion of Diodes-China versus the same period last year. The Company's interest expense is primarily the result of the term loan by which the Company is financing (i) the investment in Diodes-China's manufacturing facility and (ii) the $2.6 million receivable, including accrued interest, advanced to FabTech. Interest income is primarily the interest charged to FabTech, a related party, under the Company's formal loan agreement, as well as earnings on its cash balances.

Other income for 1999 increased approximately $89,000 compared to the same period last year, due primarily to currency exchange fluctuations at the Company's subsidiaries in Taiwan and China.

The Company's overall effective federal, state, and foreign tax rate decreased to 19.3% in 1999 from 36.0% in 1998. This decrease is due primarily to the increase in Diodes-China's contribution to net income at a tax rate of 0% through 2000. From 2001 through 2003, the tax rate at Diodes-China will be 50% of the normal tax rate of 27%. 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 2000 the provision for income taxes will be in the range of 10-20% of pre-tax income.

Through December 31, 1997, the Company had undistributed earnings at Diodes-Taiwan for which no deferred income tax liability had been recorded since, at that time, management considered this investment to be permanent, and no plans or intentions existed to distribute the capital of its Taiwan subsidiary. Changes in Taiwan income tax policies in 1998 caused management to reconsider its investment strategies in the fourth quarter of 1998 for current and future earnings at Diodes-Taiwan. While a portion of its investment will remain in Taiwan, a distribution of approximately $4.5 million will be made by Diodes-Taiwan to the Company. Approximately $1.5 million was distributed in 1999, and the remaining is scheduled to be distributed in 2000. The decision was made, in part, because the changes in Taiwan income tax policies made it less favorable to accumulate earnings at Diodes-Taiwan and, in part, to allow the Company to redirect its financial resources from Diodes-Taiwan to its expansion of Diodes-China.

In 1999, Diodes-China contributed to the Company's profitability and, therefore, the $219,000 minority interest in joint venture represents the minority investor's 5% share of the joint venture's profit. The increase in the joint venture earnings for 1999 is primarily the result of increased sales. 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 December 31, 1999, the Company had a 95% controlling interest in the joint venture.

The Company generated net income of $5,569,000 (or $1.10 basic earnings per share, $1.02 diluted earnings per share), as compared to $2,673,000 (or $0.53 basic earnings per share, $0.50 diluted earnings per share) for 1998. This $2,896,000 or 108.3% increase is due primarily to the 29.2% sales increase at gross profit margins of 26.4% compared to gross profit margins of 25.1% in 1998, as well as to the tax effect in 1998 of the Diodes-Taiwan earnings distribution.

1998 COMPARED TO 1997

Net sales for 1998 compared to 1997 decreased $5,688,000, or approximately 8.5%. The decrease in net sales was due primarily to industry-wide pricing pressures that offset increased unit sales of approximately 3.3%. The increase in unit sales is comprised of an increase in unit sales in the Far East of approximately 36.9%, offset by a decrease of approximately 3.8% in North America. Also contributing to lower sales in 1998 was the loss of approximately $3.0 million in supplier-specific business due to the previously announced acquisition of a major supplier by a competitor. The Company anticipates that a portion of this supplier-specific business will be recovered as the Diodes-China manufacturing facility develops additional product types.

The decrease in gross profit for 1998 compared to 1997 of $3,325,000, or approximately 17.8%, was due primarily to the 8.5% decrease in net sales. Pricing pressures within the industry resulting from decreased demand and excess on-hand inventory contributed to a decrease in gross margin percentage to 25.1% in 1998 from 27.9% in 1997. Average selling prices in 1998 decreased approximately 11.6%, which represents decreases in average selling prices in the Far East and North America of approximately 24.5% and 9.0%, respectively, compared to 1997. In addition, as the consolidation of electronic component distributors continues, the Company anticipates that a greater portion of its distributor sales will be to larger distributors, usually under agreements resulting in lower gross profit margins.

For 1998, SG&A decreased $121,000, or approximately 1.1%, compared to 1997. The decrease in SG&A was due primarily to a decrease in sales commissions due to the 8.5% decrease in net sales, partly offset by an increase in wages due to additional sales, engineering and customers service personnel. SG&A for 1998, as a percentage of net sales, increased to 18.0% from 16.6% for 1997, primarily due to the 8.5% decrease in net sales.

Net interest expense for 1998 compared to 1997 increased $219,000, or approximately 353.2%, due primarily to an increased use of the Company's credit facility. 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 $3.0 million, including accrued interest, advanced to FabTech. Interest income is primarily the interest charged to FabTech, a related party, under the Company's formal loan agreement, as well as earnings on its cash balances.

Other income for 1998 decreased approximately $150,000 compared to the same period last year, due primarily to currency exchange fluctuation at the Company's subsidiaries in Taiwan and China.

The Company's overall effective federal, state, and foreign tax rate increased to 36.0% in 1998 from 33.9% in 1997. Through December 31, 1997, the Company had undistributed earnings at Diodes-Taiwan for which no deferred income tax liability had been recorded since, at that time, management considered this investment to be permanent, and no plans or intentions existed to distribute the capital of its Taiwan subsidiary. Changes in Taiwan income tax policies in 1998 caused management to reconsider its investment strategies in the fourth quarter of 1998 for current and future earnings at Diodes-Taiwan. While a portion of its investment will remain in Taiwan, a distribution of approximately $4.5 million will be made by Diodes-Taiwan to the Company in 1999. The decision was made, in part, because the changes in Taiwan income tax policies made it less favorable to accumulate earnings at Diodes-Taiwan and, in part, to allow the Company to redirect its financial resources from Diodes-Taiwan to its expansion of the Diodes-China joint venture. Accordingly, deferred income tax liabilities amounting to $512,000 have been recorded. Income tax rates vary among the U.S., Taiwan, and China, therefore, income tax expense may fluctuate depending upon the separate profitability of the three business segments. Tax rates vary from 0% at Diodes-China for the next three years, to rates between 25-35% at Diodes-Taiwan, to 41% in the U.S.

In 1998, the Diodes-China joint venture contributed to the Company's profitability and, therefore, the $14,000 minority interest in joint venture represents the minority investor's 5% share of the joint venture's profit. During the fourth quarter of 1997, through an arrangement in accordance with the original joint venture agreement, the Company increased its controlling interest in Diodes-China from 70% to 95% through the purchase of an additional 25% from the minority investor.

For 1998, the Company generated net income of $2,673,000 (or $0.53 basic earnings per share, $0.50 diluted earnings per share), as compared to $5,125,000 (or $1.03 basic earnings per share, $0.93 diluted earnings per share) for 1997. This 47.8% decrease is due primarily to the 8.5% sales decrease at gross profit margins of 25.1% compared to gross profit margins of 27.9% in 1997, as well as to the tax effect of the Diodes-Taiwan earnings distribution.

FINANCIAL CONDITION

LIQUIDITY AND CAPITAL RESOURCES

Cash provided by operating activities in 1999 was $8.5 million compared to $5.5 million in 1998 and $4.0 million in 1997. The primary sources of cash flows from operating activities in 1999 were net income of $5.7 million and a increase in accounts payable of $5.3 million. The primary use of cash flows from operating activities in 1999 was an increase in accounts receivable of $5.4 million and an increase in inventories of $2.8 million. The primary sources of cash flows from operating activities in 1998 were net income of $2.7 million and a decrease in accounts receivable of $1.8 million. The primary use of cash flows from operating activities in 1998 was a decrease in accounts payable of $1.3 million. In 1997, the primary sources of cash flows from operating activities were net income of $5.1 million and an increase in accounts payable of $966,000, while the primary use was a $3.0 million increase in accounts receivable.

Since December 31, 1998, accounts receivable from customers has increased 64.3% due primarily to a slowing trend in payments from major distributors. The Company does not expect this trend to result in additional bad debt expense. The Company continues to closely monitor its credit policies, while at times providing more flexible terms, primarily to its Asian customers, when necessary. The ratio of the Company's current assets to current liabilities on December 31, 1999 was 1.7 to 1, compared to a ratio of 2.6 to 1 and 2.1 to 1 as of December 31, 1998 and 1997, respectively.

Cash used by investing activities was $9.6 million in 1999, compared to $9.4 million in 1998 and $3.5 million in 1997. The primary investment in all three years was for additional manufacturing equipment at the Diodes-China manufacturing facility.

Cash provided by financing activities was $2.3 million in 1999, compared to $3.9 million in 1998 and $77,000 in 1997. In March 1998, the Company amended an August 1996 loan agreement whereby the Company obtained 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 negotiated margin. Fixed 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 December 31, 1999. The working capital line of credit expires June 30, 2000 and contains a sublimit of $3.0 million for issuance of commercial and stand-by letters of credit. As of December 31, 1999, approximately $6.9 million was outstanding under the term note commitment, and the average interest rate on outstanding borrowings was approximately 6.5%.

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 December 31, 1999, amounts due from FabTech, including accrued interest, were approximately $2.6 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 July 1998, the Company replaced two previously filed guarantees to Diodes-China and the minority investor of the Diodes-China joint venture for $1.0 million and $850,000, respectively, as well as a $1.0 million letter of credit, with a $3.0 million guarantee. The Company is in the process of extending this agreement as well as increasing the borrowing limits

Total working capital decreased approximately 4.4% to $15.9 million as of December 31, 1999, from $16.6 million as of December 31, 1998. The Company believes that such working capital position will be sufficient for growth opportunities.

The Company's debt to equity ratio decreased to 0.29 at December 31, 1999, from 0.32 at December 31, 1998. It is anticipated that this ratio may increase as the Company continues to use its credit facilities to fund additional sourcing opportunities.

As of December 31, 1999, the Company has no material plans or commitments for capital expenditures other than as previously announced 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 internal manufacturing expansion, as well as additional outside 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.

Inflation did not have a material effect on net sales or net income in fiscal years 1999, 1998 or 1997.

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 Annual Report on Form 10-K 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 Annual Report on Form 10-K 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 Annual Report on Form 10-K are made pursuant to the Act.

All forward-looking statements contained in this Annual Report on Form 10-K are subject to, in addition to the other matters described in this Annual Report on Form 10-K, 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 o ability and willingness of the Company's customers to purchase products provided by the Company

o perceived absolute or relative overall value of these products by the purchasers, including the features, quality, and price in comparison to other competitive products

o level of availability of products and substitutes and the ability and willingness of purchasers to acquire new or advanced products

o 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

o amount and rate of growth of the Company's selling, general and administrative expenses

o difficulties in obtaining materials, supplies and equipment

o difficulties or delays in the development, production, testing and marketing of products

o failure to ship new products and technologies when anticipated

o failure of customers to accept these products or technologies when planned

o defects in products

o any failure of economies to develop when planned

o acquisition of fixed assets and other assets, including inventories and receivables

o making or incurring of any expenditures

o effects of and changes in trade, monetary and fiscal policies, laws and regulations

o other activities of governments, agencies and similar organizations

o 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

o ability or inability of the Company to obtain or hedge against foreign currency

o foreign exchange rates and fluctuations in those rates

o intergovernmental disputes

o developments or assertions by or against the Company relating to intellectual property rights

o 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

o changes in compensation benefit plans

o 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

o amount, and the cost of financing which the Company has, and any changes to that financing

o the sale of Vishay's 65% ownership in Vishay/LPSC to LPSC

o any other information detailed from time to time in the Company's filings with the United States Securities and Exchange Commission.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Foreign Currency Risk. The Company faces exposure to adverse movements in foreign currency exchange rates, primarily in Asia. The Company's foreign currency risk may change over time as the level of activity in foreign markets grows and could have an adverse impact upon the Company's financial results. Certain of the Company's assets, including certain bank accounts and accounts receivable, and liabilities exist in non-U.S. dollar denominated currencies, which are sensitive to foreign currency exchange fluctuations. These currencies are principally the Chinese Yuan, the Taiwanese dollar, the Japanese Yen, and the Hong Kong dollar. Because of the relatively small size of each individual currency exposure, the Company does not employ hedging techniques designed to mitigate foreign currency exposures. Therefore, the Company could experience currency gains and losses.

Interest Rate Risk. The Company has a credit agreement with a U.S. financial institution at an interest rate equal to LIBOR plus a negotiated margin. A sharp rise in interest rates could have an adverse impact upon the Company's cost of working capital and its interest expense. The Company does not currently hedge this potential interest rate exposure.

Political Risk. The Company has a significant portion of its assets (70% in 1999 and 53% in 1998) in mainland China and Taiwan. The possibility of political conflict between the two countries or with the United States could have an adverse impact upon the Company's ability to transact business through these important business segments and generate profits.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

See "Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K" for the Company's Consolidated Financial Statements and the notes and schedules thereto filed as part of this Annual Report on Form 10-K.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not Applicable.

PART III

Item 10: Directors and Executive Officers of the Registrant is omitted since the Company intends to file a definitive proxy statement, in connection with its annual meeting of stockholders, with the Securities and Exchange Commission pursuant to Regulation 14A within 120 days after the end of the Company's fiscal year ended December 31, 1999. The information required by those items is set forth in that proxy statement and such information is incorporated by reference in this Form 10-K.

Resignation of Michael A. Rosenberg

Michael A. Rosenberg, the President, Chief Executive Officer and a director of the Company has entered into a Separation Agreement with the Company effective as of March 31, 2000. Pursuant to the Separation Agreement, Mr. Rosenberg has agreed, among other things, to resign as an officer and director of the Company as of March 31, 2000, and to be available to consult with the Company on any matter relating to his former positions with the Company for the 60 day period commencing on such resignation. The Company has agreed, among other things, to pay to Mr. Rosenberg as separation compensation the following amounts: (i) a severance payment in the sum of $200,000; (ii) a bonus in the sum of $265,621; (iii) moving expenses of $20,000; and (iv) reimbursement of legal expenses incurred in connection with the Separation Agreement. Such compensation is in lieu of any other amounts to which Mr. Rosenberg may be entitled, including, but not limited to, salary, bonus, expense reimbursement, and vacation pay. In addition, the Company has agreed that any options to purchase the Company's Common Stock, which are held by Mr. Rosenberg and are fully vested as of March 31, 2000, shall continue in full force and effect in accordance with their terms.

The foregoing summary of the Separation Agreement is qualified in its entirety by reference to the full text of that agreement which is filed as an exhibit to this Annual Report on Form 10-K.

Resignations of Messrs. Conahan, Schaedlich and Spires

On March 27, 2000, Vishay announced that it has agreed to sell its 65% interest in LPSC to the Lite-On Group. LPSC holds approximately 38% of the Company's Common Stock. In connection with said transaction, Eugene R. Conahan, Erich E. Schaedlich and William J. Spires, each of whom is an employee of Vishay, have resigned as directors of the Company effective as of March 27, 2000.

Item 11: Executive Compensation, Item 12: Security Ownership of Certain Beneficial Owners and Management, and Item 13: Certain Relationships and Related Transactions, are omitted since the Company intends to file a definitive proxy statement, in connection with its annual meeting of stockholders, with the Securities and Exchange Commission pursuant to Regulation 14A within 120 days after the end of the Company's fiscal year ended December 31, 1999. The information required by those items is set forth in that proxy statement and such information is incorporated by reference in this Form 10-K.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) FINANCIAL STATEMENTS AND SCHEDULES

Schedule V -- Valuation and Qualifying Account 40

(c) REPORTS ON FORM 8-K

None.

(b) EXHIBITS

See the Index to Exhibits at page 43 of this Annual Report on Form 10-K for exhibits filed or incorporated by reference.

INDEPENDENT AUDITORS' REPORT

Board of Directors and Stockholders
Diodes Incorporated and Subsidiaries

We have audited the accompanying consolidated balance sheet of Diodes Incorporated and Subsidiaries as of December 31, 1999 and 1998 and the related consolidated statements of income, stockholders' equity and cash flows for each of the years in the three year period ended December 31, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Diodes Incorporated and Subsidiaries as of December 31, 1999 and 1998, and the consolidated results of their operations and cash flows for each of the years in the three year period ended December 31, 1999, in conformity with generally accepted accounting principles.

MOSS ADAMS LLP

/s/ Moss Adams LLP
Los Angeles, California
January 28, 2000

DIODES INCORPORATED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

DECEMBER 31,	1998	1999
ASSETS		
CURRENT ASSETS		
Cash	$ 2,415,000	$ 3,557,000
Accounts receivable		
Customers	9,107,000	14,962,000
Related party	125,000	90,000
Other	496,000	300,000
	9,728,000	15,352,000
Allowance for doubtful accounts	110,000	297,000
	9,618,000	15,055,000
Inventories	13,777,000	16,575,000
Deferred income taxes	1,098,000	1,700,000
Prepaid expenses and other current assets	448,000	762,000
Total current assets	27,356,000	37,649,000
PROPERTY, PLANT AND EQUIPMENT, net	13,750,000	20,909,000
ADVANCES TO RELATED PARTY VENDOR	3,024,000	2,561,000
DEFERRED INCOME TAXES	--	146,000
OTHER ASSETS		
Goodwill, net	1,013,000	969,000
Other	246,000	173,000
Total assets	$45,389,000	$62,407,000

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

DIODES INCORPORATED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

DECEMBER 31,	1998	1999
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Line of Credit	$ 812,000	$ 3,237,000
Accounts payable		
Trade	2,991,000	7,716,000
Related party	1,213,000	1,821,000
Accrued liabilities	3,421,000	5,782,000
Income taxes payable	169,000	878,000
Current portion of long-term debt	2,111,000	2,312,000
Total current liabilities	10,717,000	21,746,000
DEFERRED COMPENSATION	56,000	57,000
DEFERRED INCOME TAXES	521,000	--
LONG-TERM DEBT, net of current portion	5,991,000	4,672,000
MINORITY INTEREST IN JOINT VENTURE	644,000	959,000
STOCKHOLDERS' EQUITY		
Class A convertible preferred stock - par value $1 per share; 1,000,000 shares authorized; no shares issued	--	--
Common stock - par value $.66 2/3 per share; 9,000,000 shares authorized; 5,764,352 shares in 1998 and 6,005,521 shares in 1999 issued and outstanding	3,843,000	4,004,000
Additional paid-in capital	6,105,000	7,888,000
Retained earnings	19,294,000	24,863,000
	29,242,000	36,755,000
Less: Treasury stock - 717,115 shares of common stock, at cost	1,782,000	1,782,000
	27,460,000	34,973,000
Total liabilities and stockholders' equity	$45,389,000	$62,407,000

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

DIODES INCORPORATED AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME

YEARS ENDED DECEMBER 31,	1997	1998	1999
NET SALES	$ 67,016,000	$ 61,328,000	$ 79,251,000
COST OF GOODS SOLD	48,289,000	45,926,000	58,303,000
Gross profit	18,727,000	15,402,000	20,948,000
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	11,137,000	11,016,000	13,670,000
Income from operations	7,590,000	4,386,000	7,278,000
OTHER INCOME (EXPENSES)			
Interest income	343,000	304,000	316,000
Interest expense	(405,000)	(585,000)	(608,000)
Other	243,000	93,000	182,000
Income before income taxes and minority interest	7,771,000	4,198,000	7,168,000
INCOME TAX PROVISION	(2,631,000)	(1,511,000)	(1,380,000)
Income before minority interest	5,140,000	2,687,000	5,788,000
MINORITY INTEREST IN JOINT VENTURE	(15,000)	(14,000)	(219,000)
NET INCOME	$ 5,125,000	$ 2,673,000	$ 5,569,000
EARNINGS PER SHARE			
Basic	$ 1.03	$ 0.53	$ 1.10
Diluted	$ 0.93	$ 0.50	$ 1.02
Number of shares used in computation			
Basic	4,970,705	5,029,064	5,083,518
Diluted	5,481,680	5,370,952	5,469,445

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

DIODES INCORPORATED AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

YEARS ENDED DECEMBER 31, 1997, 1998, AND 1999

	Common stock					
	Shares	Shares in Treasury	Amount	Additional paid-in capital	Retained earnings	Common stock in treasury
BALANCE, December 31, 1996	5,675,794	717,115	$ 3,784,000	$ 5,768,000	$ 11,694,000	$ 1,782,000
Increase in ownership of Subsidiary Joint Venture	--	--	--	--	(198,000)	--
Exercise of stock options	25,225	--	17,000	45,000	--	--
Net income for the year ended December 31, 1997	--	--	--	--	5,125,000	--
BALANCE, December 31, 1997	5,701,019	717,115	3,801,000	5,813,000	16,621,000	1,782,000
Exercise of stock options including $78,000 income tax benefit	63,333	--	42,000	292,000	--	--
Net income for the year ended December 31, 1998	--	--	--	--	2,673,000	--
BALANCE, December 31, 1998	5,764,352	717,115	3,843,000	6,105,000	19,294,000	1,782,000
Exercise of stock options including $961,000 income tax benefit	241,169	--	161,000	1,783,000	--	--
Net income for the year ended December 31, 1999	--	--	--	--	5,569,000	--
BALANCE, December 31, 1999	6,005,521	717,115	$ 4,004,000	$ 7,888,000	$ 24,863,000	$ 1,782,000

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

DIODES INCORPORATED AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31,	1997	1998	1999
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 5,125,000	$ 2,673,000	$ 5,569,000
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	1,004,000	1,168,000	2,787,000
Minority interest earnings	15,000	14,000	219,000
Loss (gain) on sale of property, plant and equipment	(3,000)	53,000	45,000
Interest income accrued on advances to vendor	(190,000)	(203,000)	(195,000)
Changes in operating assets and liabilities			
Accounts receivable	(3,021,000)	1,779,000	(5,437,000)
Inventories	(257,000)	(252,000)	(2,798,000)
Prepaid expenses and other assets	(572,000)	278,000	(240,000)
Deferred income taxes	330,000	519,000	(1,269,000)
Accounts payable	966,000	(1,315,000)	5,333,000
Accrued liabilities	(114,000)	1,480,000	2,361,000
Income taxes payable	689,000	(665,000)	1,670,000
Net cash provided by operating activities	3,972,000	5,529,000	8,045,000
CASH FLOWS FROM INVESTING ACTIVITIES			
Collection of advances to related party vendor	--	--	658,000
Investment in joint venture	(2,050,000)	--	--
Purchases of property, plant and equipment	(1,495,000)	(9,793,000)	(9,942,000)
Proceeds from sales of property, plant and equipment	1,000	27,000	1,000
Net cash used by investing activities	(3,544,000)	(9,766,000)	(9,283,000)
CASH FLOWS FROM FINANCING ACTIVITIES			
Advances (repayments) on line of credit, net	1,000,000	(188,000)	2,425,000
Net proceeds from the issuance of common stock	62,000	256,000	983,000
Proceeds from long term debt	--	10,388,000	1,000,000
Repayments of long-term debt	(985,000)	(6,534,000)	(2,124,000)
Minority interest of joint venture investment	--	405,000	96,000
Net cash provided by financing activities	77,000	4,327,000	2,380,000
INCREASE IN CASH	505,000	90,000	1,142,000
CASH, beginning of year	1,820,000	2,325,000	2,415,000
CASH, end of year	$ 2,325,000	$ 2,415,000	$ 3,557,000
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION Cash paid during the year for:			
Interest	$ 405,000	$ 584,000	$ 602,000
Income taxes	$ 1,908,000	$ 1,658,000	$ 1,171,000
Non-Cash Financing Activity:			
Tax benefit related to exercise of stock options credited to paid-in capital	$ --	$ 78,000	$ 961,000

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

DIODES INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS - Diodes Incorporated and its subsidiaries manufacture and distribute discrete semiconductor devices to manufacturers in the automotive, electronics, computing and telecommunications industries. The Company's products include small signal transistors and MOSFETs, transient voltage suppressers (TVSs), zeners, Schottkys, diodes, rectifiers and bridges. The products are sold primarily throughout North America and Asia.

PRINCIPLES OF CONSOLIDATION - The consolidated financial statements include the accounts of the U.S. Corporation, Diodes Incorporated, its wholly-owned subsidiary, Diodes Taiwan Corporation, Ltd. (Diodes-Taiwan) and its majority owned subsidiary Shanghai KaiHong Electronics Co., Ltd. (Diodes - China) (both foreign subsidiaries, Notes 10 and 11). All significant intercompany balances and transactions have been eliminated.

REVENUE RECOGNITION - Revenue is recognized when the product is shipped to both end users and electronic component distributors. The Company reduces revenue in the period of sale for estimates of product returns and other allowances.

PRODUCT WARRANTY - The Company generally warrants its products for a period of one year from the date of sale. Warranty expense historically has not been significant.

INVENTORIES - Inventories are stated at the lower of cost or market value. Cost is determined principally by the first-in, first-out method.

PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment are depreciated using straight-line and accelerated methods over the estimated useful lives, which range from 20 to 55 years for buildings and 1 to 10 years for machinery and equipment. Leasehold improvements are amortized using the straight-line method over 1 to 5 years.

GOODWILL - The excess of the cost of purchased companies over the fair value of the net assets at the dates of acquisition comprises goodwill. Goodwill is amortized using the straight-line method over 25 years. Amortization expense for each of the years ended December 31, 1997, 1998, and 1999 was $44,000. As of December 31, 1998 and 1999, accumulated amortization is $88,000 and $132,000, respectively.

INCOME TAXES - Income taxes are accounted for using an asset and liability approach whereby deferred tax assets and liabilities are recorded for differences in the financial reporting bases and tax bases of the Company's assets and liabilities. Income taxes are further explained in Note 7.

CONCENTRATION OF CREDIT RISK - Financial instruments which potentially subject the Company to concentrations of credit risk include trade accounts receivable. Credit risk is limited by the dispersion of the Company's customers over various geographic areas, operating primarily in the electronics manufacturing and distribution industries. The Company performs on-going credit evaluations of its customers and generally requires no collateral from its customers. Historically, credit losses have not been significant.

DIODES INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

CONCENTRATIONS OF CREDIT RISK (CONTINUED) - The Company maintain cash balances at major financial institutions in the United States, Taiwan, and China. Accounts at each institution in the United States are insured by the Federal Deposit Insurance Corporation up to $100,000. Accounts at each institution in Taiwan are insured by the Central Deposit Insurance Company up to NT$1,000,000 (approximately US$30,000 as of December 31, 1999).

FOREIGN OPERATIONS - Through its subsidiaries the Company maintains operations in Taiwan and China for which the functional currency is the U.S. dollar. Assets and liabilities of its foreign operations which are denominated in currency other than the U.S. dollar are not hedged and therefore are subject to fluctuations in the currency exchange rate between the U.S. dollar and foreign currencies (NT dollar and Renminbi Yuan). Monetary assets and liabilities denominated in foreign currencies are translated at the year-end exchange rate. Included in net income are foreign currency exchange gains (losses) of approximately $297,000, $111,000 and $(3,000) for the years ended December 31, 1997, 1998 and 1999, respectively.

EARNINGS PER SHARE - Earnings per share are based upon the weighted average number of shares of common stock and common stock equivalents outstanding, net of common stock held in treasury.

USE OF ESTIMATES - The preparation of financial statements in conformity with generally accepted accounting principles requires that management make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

STOCK-BASED COMPENSATION - As permitted by SFAS 123, Accounting for Stock-Based Compensation, the Company continues to apply APB Opinion No. 25 (APB 25) and related interpretations in accounting for its stock option plans. Under SFAS 123, a fair value method is used to determine compensation cost for stock options or similar equity instruments. Compensation is measured at the grant date and is recognized over the service or vesting period. Under APB 25, compensation cost is the excess, if any, of the quoted market price of the stock at the measurement date over the amount that must be paid to acquire the stock. The new standard requires disclosure of the proforma effect on income, as if the Company had adopted SFAS 123, which is disclosed in Note 8.

DIODES INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS - During 1999, the Financial Accounting Standards Board (FASB) issued Statements of Financial Accounting Standard No. 135 ("Rescission of FASB Statement No. 75 and Technical Corrections"), No. 136 ("Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others") and No. 137 ("Accounting for Derivative Instruments and Hedging Activities--Deferral of the Effective Date of Financial Accounting Standard Statement No. 133--an amendment of Financial Accounting Standard Statement No. 133") which are effective for years after 1999. Management believes these pronouncements will not have a material effect on the Company's financial statements or disclosures.

RECLASSIFICATIONS - Certain 1998 and 1997 amounts as well as unaudited quarterly financial data presented in the accompanying financial statements have been reclassified to conform with 1999 financial statement presentation.

NOTE 2 - INVENTORIES

	1998	1999
Finished goods	$12,968,000	$10,176,000
Work-in-progress	259,000	886,000
Raw materials	550,000	5,513,000
	$13,777,000	$16,575,000

NOTE 3 - PROPERTY, PLANT AND EQUIPMENT

	1998	1999
Buildings	$ 1,238,000	$ 1,539,000
Leasehold improvements	224,000	3,026,000
Machinery and equipment	15,289,000	21,737,000
	16,751,000	26,302,000
Less accumulated depreciation and amortization	(3,324,000)	(5,716,000)
	13,427,000	20,586,000
Land	323,000	323,000
	$ 13,750,000	$ 20,909,000

DIODES INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 - BANK CREDIT AGREEMENT AND LONG-TERM DEBT

The Company has a $23.1 million credit agreement with a major bank providing a working capital line of credit up to $9 million, term commitment notes up to $10 million for plant expansion and advances to vendors, and letters of credit of $4.1 million for Diodes-China operations. Interest on outstanding borrowings under the complete credit agreement is payable monthly at LIBOR plus a negotiated margin. Fixed borrowings require fixed principal plus interest payments for sixty months thereafter. The agreement has certain covenants and restrictions which, among other matters, requires the maintenance of certain financial ratios and operating results, as defined in the agreement. The Company was in compliance with the covenants as of December 31, 1999.

The working capital line of credit expires June 30, 2000. The line contains a sublimit of $3 million for issuance of commercial and stand-by letters of credit. During 1999, average and maximum borrowings outstanding on the line of credit were $786,000, and $3,900,000, respectively. The weighted average interest rate on outstanding borrowings was 7.4% for the year ended December 31, 1999.

Long-term debt as of December 31 is comprised of the following:

	1998	1999
Loan payable to bank secured by buildings and land, monthly principal payments of NT$84,000 (approximately $3,000 U.S.) plus interest at 7% per annum through November 2003	$ 144,000	$ 116,000
Loan payable to bank secured by substantially all assets, due in aggregate monthly principal payments of $190,000 plus interest at LIBOR plus 1.1% through January 2004	7,958,000	6,868,000
	8,102,000	6,984,000
Current portion	2,111,000	2,312,000
	$5,991,000	$4,672,000

DIODES INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 - BANK CREDIT AGREEMENT AND LONG-TERM DEBT (Continued)

The aggregate maturities of long-term debt for future years ending December 31 are:

2000	$2,312,000
2001	2,312,000
2002	1,479,000
2003	833,000
2004	48,000
	$6,984,000

NOTE 5 - ACCRUED LIABILITIES

	1998	1999
Employee compensation and payroll taxes	$ 780,000	$1,552,000
Sales commissions	313,000	553,000
Refunds to product distributors	424,000	347,000
Other	96,000	1,824,000
Equipment purchases	1,808,000	1,506,000
	$3,421,000	$5,782,000

NOTE 6 - VALUATION OF FINANCIAL INSTRUMENTS

The Company's financial instruments include cash, accounts receivable, accounts payable, working capital line of credit, and long term debt. The Company does not hold or issue derivative financial instruments and estimates the carrying amounts of all financial instruments described above to approximate fair value based upon current market conditions, maturity dates, and other factors.

NOTE 7 - INCOME TAXES

The components of the income tax provisions are as follows:

	1997	1998	1999
Current tax provision (benefit)			
Federal	$ 1,268,000	$ (82,000)	$ 804,000
Foreign	1,252,000	1,089,000	1,845,000
State	330,000	(15,000)	--
	2,850,000	992,000	2,649,000
Deferred tax provision (benefit)	(219,000)	519,000	(1,269,000)
	$ 2,631,000	$ 1,511,000	$ 1,380,000

DIODES INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7 - INCOME TAXES (CONTINUED)

A reconciliation between the effective tax rate and the statutory tax rates for the years ended December 31, 1997, 1998 and 1999 are as follows:

	1997		1998		1999	
	Amount	Percent of pretax earnings	Amount	Percent of pretax earnings	Amount	Percent of pretax earnings
Federal tax	$ 2,637,000	34.0%	$ 1,422,000	34.0%	$ 2,363,000	34.0%
State franchise tax, net of federal benefit	453,000	5.8	242,000	5.8	403,000	5.8
Foreign income taxed at lower rates	(428,000)	(5.5)	(145,000)	(3.5)	(1,416,000)	(20.4)
Other	(31,000)	(.4)	(8,000)	(.2)	30,000	.4
Income tax provision	$ 2,631,000	33.9%	$ 1,511,000	36.1%	$ 1,380,000	19.8%

Under current tax policy in China, the earnings of Diodes-China, the Company's subsidiary located in Shanghai, China, were not subject to taxation in 1999. Tax rates for Diodes-China in future years, under current tax policy, in 2000, 2001 through 2003, and thereafter is expected to be 0%, 13.5%, and 27%, respectively.

At December 31, 1998 and 1999, the Company's deferred tax assets and liabilities are comprised of the following items:

	1998	1999
DEFERRED TAX ASSETS, CURRENT		
Inventory cost	$ 769,000	$1,008,000
Accrued expenses and accounts receivable	83,000	325,000
Net operating loss carryforwards and other	246,000	367,000
	$1,098,000	$1,700,000
DEFERRED TAX ASSETS, NON-CURRENT		
Plant and equipment	$ --	$ 146,000
DEFERRED TAX LIABILITIES, NON-CURRENT		
Undistributed foreign earnings	$ 521,000	$ --

Under Federal tax law, foreign earnings are taxed when funds are distributed by foreign subsidiaries to the parent Company. A temporary difference between financial and tax reporting exists for profits earned at the foreign subsidiary level not distributed to the parent. As of December 31, 1998, a long-term deferred tax liability of $521,000 was reflected in the balance sheet for a dividend of approximately $4.5 million expected to be issued from Diodes-Taiwan to its parent Company. During 1999, Diodes-Taiwan distributed a dividend of approximately $1.5 million, which is included in taxable income in the U.S. for 1999. A liability of approximately $340,000, which is recorded as income tax payable, represents the estimated tax effect of the remaining undistributed earnings from Taiwan that are expected to be distributed to the parent Company in 2000.

NOTE 7 - INCOME TAXES (CONTINUED)

The Company has not established a deferred tax liability for the remaining undistributed earnings of approximately $5 million of this subsidiary since the Company views this amount as a permanent investment and has no current plans, intentions or obligation to distribute all or part of that amount from Taiwan to the United States. Should these earnings ultimately be distributed, the Company believes the net tax effect in the U.S. would not be significant since credits for foreign income taxes paid on those earnings would be available to offset all or substantially all U.S. taxes.

The R.O.C. taxing authorities assessed Diodes-Taiwan approximately $370,000 in 1997 related to an examination of tax returns through 1995. This assessment pertained specifically to a tax on excessive accumulated earnings through 1995. Diodes-Taiwan has paid or accrued all taxes which it believes are due as a result of accumulated earnings.

As of December 31, 1999, accumulated and undistributed earnings of Diodes-China is approximately $4.2 million. The Company has not recorded a deferred tax liability (estimated to be $1.6 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.

NOTE 8 - STOCK OPTION PLANS

The Company has stock option plans for directors, officers, and employees, which provide for non-qualified and incentive stock options. The Board of Directors determines the option price (not to be less than fair market value for the incentive options) at the date of grant. The options generally expire ten years from the date of grant and are exercisable over the period stated in each option. At December 31, 1999, options for 747,338 shares were vested and exercisable and 559,000 shares were available for future grants under the plans.

DIODES INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8 - STOCK OPTION PLANS (CONTINUED)

	Outstanding Options		
		Exercise Price Per Share	
	Number	Range	Weighted Average
Balance, December 31, 1996	1,026,392	$.875-$11.25	$ 5.09
Granted	--	--	--
Exercised	(25,225)	1.88-6.00	2.43
Canceled	(10,000)	6.00	6.00
Balance, December 31, 1997	991,167	.875-11.25	5.15
Granted	400,000	5.00-10.00	7.51
Exercised	(63,333)	1.88-6.00	4.05
Canceled	(46,667)	6.00	6.00
Balance, December 31, 1998	1,281,167	.875-11.25	5.91
Granted	117,000	6.75-12.75	7.51
Exercised	(241,169)	.875-6.00	4.07
Canceled	(49,333)	5.00-10.00	7.18
Balance, December 31, 1999	1,107,665	$1.875-$12.75	$ 6.42

The Company also has an incentive bonus plan which reserves shares of stock for issuance to key employees. As of December 31, 1999, 124,000 shares remain available for issuance under this plan.

Had compensation cost for the Company's 1997, 1998, and 1999 options granted been determined consistent with SFAS 123, the Company's net income and diluted earnings per share would approximate the proforma amounts below:

	As Reported	Pro Forma
1997 Net income	$ 5,125,000	$ 4,478,000
Diluted earnings per share	$ .93	$ .82
1998 Net income	$ 2,673,000	$ 1,719,000
Diluted earnings per share	$ .50	$ .32
1999 Net income	$ 5,569,000	$ 4,309,000
Diluted earnings per share	$ 1.02	$ .79

DIODES INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9 - MAJOR SUPPLIERS

The Company purchases a significant amount of its inventory from two suppliers, one of which is a related party (Note 10). During 1997, 1998, and 1999, purchases from these suppliers amounted to approximately 49%, 43%, and 26%, respectively, of total inventory purchases including 32%, 25% and 18%, respectively, from the related party. There is a limited number of suppliers for these materials.

NOTE 10 - RELATED PARTY TRANSACTIONS

LITE-ON POWER SEMICONDUCTOR CORPORATION - 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"), a 39% shareholder of the Company and a member of the Lite-On Group of the Republic of China. The Vishay/LPSC joint venture includes the worldwide discrete power semiconductor business of LPSC and the Asian passive component business of Vishay. Vishay holds a 65% controlling interest in the joint venture, and the Lite-On Group holds the remaining 35%. The Company's subsidiaries buy product from and sell product to Vishay/LPSC. Transactions with Vishay/LPSC and LPSC for the years ended December 31 and outstanding balances as of December 31 are as follows:

	1997	1998	1999
NET SALES	$ 2,224,000	$ 905,000	$ 1,064,000
PURCHASES	$15,630,000	$12,320,000	$10,844,000
ACCOUNTS RECEIVABLE	$ 213,000	$ 126,000	$ 90,000
ACCOUNTS PAYABLE	$ 952,000	$ 902,000	$ 1,680,000

DIODES-CHINA- The Company owns 95% of the outstanding capital stock of Diodes-China, which produces small-signal diodes and transistors. To date, Diodes-China's sales have been primarily to the Company. Diodes-China expects to expand its selling markets to unrelated customers as production capacity is increased. The Company initially owned 70% of Diodes-China. In 1997 the Company purchased an additional 25% from its minority-interest partner for $2,151,000. The $1,101,000 excess of the purchase price over the fair value of the net assets acquired was recorded as goodwill. The assets of Diodes-China at the date of this acquisition consisted primarily of plant and equipment.

Diodes-China purchases some of its inventory from a company owned by its 5% minority shareholder. As of December 31, 1999 approximately $96,000 was payable to the supplier.

NOTE 10 - RELATED PARTY TRANSACTIONS (CONTINUED)

FABTECH INCORPORATED - Under a compensation-trade agreement, the Company provided advances to a related party vendor, FabTech Incorporated, a wholly owned subsidiary of LPSC. Interest accrues monthly at LIBOR plus 1.1%. Outstanding principal and accrued interest as of December 31, 1999 total $2,561,000. Amounts advanced, including interest, are payable through February 2001 when any outstanding balances become due on demand, and are secured by FabTech's accounts receivables. The compensation-trade agreement allows the Company to recover interest and principal due by deducting $10 per wafer purchased from the vendor. The vendor may also repay its debt in cash. During 1999, the Company collected cash of $600,000 on the note.

NOTE 11 - 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 and Chief Executive Officer, 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.

The Company's reportable operating segments include Diodes Incorporated, located in the United States; Diodes-Taiwan located in Taipei, Taiwan; and Diodes-China located in Shanghai, China. Diodes Incorporated markets discrete semiconductor devices to manufacturers and distributors in North America. Diodes-Taiwan manufactures discrete semiconductor devices and markets and sells discrete semiconductor devices throughout Asia and to Diodes Incorporated. Diodes-China manufacturers discrete semiconductor devices primarily, to date, for sale to Diodes Incorporated and Diodes-Taiwan.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. 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.

DIODES INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	Diodes-China (China)	Diodes-Taiwan (Taiwan)	Diodes Incorporated (United States)	Consolidated Segments
1999				
Total sales	$ 13,250,000	$ 45,682,000	$ 47,688,000	$ 106,620,000
Intersegment sales	(9,861,000)	(14,042,000)	(3,466,000)	(27,369,000)
Net sales	$ 3,389,000	$ 31,640,000	$ 44,222,000	$ 79,251,000
Depreciation and amortization	$ 2,320,000	$ 128,000	$ 339,000	$ 2,787,000
Interest expense	$ 27,000	$ 9,000	$ 572,000	$ 608,000
Income tax provision (benefit)	$ --	$ 1,857,000	$ (477,000)	$ 1,380,000
Net income (loss)	$ 4,166,000	$ 3,115,000	$ (1,712,000)	$ 5,569,000
Segment assets	$ 19,016,000	$ 16,808,000	$ 26,583,000	$ 62,407,000
Expenditures for property	$ 8,686,000	$ 752,000	$ 504,000	$ 9,942,000
1998				
Total sales	$ 3,773,000	$ 27,029,000	$ 45,600,000	$ 76,402,000
Intersegment sales	(3,493,000)	(10,423,000)	(2,225,000)	(16,141,000)
Net sales	$ 280,000	$ 16,606,000	$ 43,375,000	$ 60,261,000
Depreciation and amortization	$ 799,000	$ 50,000	$ 319,000	$ 1,168,000
Interest expense	$ 62,000	$ 11,000	$ 512,000	$ 585,000
Income tax provision	$ --	$ 912,000	$ 599,000	$ 1,511,000
Net income (loss)	$ 273,000	$ 2,786,000	$ (386,000)	$ 2,673,000
Segment assets	$ 13,880,000	$ 10,315,000	$ 21,194,000	$ 45,389,000
Expenditures for property	$ 9,647,000	$ 11,000	$ 135,000	$ 9,793,000
1997				
Total sales	$ 5,129,000	$ 28,804,000	$ 50,493,000	$ 84,426,000
Intersegment sales	(4,850,000)	(12,715,000)	(1,162,000)	(18,727,000)
Net sales	$ 279,000	$ 16,089,000	$ 49,331,000	$ 65,699,000
Depreciation and amortization	$ 589,000	$ 64,000	$ 351,000	$ 1,004,000
Interest expense	$ 66,000	$ 18,000	$ 321,000	$ 405,000
Income tax provision	$ --	$ 1,252,000	$ 1,379,000	$ 2,631,000
Net income	$ 290,000	$ 2,659,000	$ 2,176,000	$ 5,125,000
Segment assets	$ 6,925,000	$ 7,157,000	$ 24,272,000	$ 38,354,000
Expenditures for property	$ 1,117,000	$ 18,000	$ 360,000	$ 1,495,000

NOTE 12 - COMMITMENTS

The Company leases its main office and warehouse under an operating lease agreement which expires in December 2004 . The Company may at its option, extend the lease for a five year term upon termination. Rent expense amounted to approximately $162,000, $269,000, and $327,000, for the years ended December 31, 1997, 1998 and 1999, respectively.

Future minimum lease payments under non-cancelable operating leases for years ending December 31 are:

2000	$ 328,000
2001	311,000
2002	320,000
2003	330,000
2004	340,000
Thereafter	-
	$ 1,629,000

NOTE 13 - EMPLOYEE BENEFIT PLAN

The Company maintains a 401(k) profit sharing plan (the Plan) for the benefit of qualified employees. Employees who participate may elect to make salary deferral contributions to the Plan up to 6% of the employees' eligible payroll. The Company makes a contribution of $1 for every $2 contributed by the participant. In addition, the Company may make a discretionary contribution to the entire qualified employee pool, in accordance with the Plan. For the years ended December 31, 1997, 1998, and 1999, the Company's total contribution to the Plan was approximately $110,000 $161,000, and $204,000, respectively.

NOTE 14 - SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

	Quarter Ended			
	March 31	June 30	Sept. 30	Dec. 31
FISCAL 1999				
Net sales	$16,032,000	$18,229,000	$21,750,000	$23,240,000
Gross profit	3,910,000	4,429,000	5,888,000	6,721,000
Net income	690,000	825,000	1,684,000	2,370,000
Basic earnings per share	.14	.16	.33	.46
Diluted earnings per share	.13	.16	.31	.41

DIODES INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 14 - SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED) (Continued)

	Quarter Ended			
	March 31	June 30	Sept. 30	Dec. 31
FISCAL 1998				
Net sales	$16,946,000	$14,500,000	$14,963,000	$14,916,000
Gross profit	4,493,000	3,724,000	3,717,000	3,467,000
Net income	1,186,000	521,000	554,000	412,000
Basic earnings per share	.24	.10	.11	.08
Diluted earnings per share	.22	.10	.11	.08

REPORT OF INDEPENDENT ACCOUNTANTS ON FINANCIAL STATEMENT SCHEDULE

To the Board of Directors and Stockholders
Diodes Incorporated and Subsidiaries

Our audits of the consolidated financial statements of Diodes Incorporated and Subsidiaries referred to in our report dated January 28, 2000 appearing in item 8 in this Annual Report on Form 10-K also included an audit of the financial statement schedule listed in item 14(a) of this Form 10-K. In our opinion, this financial statement schedule presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

MOSS ADAMS LLP

/s/ Moss Adams LLP
Los Angeles, California
January 28, 2000

DIODES INCORPORATED

SCHEDULE V - VALUATION AND QUALIFYING ACCOUNTS

COL A	COL B	COL C	COL D	COL E
Description	Balance at beginning of period	Additions charged to costs & expenses	Deductions	Balance at end of period
Year ended December 31, 1997 - Allowance for doubtful accounts	$ 253,000	$ 76,000	$(255,000)	$ 74,000
Year ended December 31, 1998 - Allowance for doubtful accounts	$ 74,000	$ 36,000	$ --	$ 110,000
Year ended December 31, 1999 - Allowance for doubtful accounts	$ 110,000	$ 187,000	$ --	$ 297,000

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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)

/s/ Michael A. Rosenberg - --------------------------------- MICHAEL A. ROSENBERG President & Chief Executive Officer (Principal Executive Officer)	March 28, 2000
/s/ Carl Wertz - --------------------------------- CARL WERTZ Chief Financial Officer, Treasurer, and Secretary (Principal Financial and Accounting Officer)	March 28, 2000

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the Registrant, and in the capacities indicated, on March 28, 2000.

/s/ Raymond Soong - --------------------------------- RAYMOND SOONG Chairman of the Board of Directors	/s/ Michael A. Rosenberg --------------------------------- MICHAEL A. ROSENBERG Director
/s/ David Lin - --------------------------------- DAVID LIN Director	/s/ Michael R. Giordano --------------------------------- MICHAEL R. GIORDANO Director
/s/ Shing Mao - --------------------------------- SHING MAO Director	/s/ M.K. Lu --------------------------------- M.K. LU Director
/s/ Leonard M. Silverman - --------------------------------- LEONARD M. SILVERMAN Director	

INDEX TO EXHIBITS

NUMBER	DESCRIPTION	SEQUENTIAL PAGE NUMBER
3.1	Certificate of Incorporation of Diodes Incorporated (the "Company") dated July 29, 1968 (1)	
3.2	Amended By-laws of the Company dated August 14, 1987 (2)	
10.1	Stock Purchase and Termination of Joint Shareholder Agreement (3)	
10.2	1994 Credit Facility Agreement between the Company and Wells Fargo Bank, National Association (4)	
10.3 *	Company's 401(k) Plan - Adoption Agreement (5)	
10.4 *	Company's 401(k) Plan - Basic Plan Documentation #03 (5)	
10.5 *	Employment Agreement between the Company and Pedro Morillas (6)	
10.6 *	Company's Incentive Bonus Plan (7)	
10.7 *	Company's 1982 Incentive Stock Option Plan (7)	
10.8 *	Company's 1984 Non-Qualified Stock Option Plan (7)	
10.9 *	Company's 1993 Non-Qualified Stock Option Plan (7)	
10.10 *	Company's 1993 Incentive Stock Option Plan (5)	
10.11	$6.0 Million Revolving Line of Credit Note (8)	
10.12	Credit Agreement between Wells Fargo Bank and the Company dated November 1, 1995 (8)	
10.13	KaiHong Compensation Trade Agreement for SOT-23 Product (9)	
10.14	KaiHong Compensation Trade Agreement for MELF Product (10)	
10.15	Lite-On Power Semiconductor Corporation Distributorship Agreement (11)	
10.16	Loan Agreement between the Company and FabTech Incorporated (12)	
10.17	KaiHong Joint Venture Agreement between the Company and Mrs. J.H. Xing (12)	
10.18	Quality Assurance Consulting Agreement between LPSC and Shanghai KaiHong Electronics Company, Ltd. (13)	
10.19	Loan Agreement between the Company and Union Bank of California, N.A. (13)	
10.20	First Amendment to Loan Agreement between the Company and Union Bank of California, N.A. (14)	
10.21	Guaranty Agreement between the Company and Shanghai KaiHong Electronics Co., Ltd. (14)	
10.22	Guaranty Agreement between the Company and Xing International, Inc. (14)	
10.23	Fifth Amendment to Loan Agreement (15)	
10.24	Term Loan B Facility Note (15)	
10.25	Bank Guaranty for Shanghai KaiHong Electronics Co., LTD (16)	
10.26	Consulting Agreement between the Company and J.Y. Xing (17)	
10.27	Software License Agreement between the Company and Intelic Software Solutions, Inc. (18)	
10.28	Diodes-Taiwan Relationship Agreement for FabTech Wafer Sales (19)	
10.29	Separation Agreement between the Company and Michael A. Rosenberg	
11	Statement regarding Computation of Per Share Earnings	
21	Subsidiaries of the Registrant	
23.1	Consent of Independent Public Accountants	
27	Financial Data Schedule	

(1) Previously filed as Exhibit 3 to Form 10-K filed with the Commission for fiscal year ended April 30, 1981, which is hereby incorporated by reference.

(2) Previously filed as Exhibit 3 to Form 10-K filed with the Commission for fiscal year ended April 30, 1988, which is hereby incorporated by reference.

(3) Previously filed with the Company's Form 8-K, filed with the Commission on July 1, 1994, which is hereby incorporated by reference.

(4) Previously filed as Exhibit 10.4 to Form 10-KSB/A filed with the Commission for fiscal year ended December 31, 1993, which is hereby incorporated by reference.

(5) Previously filed with Company's Form 10-K, filed with the Commission on March 31, 1995, which is hereby incorporated by reference.

(6) Previously filed as Exhibit 10.6 to Form 10-KSB filed with the Commission on August 2, 1994, for the fiscal year ended December 31, 1993, which is hereby incorporated by reference.

(7) Previously filed with Company's Form S-8, filed with the Commission on May 9, 1994, which is hereby incorporated by reference.

(8) Previously filed with Company's Form 10-Q, filed with the Commission on November 14, 1995, which is hereby incorporated by reference.

(9) Previously filed as Exhibit 10.2 to Form 10-Q/A, filed with the Commission on October 27, 1995, which is hereby incorporated by reference.

(10) Previously filed as Exhibit 10.3 to Form 10-Q/A, filed with the Commission on October 27, 1995, which is hereby incorporated by reference.

(11) Previously filed as Exhibit 10.4 to Form 10-Q, filed with the Commission on July 27, 1995, which is hereby incorporated by reference.

(12) Previously filed with Company's Form 10-K, filed with the Commission on April 1, 1996, which is hereby incorporated by reference.

(13) Previously filed with Company's Form 10-Q, filed with the Commission on May 15, 1996, which is hereby incorporated by reference.

(14) Previously filed with Company's Form 10-K, filed with the Commission on March 26, 1997, which is hereby incorporated by reference.

(15) Previously filed with Company's Form 10-Q, filed with the Commission on May 11, 1998, which is hereby incorporated by reference.

(16) Previously filed with Company's Form 10-Q, filed with the Commission on August 11, 1998, which is hereby incorporated by reference.

(17) Previously filed with Company's Form 10-Q, filed with the Commission on November 11, 1998, which is hereby incorporated by reference.

(18) Previously filed with Company's Form 10-K, filed with the Commission on March 26, 1999, which is hereby incorporated by reference.

(19) Previously filed with Company's Form 10-Q, filed with the Commission on August 10, 1999, which is hereby incorporated by reference.

* Constitute management contract, compensatory plans and arrangements which are required to be filed pursuant to Item 601 of Regulation S-K.

EXHIBIT 10.29

SEPARATION AGREEMENT

THIS SEPARATION AGREEMENT (the "Agreement"), which shall be effective as of March 31, 2000, by and between DIODES INCORPORATED, 3050 East Hillcrest Drive, Suite 200, Westlake Village, California 91362 ("DIODES"), and MICHAEL ROSENBERG, c/o David Rosenberg, 4924 Kilburn Court, Agoura Hills, California 91301 ("ROSENBERG"), is made with reference to the following facts:

A. Beginning in 1989, ROSENBERG became a member of the Board of Directors of DIODES.

B. On October 1, 1997, ROSENBERG became the President and Chief Executive Officer of DIODES.

C. On or about October 25, 1999, ROSENBERG proposed the terms of an Employment Agreement between DIODES and ROSENBERG (the "Proposed Employment Agreement").

D. A dispute has arisen between DIODES and ROSENBERG regarding the terms and conditions of the Proposed Employment Agreement, ROSENBERG's compensation and continued employment with DIODES.

E. The parties are desirous of entering into this Agreement for the purposes of resolving all compensation and other issues between them.

NOW, THEREFORE, it is hereby agreed as follows:

1. Termination Date.

Effective March 31, 2000, ROSENBERG resigns his position as President, Chief Executive Officer, and Director of DIODES. ROSENBERG acknowledges that as of March 31, 2000 (with the exception of the consulting requirements set forth in Paragraph 8, below), all of his duties and involvement with DIODES shall cease.

2. Separation Compensation.

Upon execution of this Agreement, ROSENBERG shall receive the following ("Separation Compensation"):

(a) Any salary, group insurance, per diem or expense reimbursement due and owing up through March 31, 2000;

(b) A severance payment in the sum of Two Hundred Thousand Dollars ($200,000.00);

(c) A bonus in the sum of Two Hundred Sixty-Five Thousand Six Hundred Twenty-

One Dollars ($265,621.00);

(d) Moving expenses of Twenty Thousand Dollars ($20,000.00); and

(e) Reimbursement of ROSENBERG's legal expenses incurred in connection with the negotiations surrounding the Proposed Employment Agreement and the negotiation of this Agreement in the sum of Seven Thousand Five Hundred Dollars ($7,500.00).

All of the Separation Compensation (items (a) through (e), above) shall be wire transferred by DIODES to a bank account designated by ROSENBERG on March 31, 2000. ROSENBERG acknowledges that the Separation Compensation paid under this Agreement is in lieu of any and all other compensation or amounts to which he may be entitled, including, but not limited to, salary, bonus, expense reimbursement, and vacation pay.

3. Stock Options.

Any and all options to purchase DIODES' stock, which are held by ROSENBERG as of March 31, 2000, and which have been fully vested, shall continue in full force and effect in accordance with their terms. Any and all stock options for DIODES' stock which are not fully vested as of March 31, 2000, shall terminate upon the execution of this Agreement and ROSENBERG shall have no further rights to those options or any further DIODES' stock options. The parties acknowledge that as of the date of this Agreement, ROSENBERG has the option to acquire thirty thousand (30,000) shares of DIODES' stock at an exercise price of Six Dollars ($6.00) per share. These options are fully vested and shall be unaffected by this Agreement.

4. Indemnification.

Pursuant to Article IV of the Bylaws of DIODES, DIODES shall indemnify and hold ROSENBERG harmless from any claim, liability, or damages arising out of actions taken by ROSENBERG in the course and scope of his duties as an officer and director of DIODES. The extent of this indemnification shall be coextensive with the provisions of Article IV of the Bylaws. DIODES shall use reasonable commercially efforts to keep in full force and effect its directors and officers liability insurance.

5. Minutes of the Board of Directors.

ROSENBERG acknowledges that he has carefully reviewed and hereby agrees, as a condition precedent to the effectiveness of this Agreement, that the minutes of the Board of Directors for the meetings which were held on, August 4, 1999, November 3, 1999, and March 20, 2000, and any and all other minutes of the Board of

Directors during the 1999 calendar year, are true, correct, and accurate.

6. DIODES 10K Disclosure Statement.

ROSENBERG represents and warrants, to the best of his knowledge, that the DIODES' Annual Report on Form 10-K for fiscal year 1999, which he signed as President of DIODES on March 30, 2000, is true and does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading. ROSENBERG further acknowledges that he is not in disagreement with DIODES on any matter relating to DIODES' operations, policies, or practices.

7. Employment Agreement.

ROSENBERG acknowledges that the Proposed Employment Agreement was never accepted by or binding upon DIODES and, as a result, has no effectiveness. ROSENBERG hereby waives any and all rights which he may have against DIODES under the Proposed Employment Agreement. ROSENBERG acknowledges that his employment with DIODES was, at all times, "at will."

8. Consulting Period.

ROSENBERG shall, for a period of sixty (60) days after the Effective Date of this Agreement, be available to consult with DIODES on any matter relating to his former positions with DIODES. Such consultation shall take place upon the request of any acting or permanent officer or director of DIODES. During this sixty (60) day period, DIODES shall have wide discretion in requesting consulting services from ROSENBERG. In return, ROSENBERG shall be reimbursed (in accordance with his current arrangement with DIODES) for travel, lodging, and use of a company automobile, continuation of coverage of ROSENBERG and his wife under DIODES' group health insurance, and a per diem of One Hundred Thirty-Nine Dollars ($139.00) for each day his consulting services are requested by DIODES during the consulting period.

9. Confidentiality.

ROSENBERG acknowledges that throughout his business relationship with DIODES, he has come into possession of certain confidential, trade secret, and/or proprietary information which belongs to DIODES (hereinafter the "Confidential Information"). The Confidential Information includes (but is not limited to): (i) manufacturing processes; (ii) trade secrets, know-how and inventions; (iii) technical specifications and information; (iv) production techniques, processes and plans; (v) research and development projects (including ideas for publication and other intellectual property); (vi) names, addresses, and records of customers, vendors, distributors, end-users, and sales representatives; (vii) research, formulation, formulas, and testing; (viii) pricing policies; (ix) sales/marketing plans; and (x) business and financial data information and records. ROSENBERG, with the intent of binding himself, his spouse, successors and assigns, agrees that he shall not, at any time use or disclose any of the Confidential Information. ROSENBERG shall not divulge the Confidential Information to any third party including, but not limited to, DIODES' competitors. All Confidential Information shall be and remain the sole and exclusive property of DIODES.

10. Exceptions to Confidentiality

The obligation of confidentiality set forth herein shall not apply to any information (including the names of customers) which (a) is commonly known throughout the semiconductor industry; (b) has become generally available to the public other than by ROSENBERG'S breach of this Agreement, (c) is learned from a third party who is entitled to disclose such information; or (d) is already known to a party at the time the information is revealed.

11. Injunctive Relief.

ROSENBERG acknowledges that any breach or threatened breach of the provisions of Paragraph 9 of this Agreement would cause irreparable injury which could not be adequately compensable in monetary damages and that the remedy at law for such breach will be entirely insufficient and inadequate to protect DIODES' legitimate interests. Therefore, ROSENBERG agrees that DIODES shall, at any and all times, be fully entitled to seek and obtain immediate temporary, preliminary and permanent injunctive relief for any breach of any provision of this Agreement, in addition to any and all other relief, damages, and/or remedies available at law or in equity.

12. Company Property.

Upon the execution of this Agreement, ROSENBERG shall return to DIODES all company property (including Confidential Information) in whatever form (tangible or electronic), in his possession, except such property necessary to perform the consulting services, if requested, pursuant to Paragraph 8 of this Agreement. Any such Company property will be returned by ROSENBERG at the conclusion of the consulting services.

13. Release.

With the exception of the executory provisions hereof, for good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, ROSENBERG, with the intent of binding himself, his spouse, heirs, executors, administrators, agents, employees, successors and assigns, hereby forever releases and discharges DIODES, its representatives, employees, agents, attorneys, directors, officers, subsidiaries, affiliates, successors, and assigns from any and all claims, demands, damages, debts, liabilities, accounts, causes of action, of every kind and nature whatsoever, whether known or unknown, suspected or unsuspected, which he may now have or at any time heretofore ever had or will have at any time in the future regarding ROSENBERG's employment and business relationship with DIODES, the termination thereof and all prior business relations between the parties whether based upon contract (express or implied) negligence, intentional or reckless act, or any other liability, matter, cause, thing, representation, non-disclosure, act or omission whenever occurring or existing at any time prior to and including the date of this Agreement. This release shall include, but not be limited to, each and every claim, demand, or cause of action which ROSENBERG has ever had or now has against DIODES including, but not limited to, any claim under the Civil Rights Act of 1866, Title 7 of the Civil Rights Act of 1964, the Civil Rights Act of 1991, 42 U.S.C. 2000(e) et seq., the Americans With Disabilities Act of 1990, 29 U.S.C. 621 et seq., the Family and Medical Leave Act, the California Fair Employment and Housing Act, California Government Code Section 12940, et seq., any claim for wrongful termination, constructive discharge, defamation, libel, slander, state tort law, or any other statute, rule, regulation or principal of common law.

14. Section 1542 Waiver.

It is the intention of the parties in executing this Agreement and in giving and accepting the considerations set forth above, that this Agreement shall be effective as a full and final accord and satisfaction and release of all claims. In furtherance of this intention, the parties acknowledge that they are each familiar with and waive the provisions of Section 1542 of the California Civil Code which provides as follows:

> "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

15. Unknown Information or Facts.

The parties acknowledge that they are aware that they may hereafter discover facts in addition to or different from those which they now know or believe to be true. Nevertheless, by this Agreement, it is the intention of the parties that they fully, finally, and forever settle and release all matters relating to their prior relationship, claims, disputes, or differences between them, known or unknown, suspected or unsuspected. In furtherance of such intention, this Agreement shall be and remain in full force and effect notwithstanding the discovery of any additional or different facts.

16. Applicable Law; Invalidity

This Agreement shall be governed by and construed in accordance with the laws of the State of California. If any section, sentence, clause, word, or combination thereof in this Agreement is judicially or administratively interpreted or construed as being in violation of any public policy, statutory or common law, rule, regulation, treaty, or decision of any government or governmental agency of any jurisdiction, such section, sentence, clause, word or combination shall be deemed automatically modified in that jurisdiction to conform to the requirements for validity as so interpreted. If any section, sentence, clause, word or combination cannot be so modified, it shall be inoperative and the remainder of this Agreement shall remain binding upon the parties and the enforceability of this Agreement, as a whole, shall be unaffected and remain in full force and effect.

17. Amendments.

This Agreement may not be amended unless and until such amendment is embodied in a written document and signed by all parties hereto.

18. Attorney's Fees.

In the event of any legal action, lawsuit or other proceeding to enforce any term or provision of this Agreement, or to procure an adjudication or determination of the rights of ROSENBERG or DIODES, the prevailing party shall be entitled to recover from the other all of the prevailing party's actual attorney's fees, costs and expenses in connection with such proceeding.

19. Representation by Counsel.

DIODES and ROSENBERG acknowledge that in entering into this Agreement, they have each been represented by counsel of their own choosing and that the provisions of this Agreement are fair, reasonable, and necessary in light of all of the facts and circumstances of the relationship between the parties.

20. Construction.

This Agreement shall be construed as a whole, according to its fair meaning and not strictly for or against either party hereto and with no regard whatsoever to the identity or status of the person or persons who drafted all or a portion of this Agreement.

21. Binding Effect.

This Agreement shall be binding upon and inure to the benefit of the parties, their spouses, heirs, successors, and assigns. The parties acknowledge and agree that, except as expressly set forth in this Agreement, no representations of any kind or character have been made by the other or by the other's attorney to induce them to enter into this Agreement.

22. Entire Agreement.

This Agreement represents the entire, complete and final agreement between the parties hereto.

23. Counterpart Execution.

This Agreement may be signed in counterparts. The execution of one or more counterparts of this Agreement by all parties hereto shall constitute full and complete execution of this Agreement.

24. Warranties.

Each person who signs this Agreement represents and warrants that he or she has the full power and authority to execute this document on behalf of the party indicated and to bind that party to this Agreement.

25. Additional Documents.

The parties agree to execute such additional documentation, cooperate with each other, and to perform such further acts as may be reasonably necessary to effectuate the terms, provisions and intent of this Agreement.

"DIODES"	"ROSENBERG"
DIODES INCORPORATED	
/s/ Raymond Soong	/s/ Michael Rosenberg
RAYMOND SOONG	MICHAEL ROSENBERG
Chairman of the Board	

EXHIBIT 11

DIODES INCORPORATED AND SUBSIDIARIES

COMPUTATION OF EARNINGS PER SHARE

	Year Ended December 31, 1997	1998	1999
Net income for earnings per share computation	$5,125,000	$2,673,000	$5,569,000
BASIC			
Weighted average number of common shares outstanding during the year	4,970,705	5,029,064	5,083,518
Basic earnings per share	$ 1.03	$ .53	$ 1.10
DILUTED			
Weighted average number of common shares outstanding used in calculating basic earnings per share	4,970,705	5,029,064	5,083,518
Add additional shares issuable upon exercise of stock options	510,975	341,888	385,927
Weighted average number of common shares used in calculating diluted earnings per share	5,481,680	5,370,952	5,469,445
Diluted earnings per share	$ .93	$ .50	$ 1.02

EXHIBIT 21

SUBSIDIARIES OF THE REGISTRANT

1. Diodes Taiwan Company, Limited, a corporation organized and existing under the laws of the Republic of China (Taiwan) with principal offices located at 5 Fl., 510-16 Chung-Cheng Road, Hsin-Tien City, Taipei, Taiwan, Republic of China. This subsidiary does business under its own name. This is a wholly-owned subsidiary of Diodes Incorporated.

2. Shanghai KaiHong Electronics Co., Ltd., a corporation formed under the laws of the People's Republic of China with principal offices located at No. 61 Xinnan Street, Xingqiao Town, Songjiang County, Shanghai, Republic of China. This subsidiary does business under its own name. This is a 95% majority-owned joint venture and a subsidiary of Diodes Incorporated.

EXHIBIT 23.1

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 33-78716) of Diodes Incorporated and Subsidiaries of our report dated January 28, 2000 appearing in item 8 in this Annual Report on Form 10-K. We also consent to the incorporation by reference of our report on the financial statement schedule, which appears at page 39 of this Form 10-K.

MOSS ADAMS LLP

/s/ Moss Adams
Los Angeles, California
March 30, 2000

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DEC-31-1999
JAN-01-1999
DEC-31-1999
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15,352,000
297,000
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