

Diodes Zetex Limited
Annual report and financial statements
Year ended 31 December 2019

Registered number 01378777



Diodes Zetex Limited

Annual report and financial statements for the year ended 31 December 2019

Contents

Page:

1	Directors' report
4	Strategic report
5	Independent auditor's report
9	Statement of income and retained earnings
10	Balance sheet
11	Notes to the financial statements

Directors

Hans Rohrer

Timothy Monaghan

Richard White (resigned on 23rd July 2019)

Brett Whitmire (appointed on 23rd July 2019)

Keh-Shew Lu (resigned on 9th December 2019)

Julie Holland (appointed on 9th December 2019)

Registered Office

Zetex Technology Park

Chadderton

OL9 9LL

Company number

01378777

Auditors

Mazars LLP

One St Peters Square

Manchester

M2 3DE

Diodes Zetex Limited

Directors' report for the year ended 31 December 2019

The directors present their report together with the audited financial statements for the year ended 31 December 2019.

Results

The results are set out in the Statement of Income and Retained Earnings on page 9. The directors declared and paid dividends totalling £27,517,790 (2018 - £22,001,097) in the year. See note 17 for details regarding a further dividend declared after the balance sheet date.

Future developments

Diodes Zetex Limited's ultimate parent company Diodes Incorporated and its wider group's strategic objective is to consistently achieve above-market profitable growth, utilizing innovative and cost-effective packaging technology, suited for high volume, high growth markets by leveraging process expertise and design excellence to deliver high quality semiconductor products. Diodes Zetex Limited will continue to support the wider group objective throughout 2020.

Going concern

The directors consider it proper to prepare the financial statements on a going concern basis as the company has positive net assets and has been profitable in the year. The impacts of the coronavirus (covid-19) are monitored closely, the company is not expecting any material areas of concern.

Employees

The company continues to invest in its employees. It has made a commitment to attract and retain the best talent from diverse and under-represented backgrounds in a highly competitive market. The company's workforce includes highly skilled and experienced employees from all disciplines. The company's graduate and apprentice programmes are part of a talent pipeline designed to bring trained, motivated and qualified people into our ranks and the semiconductor engineering industry each year. The company continues to increase investment in this area and takes a number of apprentices each year, most of whom commit to continued professional development.

Diodes is also committed to continuing investment in training and development activities. The company has invested in a program for the rising stars of the future, providing management leadership training and coaching. Diodes has a program of online training sessions in a range of topics from ethics, to environmental topics, to cyber security training.

The company has initiated an employee survey, to obtain feedback, understand employee interests and any concerns facing our employees. Following on from the survey results, one area of concern highlighted was financial health and planning, and as such events were organised for pension providers and other services to come to site to present to employees, to provide more information and options for the future.

Both the physical and mental health of all employees is a priority for the company. An occupational health service is provided, along with activities such as Pilates classes and the company has recently held a mental health awareness week, bringing a range of activities, therapies and services to the employees.

Diodes Zetex Limited

Directors' report for the year ended 31 December 2019 (Continued)

Diversity remains a high priority. We have made strides in improving gender equality and encouraging women into engineering and technical roles. The Company gives equal consideration to applications for employment from disabled persons. It is company policy, wherever practicable, to continue to employ and to promote the career development of existing employees who become disabled. We have further learnt from the Gender Pay Gap report in 2019 and continue to benchmark ourselves in the industry and within our Group.

The company keeps its employees informed through online magazine, regular briefings and by making copies of the ultimate holding company's audited financial statements available to all employees. Regular meetings between management and employees and their representatives encourage employee involvement.

Directors

The directors of the company during the year were:

Hans Rohrer

Timothy Monaghan

Richard White (resigned on 23rd July 2019)

Brett Whitmire (appointed on 23rd July 2019)

Keh-Shew Lu (resigned on 9th December 2019)

Julie Holland (appointed on 9th December 2019)

Qualifying indemnity insurance in relation to the above named directors was in force throughout the year.

Directors' responsibilities

The directors are responsible for preparing the Directors' report, Strategic report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

Diodes Zetex Limited

Directors' report for the year ended 31 December 2019 (Continued)

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to Auditor

For all persons who are directors at the time of the approval of the directors' report:

- So far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- Each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

On Behalf of the Board



Timothy Monaghan
Director
10th September 2020

Diodes Zetex Limited

Strategic report for the year ended 31 December 2019

The directors present their strategic report for the year ended 31 December 2019.

Principal activity

Diodes Zetex Limited acts as an intermediate UK holding company within the Diodes Incorporated group of companies, who are a leading global manufacturer and supplier of high-quality, application specific standard products within the broad discrete, logic and analogue semiconductor markets, serving the consumer electronics, computing, communications, industrial and automotive markets.

Risk analysis

The principal risks of the company are that of the wider Diodes group. The Diodes group operates in a highly competitive market undergoing continual technological and geographical change. The success of its strategy will depend on its ability to innovate products successfully and bring them speedily to this fast moving market. Its ultimate success will depend on the end demand for its customers' products.

The company does not make use of financial instruments nor of related risk management activities.

Brexit

The U.K.'s referendum to exit from the European Union ("E.U.") will continue to have uncertain effects and could adversely impact our business, results of operations and financial condition. On June 23, 2016, the U.K. voted to exit from the E.U. (commonly referred to as "Brexit"). The U.K. exited the E.U. on 31st January 2020. The impacts of the implementation of Brexit and the resulting relationship between the U.K. and the E.U. are uncertain for companies doing business both in the U.K. and the overall global economy. The U.K. vote impacted global markets, including various currencies, and resulted in a sharp decline in the value of the British Pound as compared to the U.S. dollar and other major currencies. Volatility in the securities markets and in currency exchange rates may continue as the U.K. negotiates its exit from the E.U. Any impact from Brexit on our business and operations over the long term will depend, in part, on the outcome of tariff, tax treaties, trade, regulatory, and other negotiations the U.K. conducts.

Coronavirus

The company has issued the guidance provided by Public Health England to all employees in its subsidiaries and continues to monitor developments on a daily basis.

Review of the business

The directors are satisfied with the position of the company; the results are set out in the Statement of Income and Retained Earnings on page 9.

The net asset value of the company as at 31 December 2019 is £84,431,000 (2018 £84,266,000).

On Behalf of the Board



Timothy Monaghan

Director

10th September 2020

Diodes Zetex Limited

Independent auditor's report to the members of Diodes Zetex Limited

Opinion

We have audited the financial statements of Diodes Zetex Limited (the 'company') for the year ended 31 December 2019 which comprise the Statement of Income and Retained Earnings, Balance Sheet, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Impact of the outbreak of COVID-19 on the financial statements

In forming our opinion on the company financial statements, which is not modified, we draw your attention to the directors' view on the impact of the COVID-19 as disclosed on page 1, and the consideration in the going concern basis of preparation on page 11 and non-adjusting post balance sheet events on page 19.

Since the balance sheet date there has been a global pandemic from the outbreak of COVID-19, the potential impact of COVID-19 became significant in March 2020 and is causing widespread disruption to normal patterns of business activity across the world, including the UK.

The impact of COVID-19 continues to evolve and, based on the information available at this point in time, the directors have assessed the impact of COVID-19 on the business and have concluded that COVID-19 is a non-adjusting post balance sheet event and that adopting the going concern basis for preparation of the financial statements is appropriate.

Diodes Zetex Limited

Independent auditor's report to the members of Diodes Zetex Limited (*Continued*)

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Directors' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

Diodes Zetex Limited

Independent auditor's report to the members of Diodes Zetex Limited (*Continued*)

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors Report or the Strategic Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specific by law are not made; or we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on pages 2 and 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Diodes Zetex Limited

Independent auditor's report to the members of Diodes Zetex Limited (*Continued*)

Use of the audit report

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.



Charlene Lancaster (Sep 10, 2020 13:41 GMT+1)

Charlene Lancaster (Senior Statutory Auditor) for and on behalf of Mazars LLP, Chartered Accountants and Statutory Auditor
One St Peters Square
Manchester
M2 3DE

Date: 10 September 2020

Diodes Zetex Limited

Statement of income and retained earnings for the year ended 31 December 2019

	Notes	2019 £'000	2018 £'000
Administrative (expenses) / income		<u>(1,549)</u>	<u>2,759</u>
Operating (loss) / profit	5	(1,549)	2,759
Income from shares in group undertakings	8	27,470	22,007
Interest receivable	6	<u>1,802</u>	<u>1,465</u>
Profit on ordinary activities before taxation		27,723	26,231
Taxation	7	<u>(40)</u>	<u>(643)</u>
Profit for the financial year		<u>27,683</u>	<u>25,588</u>
Retained profit at 1 January		42,776	39,189
Dividends paid	14	<u>(27,518)</u>	<u>(22,001)</u>
Retained profit at 31 December		<u>42,941</u>	<u>42,776</u>

All amounts relate to continuing activities.

The notes on pages 11 to 19 form part of these financial statements.

Diodes Zetex Limited
Company Number 01378777 —
Balance sheet at 31 December 2019

	Notes	2019 £'000	2018 £'000
Fixed Assets			
Investments	8	<u>38,000</u>	<u>38,000</u>
		38,000	38,000
Current Assets			
Debtors	9	45,419	47,243
Deferred tax asset	10	2	3
Cash		<u>1,082</u>	<u>1,095</u>
		46,503	48,341
Creditors: amounts falling due within one year	11	<u>(72)</u>	<u>(2,075)</u>
Net current assets		<u>46,431</u>	<u>46,266</u>
Net assets		<u>84,431</u>	<u>84,266</u>
Capital and reserves			
Called up share capital	12	5,215	5,215
Share premium	13	36,275	36,275
Retained earnings	13	<u>42,941</u>	<u>42,776</u>
Equity shareholders' funds		<u>84,431</u>	<u>84,266</u>

The financial statements were approved by the board on and signed on its behalf on 10th September 2020 by:



Tim Monaghan
Director

The notes on pages 11 to 19 form part of these financial statements.

Diodes Zetex Limited

Notes to the financial statements for the year ended 31 December 2019

1. Statement of compliance

These financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

Diodes Zetex Limited is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is Zetex Technology Park, Chadderton, Oldham, OL9 9LL (Company number 01378777).

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are shown below.

Basis of preparation – going concern

These financial statements are prepared on a going concern basis, under the historical cost convention. The Directors consider it appropriate to prepare the financial statements on a going concern basis as the company has positive net assets, sufficient cash to meet its obligations as they fall due, and is forecast to remain profitable for at least 12 months following the signing of the accounts. The impact of any known external factors are considered. There are no material uncertainties that cast significant doubt about the ability of the company to remain a going concern.

Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Diodes Incorporated as at 31 December 2016 and these financial statements may be obtained online at <http://investor.diodes.com/>.

Cash flow statement

The company has taken advantage of FRS 102 paragraph 1.12(b), which allows exemption from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, Diodes Incorporated, includes the company's cash flows in its own consolidated financial statements.

Diodes Zetex Limited

Notes to the financial statements for the year ended 31 December 2019 *(Continued)*

2. Summary of Accounting Policies *(continued)*

Consolidated financial statements

In preparing these financial statements the company has taken advantage of the exemption conferred by section 400 of the Companies Act 2006 not to produce consolidated financial statements as the group it heads is included within the consolidated financial statements of Diodes Incorporated, the company's ultimate parent undertaking incorporated in the state of Delaware, United States of America. Consequently, the financial statements contain information about Diodes Zetex Limited as an individual company.

Related party transactions

In accordance with FRS 102 paragraph 33.1, the company discloses transactions with related parties which are not wholly owned by ultimate parent company Diodes Incorporated. It does not disclose transactions with members of the same group that are wholly owned.

Investments

Investments are valued individually at cost less any provisions required for impairment of value.

Impairment

The company reviews the carrying value of its assets at each balance sheet date for any indication of impairment. If any such indication exists, the recoverable amount of the assets is estimated. The company recognises in the profit and loss account an impairment loss whenever the carrying value of an asset exceeds its recoverable amount.

Foreign currencies

The company's functional and presentation currency is the pound sterling.

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. At each period end foreign currency monetary items are translated using the appropriate closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the transaction date. Foreign exchange gains and losses resulting from the settlement of transactions and from period-end translation of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Dividend income

Dividend income receivable is recognised when the rights to receive the distribution have been established.

Interest income

Interest income receivable is derived from an intercompany loan and is charged as per loan agreement.

2. Summary of Accounting Policies *(continued)*

Taxation

The provision for taxation is based on the results for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the exception of:

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

3. Critical accounting judgements and key sources of estimation uncertainty

In applying the company's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The company is the sponsoring employer of a group defined benefit pension plan that shares risks between entities under common control (the "*UK Defined Benefit Scheme*"). The *UK Defined Benefit Scheme* is run on a basis that does not enable individual companies within the group to identify their share of the underlying assets and liabilities. In accordance with FRS 102 the directors have elected to recognise the *UK Defined Benefit Scheme* net liability in the individual financial statements of subsidiary company Diodes Zetex Semiconductors Limited.

Diodes Zetex Limited

Notes to the financial statements for the year ended 31 December 2019 (Continued)

4. Directors' remuneration & employees

There were no employees, other than directors, during the year. As such, no employment costs (2018: £nil) were incurred by the company.

No director received any remuneration from the company during the year.

5. Operating profit

Operating profit is stated after charging:

	2019 £'000	2018 £'000
Exchange (loss) / gain	(1,847)	2,759

The audit fee of £4,000 is borne by a subsidiary company Diodes Zetex Semiconductors Limited (2018: £4,000).

6. Interest receivable

	2019 £'000	2018 £'000
On loans to group undertakings	1,651	1,465
Other interest	<u>151</u>	<u>-</u>
	<u>1,802</u>	<u>1,465</u>

Diodes Zetex Limited

Notes to the financial statements for the year ended 31 December 2019 (Continued)

7. Taxation

	2019 £'000	2018 £'000
<u>Current tax:</u>		
UK current tax charge for the year	39	642
<u>Deferred tax:</u>		
Origination and reversal of timing differences	-	<u>1</u>
Total deferred tax	<u>1</u>	<u>1</u>
Total tax per income statement	<u>40</u>	<u>643</u>

Reconciliation of tax charge:

The tax assessed on the profit from ordinary activities for the year differs to the standard rate of corporation tax in the UK, as explained below:

	2019 £'000	2018 £'000
Profit on ordinary activities before tax	27,723	26,231
Taxation on profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2018: 19%)	5,267	4,984
Non-taxable income	(5,219)	(4,181)
Effects of group relief / other relief	<u>(8)</u>	<u>(160)</u>
Total tax charge	<u>40</u>	<u>643</u>

Diodes Zetex Limited

Notes to the financial statements for the year ended 31 December 2019 (Continued)

8. Investments

	Shares in group undertakings £'000
Cost	
At 1 January 2019 and 31 December 2019	61,000
Provisions	
At 1 January 2019 and 31 December 2019	<u>(23,000)</u>
Net Book Value	
At 1 January 2019 and 31 December 2019	<u>38,000</u>

Subsidiary undertakings

The undertakings, in which the company's interest at the year-end in each undertaking is 100 per cent, is as follows:

Subsidiary	Diodes Zetex Semiconductors Limited *	Diodes Fast Analog Solutions Limited	Diodes Zetex GmbH	Diodes Zetex Neuhaus GmbH
Subsidiary address	Zetex Technology Park, Oldham, OL9 9LL	Zetex Technology Park, Oldham, OL9 9LL	Kustermann Park, Balanstrasse 59, 81541, München	Waldweg 7, 98724, Neuhaus am Rennweg
Country of incorporation	England	England	Germany	Germany
Class of shares held	Ordinary	Ordinary	Ordinary	Ordinary
Nature of business	Manufacture and supply of specialised semiconductors	Dormant company	Distribution of specialised semiconductors	Manufacture of specialised semiconductors

* Direct subsidiary

The subsidiaries operate and are incorporated in the countries in which they are registered. In the year the company received dividend income from subsidiary companies of £27,470,000 (2018 £22,002,097).

Diodes Zetex Limited

Notes to the financial statements for the year ended 31 December 2019 (Continued)

9. Debtors

	2019 £'000	2018 £'000
Amounts due from group companies	<u>45,419</u>	<u>47,243</u>
	<u>45,419</u>	<u>47,243</u>

The amount due from group companies includes £45,259k intercompany loan for an original loan value of \$60m. The amount at the balance sheet date represents the balance of the loan and any unpaid interest. The loan is subject to interest at a rate of libbor+1.25%.

10. Deferred tax asset

	2019 £'000	2018 £'000
Decelerated capital allowances	<u>2</u>	<u>3</u>
	<u>2</u>	<u>3</u>

The Directors consider it prudent that an additional potential deferred tax asset of £0.9m in relation to capital losses (2018: £1m in relation to capital losses) is not recognised in the balance sheet due to uncertainty regarding future suitable taxable profits from which the reversal of the underlying timing differences can be deducted.

The reduction of the main rate of corporation tax from 19% to 17% from 1 April 2020 was announced in the Summer Finance Bill 2016, which was substantively enacted on 6 September 2016.

Please note the deferred tax has been calculated on the basis of the rate being 17% (2018:17%). The reversal back to 19% was announced as part of the budget on 11 March 2020 and substantively enacted soon after. The change therefore represents a non-adjusting post balance sheet event.

11. Creditors: amounts falling due within one year

	2019 £'000	2018 £'000
Amounts due to group companies	-	1,400
Corporation tax liability	39	642
Other creditors	<u>33</u>	<u>33</u>
	<u>72</u>	<u>2,075</u>

Diodes Zetex Limited

Notes to the financial statements for the year ended 31 December 2019 (Continued)

12. Share Capital

Authorised	2019	2018
	£'000	£'000
<i>Equity share capital</i>		
200,000,000 ordinary shares of 5p each	<u>10,000</u>	<u>10,000</u>
Allotted, called up and fully paid	2019	2018
	£'000	£'000
<i>Equity share capital</i>		
104,306,469 ordinary shares of 5p each	<u>5,215</u>	<u>5,215</u>

There is a single class of ordinary shares, and there are no restrictions on the distribution of dividends and the repayment of capital.

13. Reserves

Retained earnings represents accumulated comprehensive income for the year and prior periods, less dividends paid.

The share premium reserve represents excess amounts received by the company, above par value of its shares, on historic equity issues. The reserve is non-distributable.

14. Dividends

The directors declared and paid dividends totalling £27,518,000 (2018 - £22,001,097) in the year.

15. Ultimate and immediate parent company

The immediate parent company of Diodes Zetex Limited is Diodes Holdings (UK) Limited, which is incorporated in England & Wales. The ultimate parent company and controlling party of Diodes Zetex Limited is *Diodes Incorporated*, a company incorporated in the state of Delaware, United States of America. The accounts of the company are included within the consolidated accounts of Diodes Incorporated, which can be found at <http://investor.diodes.com>. Diodes Incorporated is the parent company of the smallest and largest group to consolidate these financial statements.

Diodes Zetex Limited

Notes to the financial statements for the year ended 31 December 2019 *(Continued)*

16. Charges

On 8th January 2013 the company's ultimate parent company and fellow subsidiary Diodes International BV ("the Borrowers") entered into a Credit Agreement ("the Agreement") with the Bank of America and certain other lenders as specified in the Agreement. Under an associated Deed of Guarantee the company has agreed to act as Guarantor to the loan of behalf of the Borrowers. On the same date, the company entered an associated composite debenture under which its present and future assets are subject to a fixed and floating charge. Further details can be found in the Agreement, a copy of which has been filed with the SEC and is accessible via the parent company's website. See note 17 post balance sheet events.

17. Post balance sheet events

On 12th February 2020 the company received a dividend of £2.1m from its wholly owned subsidiary Diodes Zetex Semiconductors Limited.

On the same date, the company declared and paid a total dividend of £2.1m to its parent company Diodes Holdings UK Limited.

On 17th February 2020 the company received a dividend of £3.8m from its wholly owned subsidiary Diodes Zetex Semiconductors Limited.

On the same date, the company declared and paid a total dividend of £3.8m to its parent company Diodes Holdings UK Limited.

The deferred tax rate reversal back to 19% from 17% was announced as part of the budget on 11 March 2020 and substantively enacted shortly after.

On 29th May 2020, the Credit Agreement (note 16) was renewed between the company's ultimate parent company Diodes Incorporated, the Bank of America and certain other lenders for a total facility of \$670m.

On 14th August 2020 the company received a dividend of £3.8m from its wholly owned subsidiary Diodes Zetex Semiconductors Limited.

On the same date, the company declared and paid a total dividend of £3.8m to its parent company Diodes Holdings UK Limited.

Since the balance sheet date there has been a global pandemic from the outbreak of COVID-19, the potential impact of COVID-19 became significant in March 2020. The company has assessed the impact of COVID-19 on the business, does not believe there is any significant impact to the carrying value of the assets and have concluded that COVID-19 is a non-adjusting post balance sheet event.