



**O<sub>2</sub>MICRO INTERNATIONAL LIMITED**

**凹凸科技有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 457)**

## **OVERSEAS REGULATORY ANNOUNCEMENT**

This announcement is a reproduction of the announcement in relation to the Company's sales and earnings for the first quarter. The enclosed overseas regulatory announcement is issued pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

*As at the date of this announcement, Mr. Sterling Du, Mr. Chuan Chiung "Perry" Kuo and Mr. James Elvin Keim are executive directors of O<sub>2</sub>Micro whereas Mr. Michael Austin, Mr. Teik Seng Tan, Mr. Lawrence Lai-Fu Lin, Mr. Keisuke Yawata, Mr. Xiaolang Yan and Mr. Ji Liu are independent non-executive directors.*

\* *For identification purposes only*

## **O<sub>2</sub>Micro<sup>®</sup> Reports First Quarter Financial Results**

**April 29, 2009.** O<sub>2</sub>Micro<sup>®</sup> International Limited (NASDAQ<sup>®</sup>: OIIM; SEHK: 0457), a leading supplier of innovative power management and security components, reported its financial results today for the first quarter ended March 31, 2009.

### **Financial results for the First Quarter ending 3/31/2009:**

Net sales in the first quarter of 2009 were \$23.1 million. Sales exceeded our expectations, although they declined by 38.5% from the comparable year-ago quarter. The decline in sales reflects the global economic slowdown and the corresponding impact on our business.

The GAAP gross margin was 55.5% in Q1 2009 and also exceeded our expectations. The gross margin fell from 58.5% in the year-ago period due to the fixed component of this expense relative to total revenue.

GAAP operating expenses were \$16.8 million. These expenses were comprised of \$8.0 million in R&D expenses, and \$8.8 million in SG&A expenses. Both R&D and SG&A spending were at the low-end of our targeted ranges. In addition, the operating expenses were lower than the Q1 2008 period when the company recorded \$19.8 million of expense, including \$9.8 million of R&D and \$12.0 million of SG&A spending, as well as \$2.0 million of offset from litigation income.

During the first quarter of 2009, we reported a GAAP operating loss of \$3.9 million, compared with operating income of \$2.2 million in the year-ago quarter. The loss in the recent quarter was smaller than expected due to higher revenue, higher gross margin, and lower expenses.

Our GAAP net loss in Q1 2009 was \$3.5 million, compared with net income of \$2.2 million in the year-ago quarter. The net loss we reported in Q1 2009 was also smaller than we had expected due to the same drivers as our operating income. The GAAP loss per ADS was \$0.10 in Q1 2009 and GAAP net income per ADS was \$0.06 in Q1 2008.

### **Supplementary Data:**

As of March 31, 2009, O<sub>2</sub>Micro had unrestricted cash and short-term investments of \$105.5 million, or \$2.87 per fully diluted ADS. Net accounts receivable was \$12.1 million, and there were 44 days sales outstanding in accounts receivable at the end of the first quarter. Inventory was \$13.0 million and turned over 2.8 times in the first quarter.

As of March 31, 2009, O<sub>2</sub>Micro headcount consisted of 845 employees, of which 564 are engineers. This headcount was down from 876 employees at the end of the fourth quarter of 2008.

### **Management Commentary:**

Sterling Du, Chairman and CEO, commented, “We have adapted to the reset in global business activity and we are continuing to deliver the best-in-class technology to major OEM customers.” He continued, “At the same time, we are laser-focused on successfully bringing key new products to

market in the battery, DC/DC, and Internet security segments. We are continuing to invest our R&D dollars in several young product lines and we are seeing early signs of success with them.”

**Conference Call:** O<sub>2</sub>Micro will hold its first quarter conference call at 5:00 a.m. PDT, 8:00 a.m. EDT, and 8:00 p.m. Hong Kong time. You may participate using the following dial-in information.

In the US and CANADA:	888-389-5979, pass code #3193459
In HONG KONG:	800-968-103, pass code #3193459
Other INTERNATIONAL participants:	719-325-2204, pass code #3193459

A replay of the call will be available by phone until May 6th using the following dial-in information.

In the US and CANADA:	888-203-1112, pass code #3193459
In HONG KONG:	800-901-108, pass code #3193459
Other INTERNATIONAL participants:	719-457-0820, pass code #3193459

A live simulcast will also be available on the company website at [www.o2micro.com](http://www.o2micro.com), and an online replay will be available on the website for one week.

**O<sub>2</sub>Micro International Limited and Subsidiaries**  
**Consolidated Statements of Operations and Comprehensive Income (Unaudited)**

*(In Thousand U.S. Dollars, Except Per Share Amounts)*

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2009</b>	<b>2008</b>
NET SALES	\$ 23,110	\$ 37,556
COST OF SALES	<u>10,286</u>	<u>15,596</u>
GROSS PROFIT	<u>12,824</u>	<u>21,960</u>
OPERATING EXPENSES (INCOME)		
Research and development (1)	7,984	9,756
Selling, general and administrative (1)	8,783	12,021
Litigation income	<u>—</u>	<u>(2,000)</u>
Total Operating Expenses	<u>16,767</u>	<u>19,777</u>
INCOME (LOSS) FROM OPERATIONS	<u>(3,943)</u>	<u>2,183</u>
NON-OPERATING INCOME		
Interest income	444	670
Foreign exchange gain (loss)	487	(114)
Other — net	<u>(11)</u>	<u>13</u>
Total Non-operating Income	<u>920</u>	<u>569</u>
INCOME (LOSS) BEFORE INCOME TAX	(3,023)	2,752
INCOME TAX EXPENSE	<u>518</u>	<u>492</u>
NET INCOME (LOSS)	(3,541)	2,260
OTHER COMPREHENSIVE INCOME (LOSS)		
Foreign currency translation adjustments	(644)	2,010
Unrealized gain (loss) on available-for-sale securities	1,503	(2,864)
Unrealized pension gain	<u>1</u>	<u>—</u>
Total Other Comprehensive Income (Loss)	<u>860</u>	<u>(854)</u>
COMPREHENSIVE INCOME (LOSS)	<u>\$ (2,681)</u>	<u>\$ 1,406</u>

	<b>Three Months Ended March 31,</b>	
	<u><b>2009</b></u>	<u><b>2008</b></u>
<b>EARNINGS (LOSS) PER SHARE:</b>		
Basic	\$ <u>(0.0019)</u>	\$ <u>0.0012</u>
Diluted	<u>NA</u>	<u>\$ 0.0012</u>
<b>EARNINGS (LOSS) PER ADS</b>		
Basic	\$ <u>(0.10)</u>	\$ <u>0.06</u>
Diluted	<u>NA</u>	<u>\$ 0.06</u>
<b>SHARES USED IN EARNINGS (LOSS) PER SHARE CALCULATION:</b>		
Basic (in thousands)	<u>1,838,683</u>	<u>1,894,334</u>
Diluted (in thousands)	<u>NA</u>	<u>1,903,655</u>
<b>ADS UNITS USED IN EARNINGS PER ADS CALCULATION:</b>		
Basic (in thousands)	<u>36,774</u>	<u>37,887</u>
Diluted (in thousands)	<u>NA</u>	<u>38,073</u>
<b>(1) INCLUDES STOCK-BASED COMPENSATION CHARGE AS FOLLOWS:</b>		
Research and development	\$ 282	\$ 258
Selling, general and administrative	\$ 489	\$ 415

# O<sub>2</sub>Micro International Limited and Subsidiaries

## Consolidated Balance Sheets

(In Thousand U.S. Dollars, Except Share Amounts)

	<b>March 31, 2009</b>	<b>December 31, 2008</b>
	<b>(Unaudited)</b>	
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 37,755	\$ 31,844
Restricted cash	1,151	1,153
Short-term investments	67,747	72,344
Accounts receivable — net	12,109	10,578
Inventories	12,950	16,388
Prepaid expenses and other current assets	2,614	2,314
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Total Current Assets	134,326	134,621
	14,689	13,199
<b>LONG-TERM INVESTMENTS</b>		
	33,384	34,353
<b>PROPERTY AND EQUIPMENT — NET</b>		
<b>OTHER ASSETS</b>		
Restricted assets — net	1,361	1,411
Intangible assets	4,763	4,929
Other Assets	4,551	4,760
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<b>TOTAL ASSETS</b>	<b><u>\$ 193,074</u></b>	<b><u>\$ 193,273</u></b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Notes and accounts payable	\$ 5,074	\$ 4,120
Income tax payable	443	226
Accrued expenses and other current liabilities	8,670	8,269
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Total Current Liabilities	14,187	12,615

	<u>March 31, 2009</u>	<u>December 31, 2008</u>
	<b>(Unaudited)</b>	
<b>OTHER LONG-TERM LIABILITIES</b>		
Accrued pension liabilities	513	553
FIN 48 tax liabilities	302	302
Other liabilities	23	23
	<u>838</u>	<u>878</u>
 Total Liabilities	 <u>15,025</u>	 <u>13,493</u>
 <b>COMMITMENTS AND CONTINGENCIES</b>		
 <b>SHAREHOLDERS' EQUITY</b>		
Preference shares at \$0.00002 par value per share		
Authorized — 250,000,000 shares	—	—
Ordinary shares at \$0.00002 par value per share		
Authorized — 4,750,000,000 shares		
Issued — 1,839,591,200 and 1,832,788,400 shares as of March 31, 2009 and December 31, 2008, respectively	37	37
Additional paid-in capital	142,734	141,784
Retained earnings	33,205	36,746
Accumulated other comprehensive income	2,073	1,213
	<u>178,049</u>	<u>179,780</u>
 Total Shareholders' Equity	 <u>178,049</u>	 <u>179,780</u>
 <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	 <u><u>\$ 193,074</u></u>	 <u><u>\$ 193,273</u></u>

By order of the Board  
**Sterling Du**  
*Executive Director*

April 29, 2009