



O2Micro Reports Record Fourth Quarter Sales and Earnings

SANTA CLARA, Calif. & GEORGE TOWN, Grand Cayman--(BUSINESS WIRE)-- Jan. 30, 2002--O2Micro International Limited (Nasdaq:OILM), a leading supplier of innovative power management and security ICs to mobile computer and communications manufacturers, reported today its financial results for the fourth quarter and fiscal year ended December 31, 2001.

Net sales for the fourth quarter, were \$15.4 million. Fourth quarter revenue of \$15.4 million was an increase of 30% over the preceding quarter, and 36% over the comparable quarter of the prior year. Earnings per share for the fourth quarter, fully diluted, were 7 cents per share, compared to 4 cents per share in the preceding quarter, and 6 cents in the comparable quarter of the prior year.

Net income for the fourth quarter of \$2,711,000 was an increase of 106% over the preceding quarter and 33% greater than the net income for the comparable quarter of the prior year. Fourth quarter R&D expenditures were \$4,429,000, an increase of 17% over the preceding quarter, and 61% over the comparable quarter of the prior year.

For the fiscal year ended December 31, 2001, total revenues were \$45.8 million, an increase of 14% from \$40.4 million in fiscal year 2000. O2Micro grew sales revenue despite the industry inventory correction and general economic conditions. Earnings per share for the year ended December 31, 2001 were \$0.16, compared to \$0.21 for the previous year. Net income was \$5,634,000, compared to \$6,644,000 for the previous year. R&D expenditures were \$14,320,000, compared to \$9,682,000 for the previous year, an increase of 48%.

"We were very pleased with our results for the quarter and year," said Sterling Du, Chairman and CEO of O2Micro. "This year was one of success and significantly increased R&D investment that will be key to sustaining our growth in 2002 and beyond."

Conference Call: O2Micro will hold its fourth quarter conference call today at 2:00 p.m. PST, 5:00 p.m. EST. You may participate by dialing (800) 360-9865 or (973) 694-6836. A replay of the call will be available by phone until February 6th by dialing (800) 428-6051 or (973) 709-2089, passcode No. 222204.

About O2Micro

Founded in March 1995, O2Micro designs, develops and markets innovative power management and security components for mobile communication, computer, information appliance, and LCD products. Products include AudioDJ®, SmartCardBus® for secure on line e-commerce, LCD Backlight Inverters and Battery Management IC's.

O2Micro maintains an extensive portfolio of intellectual property with 378 patent claims granted, and over 800 more pending. The company maintains offices worldwide. Additional company and product information can be found on the company website at www.o2micro.com.

Statements made in this release that are not historical, including statements regarding O2Micro's or management's intentions, hopes, beliefs, expectations, representations, projections, plans or predictions of the future, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements involve risks and uncertainties that may cause actual results to differ materially from those set forth in these statements. Factors that could cause actual results to differ materially include risks and uncertainties such as reduced demand for products of electronic equipment manufacturers which include O2Micro's products due to adverse economic conditions in general or specifically affecting O2Micro's markets, technical difficulties and delays in the development process, and errors in the products. You are also referred to the documents filed by O2Micro with the SEC from time to time, including but not limited to the Form F-1 in connection with the company's initial public offering in August 2000, which identify important risk factors that could cause actual results to differ from those contained in the forward-looking statements.

O2Micro International Limited
Consolidated Statements of Operations and Comprehensive Income
(In Thousand U.S. Dollars, Except Per Share Amounts)

Three Months Ended December 31		Twelve Months Ended December 31	
2001	2000	2001	2000
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(Unaudited)

NET SALES	\$ 15,394	\$ 11,334	\$ 45,819	\$ 40,356
COST OF SALES	5,541	4,596	16,465	15,687
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GROSS PROFIT	9,853	6,738	29,354	24,669
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OPERATING EXPENSES				
Research and development	4,429	2,746	14,320	9,682
Selling, general and administrative	2,604	2,249	9,909	8,714
Stock-based compensation	21	68	166	458
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Total Operating Expenses	7,054	5,063	24,395	18,854
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INCOME FROM OPERATIONS	2,799	1,675	4,959	5,815
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NON-OPERATING INCOME (LOSS)				
Interest income on bank deposits	338	577	1,511	903
Interest income on short-term investments	150	--	303	--
Interest expenses	(2)	(4)	(11)	(16)
Other - net	(31)	68	24	169
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Total Non-Operating Income - Net	455	641	1,827	1,056
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INCOME BEFORE INCOME TAX	3,254	2,316	6,786	6,871
INCOME TAX EXPENSE	543	284	1,152	227
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NET INCOME	2,711	2,032	5,634	6,644
OTHER COMPREHENSIVE INCOME (LOSS)				
Translation adjustments on subsidiaries	(254)	(94)	(489)	(185)
Unrealized gain on available-for-sale securities	(54)	--	15	--
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Total Other Comprehensive Loss	(308)	(94)	(474)	(185)
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COMPREHENSIVE INCOME	\$ 2,403	\$ 1,938	\$ 5,160	\$ 6,459
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EARNINGS PER SHARE:				
Basic	\$ 0.07	\$ 0.06	\$ 0.17	\$ 0.34
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Diluted	\$ 0.07	\$ 0.06	\$ 0.16	\$ 0.21
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NUMBER OF THOUSAND SHARES USED IN EARNINGS PER SHARE CALCULATION:				
Basic	36,555	32,779	34,020	19,419
	=====	=====	=====	=====
Diluted	38,480	34,486	35,576	32,260
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O2Micro International Limited
Consolidated Balance Sheets
(In Thousand U.S. Dollars, Except Share Amounts)

A S S E T S	December 31	
	2001	2000
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CURRENT ASSETS		
Cash	\$108,936	\$ 37,448
Restricted cash	1,159	1,199
Short-term investments	10,014	--
Accounts receivable - net	3,700	5,420
Inventories	5,361	5,472
Prepaid expenses and other current assets	1,808	1,148
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Total Current Assets	130,978	50,687
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LONG-TERM INVESTMENT	500	500
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FIXED ASSETS - NET	3,213	2,102
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OTHER ASSETS		
Receivables from 3600 Web Ltd.	750	750
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Deferred income tax - noncurrent	219	133
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Other assets	759	435
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TOTAL ASSETS	\$136,419	\$ 54,607
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LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Notes and accounts payable	\$ 3,570	\$ 3,767
Income tax payable	1,220	449
Current portion of obligations under capital lease	9	41
Accrued expenses and other current liabilities	3,189	2,358
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Total Current Liabilities	7,988	6,615
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OBLIGATIONS UNDER CAPITAL LEASE - NET OF CURRENT PORTION	7	13
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GUARANTEE DEPOSITS	--	51
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Total Liabilities	7,995	6,679
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SHAREHOLDERS' EQUITY		

Ordinary shares at \$0.001		
par value per share		
Authorized - 95,000,000 shares		
Issued - 38,134,511 and 32,788,238		
shares as of December 31, 2001 and		
December 31, 2000, respectively		
	38	33
Additional paid-in capital	130,197	55,071
Warrants	51	51
Deferred compensation	(44)	(249)
Accumulated other comprehensive income	(697)	(223)
Accumulated deficit	(1,121)	(6,755)
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Total Shareholders' Equity	128,424	47,928
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TOTAL LIABILITIES AND		
SHAREHOLDERS' EQUITY	\$136,419	\$ 54,607
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