

# The 27th Term Business Report

From July 1, 2001 to June 30, 2002



**I-O DATA**

***I-O DATA DEVICE, INC.***

# Greetings to Our Shareholders

I would first like to thank you for your special support to I-O DATA. I am pleased to have this opportunity to offer our shareholders my greetings and a few words.

Here we will report the outline of our sales for the 27th term (July 1, 2001 to June 30, 2002). We truly appreciate your continued support. We look forward to receiving your continued guidance and encouragement.



*Akio Hosono.*

**Akio Hosono**, President  
September 2002

# The Outline of Our Sales

During the current term the Japanese economy slowed down at an increased pace while the US economy regressed for the first time in ten years, partly due to the September 11 incident which worsened the world economy even further. In Japan, long-term economic stagnation together with the IT slump caused serious “deflationary depression,” where the economy regressed at the same time that prices continued to decline. In the domestic manufacturing sector, private capital investment greatly decreased because of less demand for production. The issue of non-performing loans in the financial sector is still unresolved. Poor business performance of companies with non-performing loans led to a lowering of personal income, worsening employment situations and stagnating personal consumption.

In the personal computer industry, although the demand for PCs by corporate customers was stable in the previous year, capital investments in the information field were cut back due to decreased profits. Individual consumer demands also dropped as consumers refrained from buying OS products in the summer before the release of “Windows XP” as well as because of the uncertain prospects of the economy. Because of this, PC maker in Japan one after another announced decreases in production. According to the Japan Electronic Information Technology Association, the number of PCs shipped in Japan was 12% lower than the previous year.

Under these circumstances, our sales were far below those of the previous year. This was because while peripherals (including liquid crystal displays that had shown a remarkable growth in both sales volume and quantity) and network products sold steadily, our main products such as extension memory boards, storages and OEM products

decreased in price due to the slowed consumer market. Although our sales recovered from the end of the year toward the second half of the term due to the rising prices of raw materials, the slumped sales in the first half of the term continued until the end of the term. As a result, we recorded a loss for the first time since our stock went public.

As a manufacturing and marketing base for our products for mainland China, we established an affiliated company, “I-O & YT (Hong Kong) LIMITED” in the Special Administration Region in Hong Kong in December 2001.

Our current term sales outline by divisions is as follows.

## **Extension Memory Board Division**

Compared to the end of the previous year, DRAM prices dropped by more than half at the beginning of this term, aggravating the decrease of profits. Although profits began to recover with the price rise again from the late first half of the term, they have not yet fully recovered. Because of this, quantity of extension memory boards remained near the same level as the previous term, while memory cards for digital cameras showed more than triple growth. Yet this was not enough to cover the gap of price drop, and as a result, sales volume decreased by 22.9% over the previous term.

## **Storage Division**

Although CD-RW were the only products that slightly exceeded the quantity of the previous term, unit prices suffered considerable drops. CD-RW sales volume dropped dramatically, together with that of hard discs and MO products. This resulted in a sales decrease of 27.6% over the previous term.

### **Peripheral Division**

Main products-multimedia products such as graphic boards and video capture boards, and extension board products such as TV tuner boards and interface boards-, have become standard equipment in PCs due to the gradual decline of unit price. Due to this both sales quantity and volume decreased. However, as part of new main productline, liquid crystal displays and network products such as wireless LANs sold steadily throughout the term. As a result, sales increased by 28.8% over the previous term.

### **Custom Order Product Division**

Although OEM products for major PC makers such as TV tuner boards sold steadily in the first half of the term, this did not last in the second half. This resulted in a sales decrease of 12.9% over the previous term.

### **Others**

One of our main products, the sound blaster series did not sell well. The sales decreased by 26.6% over the previous term.

As a result of these events, the non-consolidated financial statement for the current term was 55,501 million yen in sales (10.5% decrease over the previous term), 837 million yen in ordinary loss (1,025 million yen profit in the previous term), and 1,624 million yen in loss (411 million yen profit in the previous term). The consolidated financial statement for the current term was 56,252 million yen (10.5% decrease over the previous term), 906 million yen in ordinary loss (1,077 million yen profit in the previous term), 1,359 million yen in loss (528 million yen profit in the previous term).

We do not foresee any factors that will trigger even a short-term improvement in the domestic economic environment.

We can expect neither the recovery of industry profits nor the revitalization of individual consumption and employment situation.

In these circumstances, we expect the difficult situation faced by our corporate group involved in the personal computer industry to continue, as sales to both corporate and individual customers reflect the current poor economic situation. On the other hand, however, we can expect that internet broadband will expand from now on in Japan and that IT will be further promoted as outlined in the e-Japan initiative proposed by the government.

Therefore, we expect the non-consolidated financial statement for the next entire term to be 62,000 million yen in sales, 1,460 million yen in ordinary profit and 850 million yen in profit for the term. The consolidated financial statement will be 63,500 million yen in sales, 1,600 million yen in ordinary profit and 920 million yen in net profit for the term.

Throughout our corporate group, we will try to respond promptly to the changing business and management environments that we are facing both inside and outside Japan. Thus we will be able to change the old structure and establish a new one focusing on an integrated production and sales system in order to improve our business performance.

# Status of Corporate Group



	Company name	Capital stock	Percentage of shares held by I-O DATA DEVICE, INC.
Subsidiaries	TAIWAN I-O DATA DEVICES, INC.	NT\$ 50,000,000	100.00%
	I-O & YT (Hong Kong) LIMITED	HK\$ 2,550,000	*Note
Affiliates	I-O DATA DEVICE USA, INC.	US\$ 500,000	50.00%
	I-O & YT Pte. Ltd.	S\$ 1,200,000	49.50%
	Creative Media K.K.	¥ 499,000,000	30.00%
	DiMAGIC, INC.	US\$ 3,050,000	30.00%

Note: TAIWAN I-O DATA DEVICES, INC. and I-O & YT Pte. Ltd. each have a 50.00% shareholding.

# Consolidated Financial Statements

## Consolidated Balance Sheet

Account	Amount		Account	Amount	
	27th Term (As of June 30, 2002)	26th Term (As of June 30, 2001)		27th Term (As of June 30, 2002)	26th Term (As of June 30, 2001)
<b>ASSETS</b>			<b>LIABILITIES</b>		
<b>Current Assets</b>			<b>Current Liabilities</b>		
Cash and bank deposits	2,759,747	4,799,144	Notes and accounts payable-trade	9,748,265	11,444,447
Notes and accounts receivable-trade	13,136,401	14,832,834	Short-term borrowings	1,500,000	—
Inventories	7,414,070	5,693,448	Accrued income taxes	43,240	380,553
Deferred income taxes	431,817	—	Other	1,218,510	2,272,232
Other	1,030,213	1,802,669	<b>Total Current Liabilities</b>	<b>12,510,016</b>	<b>14,097,233</b>
Less: Allowance for doubtful receivables	(134,490)	(105,839)	<b>Long-term Liabilities</b>		
<b>Total Current Assets</b>	<b>24,637,760</b>	<b>27,022,257</b>	Reserve for retirement benefits	63,703	44,325
<b>Fixed Assets</b>			Reserve for directors' retirement allowances	130,657	138,891
<b>Tangible fixed assets</b>			Other	193,058	55,796
Buildings and structures	1,893,624	2,024,043	<b>Total Long-term Liabilities</b>	<b>387,418</b>	<b>239,012</b>
Land	3,204,955	3,204,955	<b>Total Liabilities</b>	<b>12,897,435</b>	<b>14,336,245</b>
Other	317,938	386,443	<b>MINORITY INTERESTS</b>		
<b>Total tangible fixed assets</b>	<b>5,416,518</b>	<b>5,615,442</b>	Minority interests	10,196	—
Intangible fixed assets	209,126	270,836	<b>SHAREHOLDERS' EQUITY</b>		
<b>Investments and others</b>			Capital stock	3,588,070	3,588,070
Investments in securities	432,223	462,163	Additional paid-in capital	4,308,653	4,308,653
Other	894,674	1,222,620	Retained earnings	11,107,763	12,702,268
Less: Allowance for doubtful receivables	(71,674)	(36,782)	Balance of other loss on securities	(17,529)	(37,178)
Reserve for investment loss	—	(28,500)	Exchange adjustment	(86,460)	(67,297)
<b>Total investments and others</b>	<b>1,255,223</b>	<b>1,619,501</b>	Treasury stock—at cost	(289,500)	(302,723)
<b>Total Fixed Assets</b>	<b>6,880,868</b>	<b>7,505,780</b>	<b>Total Shareholders' Equity</b>	<b>18,610,997</b>	<b>20,191,792</b>
<b>Total Assets</b>	<b>31,518,629</b>	<b>34,528,037</b>	<b>Total Liabilities, Minority Interests and Shareholders' Equity</b>	<b>31,518,629</b>	<b>34,528,037</b>

Notes:1	(Millions of yen)	
	27th Term (As of June 30, 2002)	26th Term (As of June 30, 2001)
1. Accumulated depreciation of tangible fixed assets	2,345	2,279
2. Investments in securities with regard to affiliated companies are as follows:		
Investments in securities (for stocks of affiliated companies)	273	312

Notes:2	(Millions of yen)	
	27th Term (Year ended June 30, 2002)	26th Term (Year ended June 30, 2001)
1. Major expense items and amounts consisting in selling, general and administrative expenses		
Advertising and general publicity expenses	640	817
Salaries, benefits and bonuses	1,660	1,809
Provision for reserve for directors' retirement allowances	5	10
Packing and freight charges	782	693
Provision for allowance for doubtful receivables	63	—
Research and development expense	1,023	1,088

### Notes:3

1. Cash and cash equivalents at end of year agree with "Cash and bank deposits" stated in the consolidated balance sheets.

## Consolidated Statement of Income

(Thousands of yen)

Account	Amount	
	27th Term (Year ended June 30, 2002)	26th Term (Year ended June 30, 2001)
Net sales	56,252,395	62,885,185
Cost of sales	50,522,218	55,571,433
<b>Gross profit</b>	<b>5,730,176</b>	<b>7,313,752</b>
Selling, general and administrative expenses	6,251,262	6,465,718
<b>Operating income (loss)</b>	<b>(521,085)</b>	<b>848,033</b>
Non-operating income	170,987	517,581
Interest received	19,463	28,048
Purchase discount	96,510	159,811
Investment profit from the investment consortium	—	263,156
Other	55,013	66,564
Non-operating expenses	556,077	287,882
Interest expense	3,333	3,120
Sales discount	106,686	135,932
Investment loss on equity method	54,243	26,923
Investment loss from the investment consortium	89,487	—
Foreign exchange loss	280,366	117,599
Other	21,959	4,306
<b>Ordinary income (loss)</b>	<b>(906,176)</b>	<b>1,077,731</b>
Extraordinary income	—	95,039
Reversal of allowance for doubtful receivables	—	95,039
Extraordinary loss	107,936	153,239
Loss on disposal of fixed assets	33,704	18,018
Patent licensing fee	—	77,974
Differences due to the change of accounting standards for retirement benefits	—	39,246
Write-down of investments in securities	22,264	—
Write-down of memberships	9,400	18,000
Other	42,567	—
<b>Income (Loss) before income taxes</b>	<b>(1,014,112)</b>	<b>1,019,532</b>
Income taxes-current	71,661	408,311
Income taxes-deferred	285,534	82,406
Minority interests	(11,657)	—
<b>Net income (loss)</b>	<b>(1,359,652)</b>	<b>528,814</b>

Notes:2

## Consolidated Statement of Cash Flows

(Thousands of yen)

Account	Amount	
	27th Term (Year ended June 30, 2002)	26th Term (Year ended June 30, 2001)
<b>Cash flows from operating activities:</b>		
Income (Loss) before income taxes	(1,014,112)	1,019,532
Depreciation and amortization	468,124	476,505
Increase (Decrease) in reserve for directors' retirement allowances	(8,233)	10,391
Increase in reserve for retirement benefits	19,378	44,325
Increase (Decrease) in allowance for doubtful receivables	63,543	(437,441)
Interest and dividend received	(20,969)	(29,283)
Interest expense	3,333	3,120
Foreign exchange loss (profit)	24,005	(21,408)
Investment loss on equity method	54,243	26,923
Loss on disposal of fixed assets	33,704	18,018
Write-down of memberships	9,400	18,000
Investment loss (profit) from the investment consortium	89,487	(263,156)
Dividends on insurance contracts	(2,215)	(14,054)
Bonuses to directors and corporate auditors	(12,150)	(17,000)
Decrease (Increase) in trade receivables	1,661,957	(71,993)
Decrease (Increase) in inventories	(1,720,622)	1,885,759
Decrease in trade payables	(1,716,566)	(1,256,364)
Increase (Decrease) in consumption taxes payable	(194,622)	59,643
Others, net	(214,299)	162,016
<b>Subtotal</b>	<b>(2,476,614)</b>	<b>1,613,533</b>
Interest and dividends received	20,669	47,323
Interest paid	(3,736)	(3,085)
Income taxes paid	(582,410)	(1,240,841)
<b>Net cash used in operating activities</b>	<b>(3,042,092)</b>	<b>416,930</b>
<b>Cash flows from investing activities:</b>		
Acquisition of tangible and intangible fixed assets	(201,427)	(344,211)
Acquisition of investments in securities	(41,078)	(43,233)
Acquisition of stocks of affiliated companies	(20,577)	(30,915)
Proceeds from distributed investment by the investment consortium	24,513	518,520
Disbursement for insurance contracts	(5,359)	(120,658)
Proceeds from cancellation of insurance contracts	14,270	130,204
Disbursement for other investments	(34,736)	(5,546)
Proceeds from other investments	6,305	59,289
<b>Net cash used in investing activities</b>	<b>(258,088)</b>	<b>163,449</b>
<b>Cash flows from financing activities:</b>		
Increase (Decrease) in short-term borrowings	1,500,000	—
Proceeds from minority shareholders	21,853	—
Cash dividends paid	(220,997)	(266,795)
Acquisition of treasury stock	(441)	(307,612)
Proceeds from sale of treasury stock	5,471	3,110
<b>Net cash provided by financing activities</b>	<b>1,305,885</b>	<b>(571,298)</b>
Effects of exchange rate changes on cash and cash equivalents	(45,101)	15,621
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(2,039,397)</b>	<b>24,702</b>
Cash and cash equivalents at beginning of year	4,799,144	4,774,441
Cash and cash equivalents at end of year	2,759,747	4,799,144

Notes:3



# Non-Consolidated Financial Statements

## Non-Consolidated Balance Sheet

Account	Amount	
	27th Term (As of June 30, 2002)	26th Term (As of June 30, 2001)
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and bank deposits	1,851,871	4,717,867
Notes receivable	4,908,447	5,369,572
Accounts receivable-trade	8,142,921	9,401,069
Merchandise	38,954	44,995
Finished goods	6,286,045	4,421,520
Raw materials	209,753	141,306
Work in process	434,578	973,851
Stores	2,807	6,505
Prepaid expenses	74,229	69,521
Deferred income taxes	417,400	309,309
Short-term loans receivable	574,000	269,200
Treasury stock-at cost	—	91
Receivables related to derivatives	581,532	1,384,582
Accrued revenue	542,748	—
Other	21,745	6,457
Less: Allowance for doubtful receivables	(453,486)	(105,083)
<b>Total Current Assets</b>	<b>23,633,551</b>	<b>27,010,769</b>
<b>Fixed Assets</b>		
<b>Tangible fixed assets</b>		
Buildings	1,844,535	1,991,609
Structures	48,773	31,298
Vehicles	4,476	6,505
Tools, furniture and fixtures	310,326	375,387
Land	3,204,955	3,204,955
<b>Total tangible fixed assets</b>	<b>5,413,067</b>	<b>5,609,756</b>
<b>Intangible fixed assets</b>		
Telephone rights	11,687	11,687
Software	194,454	254,966
Other	1,841	2,084
<b>Total intangible fixed assets</b>	<b>207,984</b>	<b>268,738</b>
<b>Investments and others</b>		
Investments in securities	421,808	537,788
Stocks of subsidiaries	197,722	197,722
Investments	183,674	245,519
Long-term loans receivable	100,676	401,250
Claims in bankruptcy, reorganization claims and similar claims	42,893	36,642
Treasury stock-at cost	—	302,632
Long-term prepaid expenses	8,867	15,007
Deferred income taxes	—	490,028
Guarantee money	136,152	136,527
Insurance reserve fund	397,900	404,596
Other	13,500	22,900
Less: Allowance for doubtful receivables	(72,433)	(218,541)
Reserve for investment loss	(30,915)	(149,500)
<b>Total investments and others</b>	<b>1,399,846</b>	<b>2,422,573</b>
<b>Total Fixed Assets</b>	<b>7,020,898</b>	<b>8,301,068</b>
<b>Total Assets</b>	<b>30,654,450</b>	<b>35,311,837</b>

Account	Amount	
	27th Term (As of June 30, 2002)	26th Term (As of June 30, 2001)
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Notes payable	5,751,432	8,627,762
Accounts payable-trade	3,516,859	3,346,741
Short-term borrowings	1,500,000	—
Accounts payable	450,340	615,127
Accrued expenses	80,926	17,850
Accrued income taxes	10,000	347,000
Accrued consumption taxes	—	195,887
Deposits received	26,590	28,294
Deferred hedging gains	581,532	1,384,582
Other	56,153	61,979
<b>Total Current Liabilities</b>	<b>11,973,837</b>	<b>14,625,227</b>
<b>Long-term Liabilities</b>		
Reserve for retirement benefits	63,703	44,325
Reserve for directors' retirement allowances	130,657	138,891
Other	164,167	54,296
<b>Total Long-term Liabilities</b>	<b>358,527</b>	<b>237,512</b>
<b>Total Liabilities</b>	<b>12,332,365</b>	<b>14,862,740</b>
<b>SHAREHOLDERS' EQUITY</b>		
Capital stock	3,588,070	3,588,070
Statutory reserve	—	—
Additional paid-in capital	4,308,653	4,308,653
Legal reserve	215,515	192,269
<b>Total statutory reserve</b>	<b>4,524,168</b>	<b>4,500,922</b>
Retained earnings	—	—
Voluntary reserve	12,009,799	11,861,027
Reserve for fixed assets reduction	209,799	211,027
Special reserve	11,800,000	11,650,000
Unappropriated retained earnings (deficit) for the year	(1,492,925)	536,255
(Of which, net income (loss) )	(1,624,701)	411,416
<b>Total retained earnings</b>	<b>10,516,874</b>	<b>12,397,282</b>
Valuation differences	—	—
Balance of other loss on securities	(17,529)	(37,178)
<b>Total valuation differences</b>	<b>(17,529)</b>	<b>(37,178)</b>
Treasury stock-at cost	(289,500)	—
<b>Total Shareholders' Equity</b>	<b>18,322,084</b>	<b>20,449,097</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>30,654,450</b>	<b>35,311,837</b>

Notes:4



# Appropriation of Retained Earnings

## Non-Consolidated Statement of Income

(Thousands of yen)

Account	Amount	
	27th Term (Year ended June 30, 2002)	26th Term (Year ended June 30, 2001)
Net sales	55,501,536	61,996,334
Cost of sales	50,309,095	55,172,458
Gross profit	5,192,441	6,823,875
Selling, general and administrative expenses	5,829,762	6,179,832
Operating income (loss)	(637,321)	644,043
Non-operating income	187,200	542,852
Interest received	35,261	32,812
Purchase discount	96,510	159,811
Investment profit from the investment consortium	—	263,156
Other	55,428	87,071
Non-operating expenses	387,252	161,509
Interest expense	3,203	3,120
Sales discount	106,686	135,932
Foreign exchange loss	168,685	18,208
Investment loss from the investment consortium	89,487	—
Other	19,189	4,248
Ordinary income (loss)	(837,372)	1,025,386
Extraordinary loss	264,249	273,957
Loss on disposal of fixed assets	32,670	17,736
Write-down of memberships	9,400	18,000
Provision for reserve for investment loss	30,915	121,000
Patent licensing fee	—	77,974
Differences due to the change of accounting standards for retirement benefits	—	39,246
Write-down of investments in securities	22,264	—
Loss on dissolution of subsidiaries	169,000	—
Income (Loss) before income taxes	(1,101,622)	751,428
Income taxes-current	18,296	365,885
Income taxes-deferred	504,783	(25,872)
Net income (loss)	(1,624,701)	411,416
Profit brought forward from the previous year	131,776	124,839
Unappropriated retained earnings (deficit) for the year	(1,492,925)	536,255

Notes:5

(Yen)

Account	Amount	
	27th Term (Year ended June 30, 2002)	26th Term (Year ended June 30, 2001)
Unappropriated profit (deficit) for the year	(1,492,925,265)	536,255,211
Transfer from voluntary reserve		
Reversal of reserve for fixed assets reduction	1,155,254	1,227,687
Reversal of special reserve	1,800,000,000	—
Total	308,229,989	537,482,898
Profit was appropriated as follows:		
Legal reserve	—	23,246,064
Dividends	146,937,760 (¥10 per share)	220,310,640 (¥15 per share)
Bonuses to directors and corporate auditors	6,900,000	12,150,000
(Of which, bonuses to corporate auditors)	(900,000)	(1,150,000)
Special reserve	—	150,000,000
Profit to be carried forward	154,392,229	131,776,194

### Additional Information

Treasury stock  
 "Treasury stock" (¥302,723 thousand for the previous as of June 30, 2001), which was included in "Current assets" and "Fixed Assets" in the previous fiscal year, is now reported at the tail end of "Shareholders' Equity" in the current year's consolidated balance sheets as of June 30, 2002, in accordance with the Revised "Regulations Concerning Balance Sheet, Statement of Income, Business Report and Supplementary Schedules of Corporation (Kabushiki-Kaisha)" in Japan.

### Notes:4

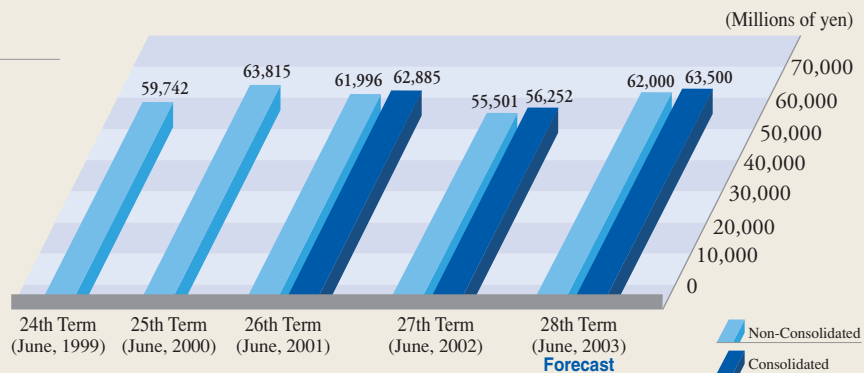
	27th Term (As of June 30, 2002)	26th Term (As of June 30, 2001)
1. Short-term accounts receivable due from subsidiaries	¥1,036,754 thousand	¥532,957 thousand
Long-term accounts receivable due from subsidiaries	—	¥330,000 thousand
Short-term accounts payable due to subsidiaries	¥934,697 thousand	¥705,683 thousand
2. Accumulated depreciation of tangible fixed assets	¥2,342,634 thousand	¥2,274,213 thousand
3. Liabilities for guarantee		
TAIWAN I-O DATA DEVICES, INC.	¥950,893 thousand	—
Those denominated in foreign currencies therein:	¥914,857 thousand	—
(US\$7,655 thousand)	(US\$7,655 thousand)	—
I-O NET, INC.	—	¥5,233 thousand
4. Major assets and liabilities denominated in foreign currencies		
Cash and bank deposits	¥452,941 thousand (US\$3,790 thousand)	¥475,538 thousand (US\$3,816 thousand)
Accounts receivable-trade	¥559,026 thousand (US\$4,678 thousand)	(—)
Accounts payable-trade	¥904,190 thousand (US\$8,070 thousand)	¥540,429 thousand (US\$4,337 thousand)
5. Net income (loss) per share	(¥110.58)	¥27.72

### Notes:5

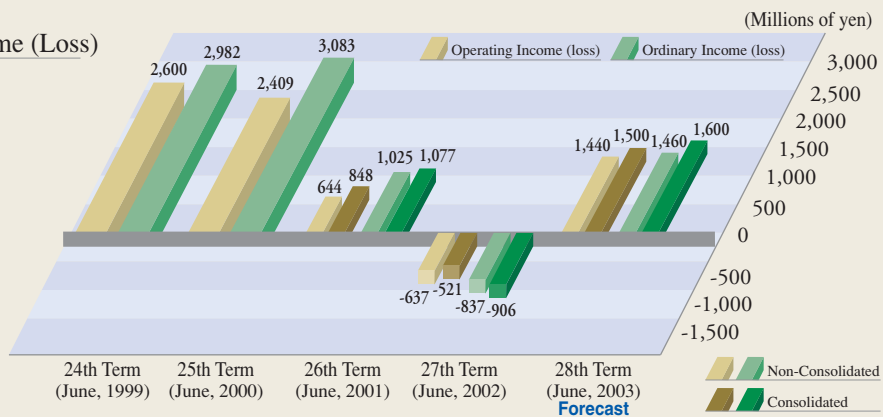
	27th Term (Year ended June 30, 2002)	26th Term (Year ended June 30, 2001)
1. Sales to subsidiaries	¥249,134 thousand	¥800,041 thousand
Purchases, etc. from subsidiaries	¥14,702,881 thousand	¥7,557,800 thousand
Nonoperating transactions with subsidiaries	¥22,545 thousand	¥11,550 thousand
2. Research and development costs included in selling, general and administrative expenses	¥1,017,697 thousand	¥1,088,239 thousand

# Changes in Operating Results

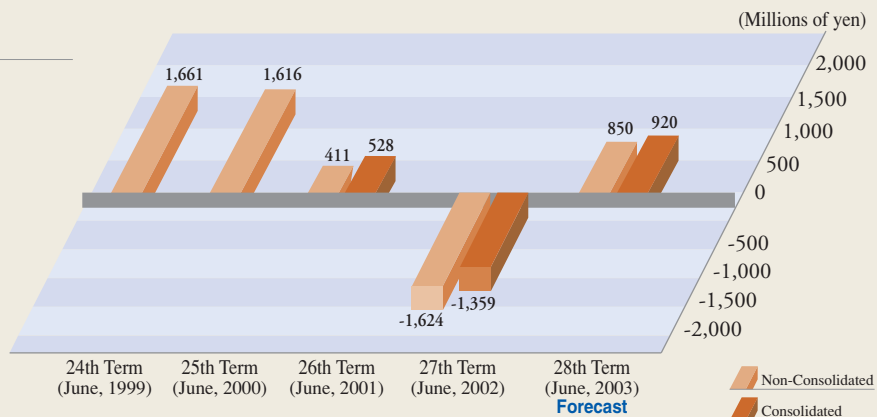
## Net Sales



## Operating Income, Ordinary Income (Loss)

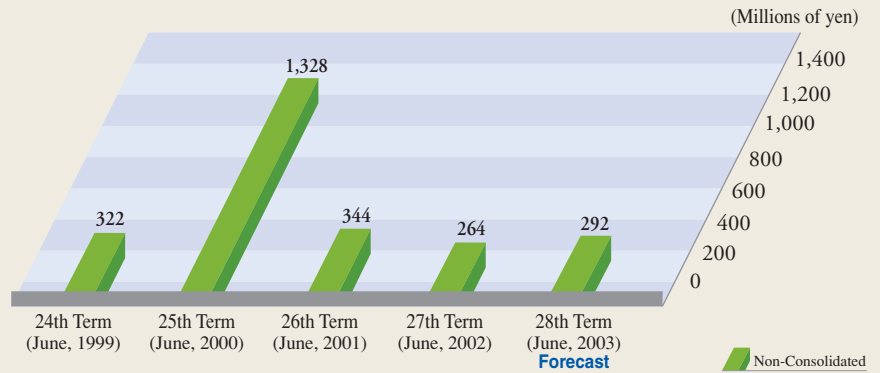


## Net Income (Loss)

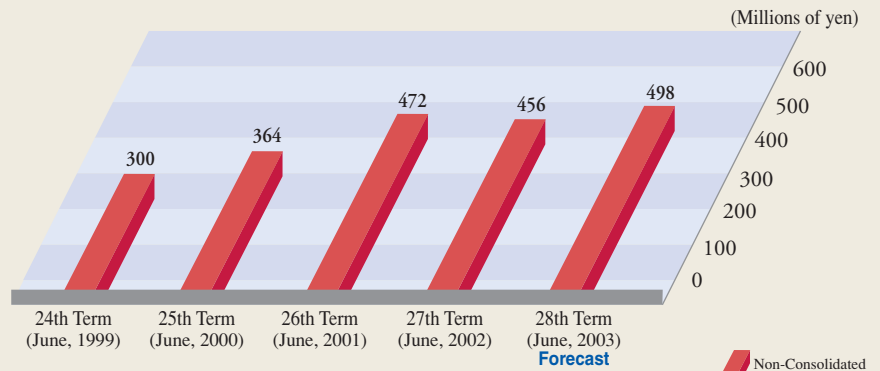


# Changes in Capital Investments, Depreciation and Research and Development

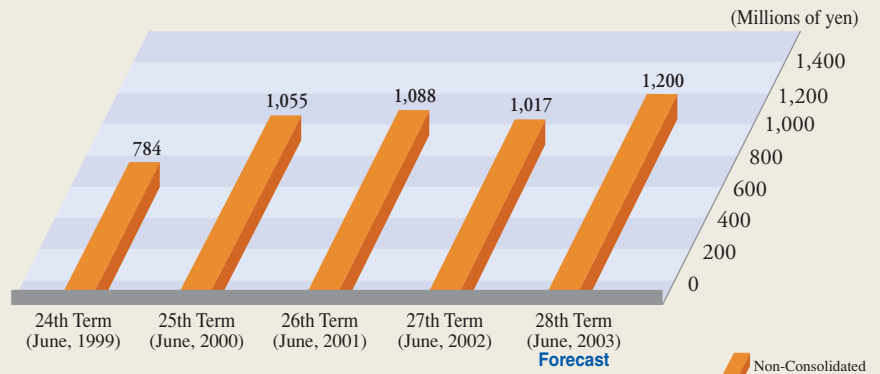
## Capital Investments



## Depreciation Expense

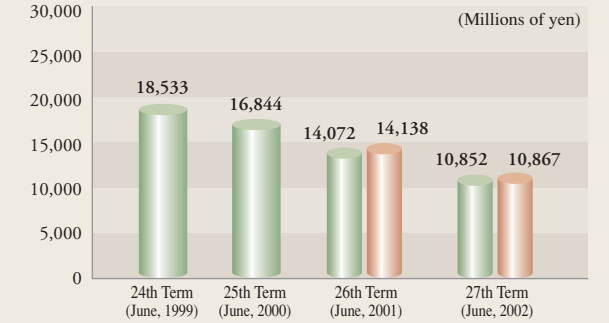


## Research and Development Costs

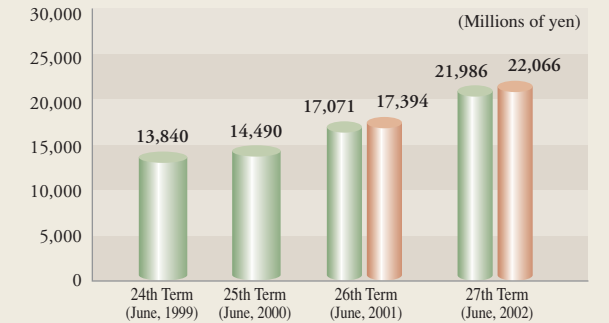
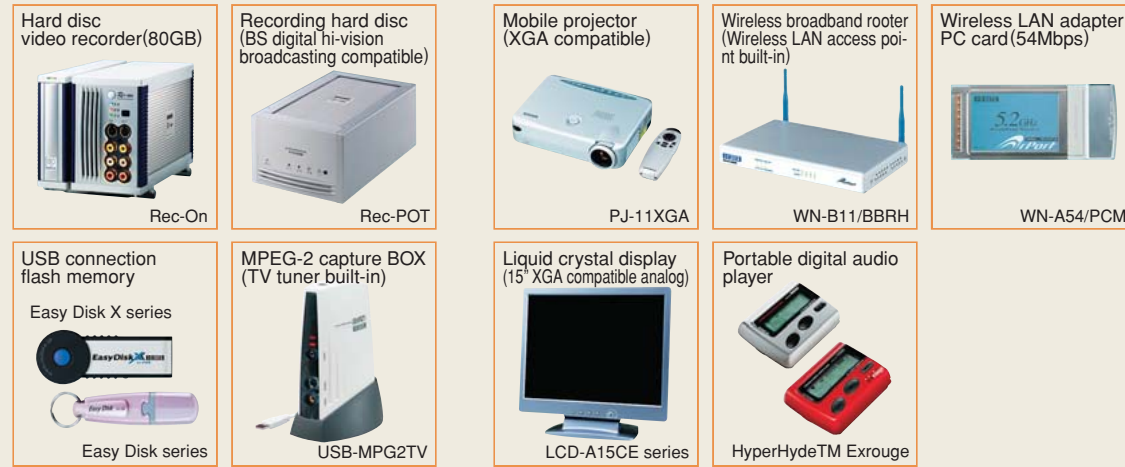


# Sales by Division

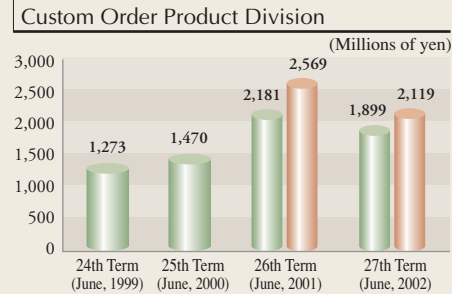
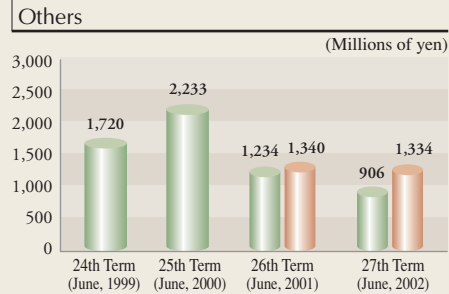
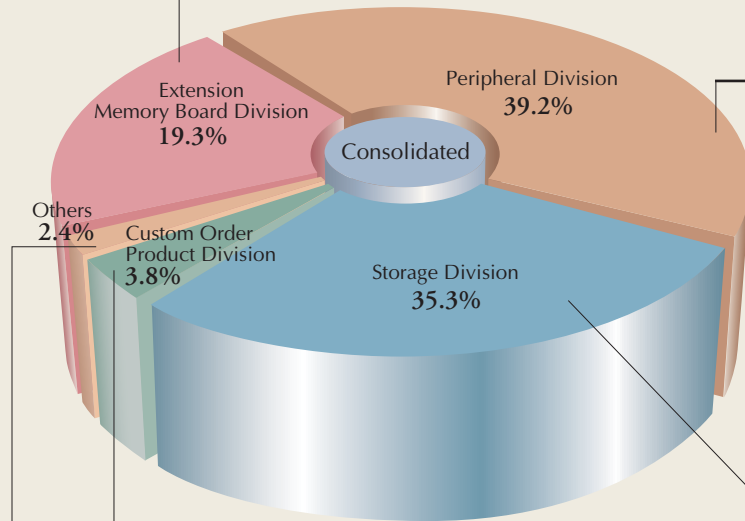
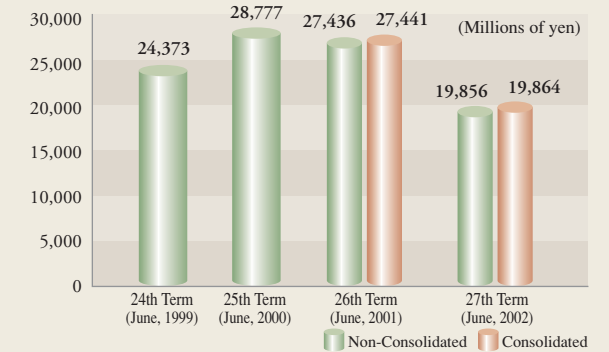
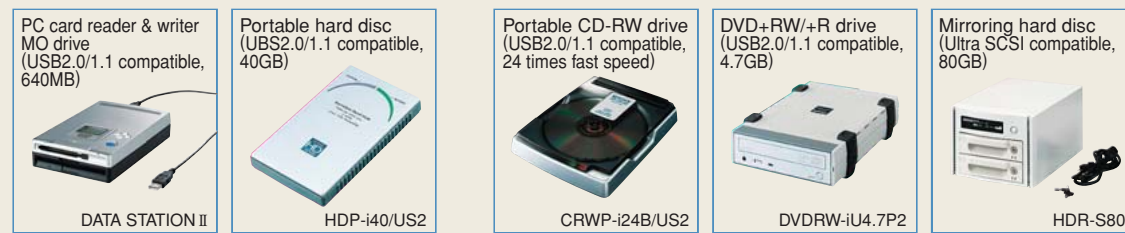
## Extension Memory Board Division



## Peripheral Division



## Storage Division



■ Non-Consolidated ■ Consolidated

■ Non-Consolidated ■ Consolidated

# Company Profile (As of June 30, 2002)



Head Office

## Board of Directors (As of September 26, 2002)

President	Akio Hosono
Executive Director	Nobuo Ikeda
Managing Director	Takeji Shimada
Director	Sakae Myokan
Director	Taku Tsuchida
Director	Masaaki Nakagawa
Director	Toru Nagano
Standing Statutory Auditor	Yoshio Hirabayashi
Statutory Auditor	Akira Mizutani
Statutory Auditor	Shozo Hamagami
Statutory Auditor	Fumio Miyazaki

Notes: All auditors are independent auditors and are pursuant to the provisions set forth in the first clause of Article 18 of Exception Act of the Commercial Law

## Outline

Name	I-O DATA DEVICE, INC.
Established	January 10, 1976
Capital	3,588.07 million yen
Business area	1. Development, manufacturing and sales of electronic computer devices and peripherals 2. Development, manufacturing and sales of software 3. Development, manufacturing and sales of automatic control electronic devices 4. All businesses involved in the above
Employees	517

## Offices

Head Office and Factory	3-10 Sakurada-machi, Kanazawa, Ishikawa
Tokyo Office	17 Kanda-higashimatsushita-cho, Chiyoda-ku, Tokyo
Osaka Office	2-1-10 Minamisenba, Chuo-ku, Osaka, Osaka
Sapporo Office	4-1, Kitajunishi, Kita-ku, Sapporo, Hokkaido
Sendai Office	2-2-10 Tsutsujigaoka, Miyagino-ku, Sendai, Miyagi
Yokohama Office	3-18-5 Shinyokohama, Kohoku-ku, Yokohama, Kanagawa
Nagoya Office	1-4-12 Kamimaezu, Naka-ku, Nagoya, Aichi
Hiroshima Office	7-14 Hashimoto-cho, Naka-ku, Hiroshima, Hiroshima
Fukuoka Office	1-31 Tenya-machi, Hakata-ku, Fukuoka, Fukuoka
I-O PLAZA AKIBA	4-7-1 SotoKanda, Chiyoda-ku, Tokyo

# Status of Shares (As of June 30, 2002)

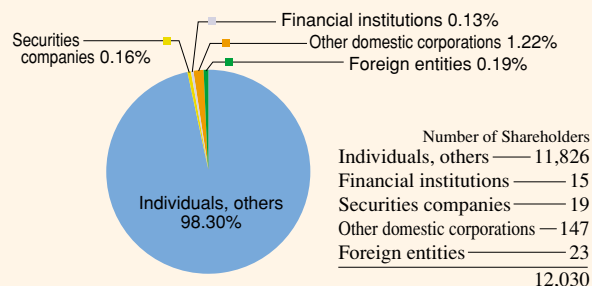
Total number of shares authorized to be issued by the Company  
 \_\_\_\_\_ 41,000,000  
 Total number of shares outstanding \_\_\_\_\_ 14,839,349  
 Number of shares per unit \_\_\_\_\_ 100  
 Number of shareholders at the term-end \_\_\_\_\_ 12,030  
 Average number of shares held per shareholder \_\_\_\_\_ 1,233

## Major Shareholders (top 10)

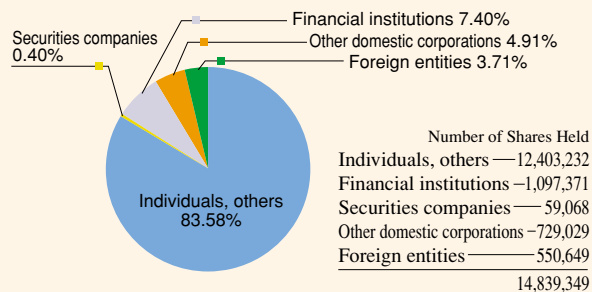
Name	Investment by these shareholders in the Company		Investment by the Company in these shareholders	
	Number of shares held	Shareholding percentage	Number of shares held	Shareholding percentage
Akio Hosono	4,510,811	30.39%	—	— %
Yukie Hosono	763,780	5.14	—	—
THE HOKKOKU BANK, LTD.	306,662	2.06	110,000	0.03
Credit Agricole Indo-suez Luxembourg	245,300	1.65	—	—
Kanazawa Ligament Co., Ltd.	236,675	1.59	—	—
The Mizuho Bank, Ltd.	153,331	1.03	—	—
The Nikko Citi Trust and Banking Corporation (Unit Trust Account)	115,700	0.77	—	—
The Master Trust Bank of Japan, Ltd. (Trust Account)	104,400	0.70	—	—
Ireland Special JASDEC Lending Account	100,000	0.67	—	—
THE HOKKOKU CREDIT SERVICE CO., LTD.	81,400	0.54	—	—

## Distribution of Shares by Shareholder Type

Number of Shareholders (Percentage)



Number of Shares Held (Percentage)



## Information for Shareholders

**Closing Date of Accounts:** June 30

**Ordinary General Meeting of Shareholders:** September, annually

**Record Date for Ordinary General Meeting of Shareholders:** June 30

Other record dates shall be set up and announced in advance when necessary.

**Listed Stock Exchange:** JASDAQ

(Japan Association of Securities Dealers Automated Quotations)

**Ticker Code:** 6916

**Media of Public Notice:** Nihon Keizai Newspaper

**Stock Transfer Agent:** The Sumitomo Trust & Banking Co., Ltd.

4-5-33 Kitahama, Chuo-ku, Osaka

**Handling Office:** The Sumitomo Trust & Banking Co., Ltd. Stock Transfer Agency Department

4-5-33 Kitahama, Chuo-ku, Osaka

**Mailing Address:** The Sumitomo Trust & Banking Co., Ltd. Stock Transfer Agency Department

1-10 Nikko-cho, Fuchu, Tokyo 183-8701

**Calling Center:**

Requests for address change notification documents Tel : 0120-175-417

Other inquiries Tel : 0120-176-417

**Website:**

<http://www.sumitomotrust.co.jp/STA/retail/service/daiko/index.html>

**Service Offices:**

Head Office and domestic branch offices of The Sumitomo Trust & Banking Co., Ltd.

**I·O DATA**

***I-O DATA DEVICE, INC.***

3-10 Sakurada-machi, Kanazawa, Ishikawa, JAPAN  
<http://www.iodata.jp>