

DATA I/O CORP  
Form 10-Q  
November 13, 2012

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

**FORM 10-Q**

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended **September 30, 2012**

or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
THE**

**SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: **0-10394**

**DATA I/O CORPORATION**

(Exact name of registrant as specified in its charter)

Washington  
(State or other jurisdiction of incorporation or  
organization)

91-0864123  
(I.R.S. Employer Identification No.)

**6464 185<sup>th</sup> Ave NE, Suite 101, Redmond, Washington, 98052**

(Address of principal executive offices, including zip code)

**(425) 881-6444**

(Registrant's telephone number, including area code)

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

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required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  
Yes  No

Shares of Common Stock, no par value, outstanding as of November 1, 2012:

7,867,486

**DATA I/O CORPORATION**  
**FORM 10-Q**  
**For the Quarter Ended September 30, 2012**

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**PART I - FINANCIAL INFORMATION****Item 1.                    Financial Statements**

**DATA I/O CORPORATION**  
**CONSOLIDATED BALANCE SHEETS**  
**(in thousands, except share data)**

	<b>(unaudited)</b> <b>September 30,</b> <b>2012</b>	<b>December 31,</b> <b>2011</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$11,187	\$18,120
Trade accounts receivable, net of allowance for doubtful accounts of \$85 and \$115	3,043	4,351
Inventories	4,068	3,964
Other current assets	354	543
<b>TOTAL CURRENT ASSETS</b>	<b>18,652</b>	<b>26,978</b>
Property, plant and equipment – net	1,152	1,489
Intangible software technology – net	2,463	2,793
Other assets	85	85
<b>TOTAL ASSETS</b>	<b>\$22,352</b>	<b>\$31,345</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$649	\$1,122
Accrued compensation	1,383	1,255
Deferred revenue	1,359	1,464
Other accrued liabilities	624	710
Accrued costs of business restructuring	214	-
Income taxes payable	25	72
<b>TOTAL CURRENT LIABILITIES</b>	<b>4,254</b>	<b>4,623</b>
Long-term other payables	229	253
<b>COMMITMENTS</b>	<b>-</b>	<b>-</b>
<b>STOCKHOLDERS' EQUITY</b>		
Preferred stock - Authorized, 5,000,000 shares, including  200,000 shares of Series A Junior Participating Issued and outstanding, none	-	-

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Common stock, at stated value -  
Authorized, 30,000,000 shares  
Issued and outstanding, 7,741,686 shares as

of September 30, 2012 and 9,207,730 shares as of

December 31, 2011	17,808	23,414
Accumulated earnings (deficit)	(1,100)	1,963
Accumulated other comprehensive income	1,161	1,092
TOTAL STOCKHOLDERS' EQUITY	17,869	26,469
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$22,352	\$31,345

*See notes to consolidated financial statements*

**DATA I/O CORPORATION**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(in thousands, except per share amounts)  
**(UNAUDITED)**

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Net Sales	\$4,311	\$7,051	\$13,350	\$20,943
Cost of goods sold	2,384	3,108	6,541	8,827
Gross margin	1,927	3,943	6,809	12,116
Operating expenses:				
Research and development	1,429	1,482	4,248	4,109
Selling, general and administrative	1,656	2,101	5,901	6,490
Provision for business restructuring	214	-	214	-
Total operating expenses	3,299	3,583	10,363	10,599
Operating income (loss)	(1,372)	360	(3,554)	1,517
Non-operating income (expense):				
Interest income	31	13	238	45
Interest expense	-	-	-	(2)
Foreign currency transaction gain (loss)	(32)	(178)	(68)	(244)
Total non-operating income (expense)	(1)	(165)	170	(201)
Income (loss) before income taxes				