

DATA I/O CORP
Form 8-K
March 07, 2007

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8 - K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): March 5, 2007

Data I/O Corporation

(Exact name of registrant as specified in its charter)

Washington

(State of other jurisdiction of incorporation)

0-10394
(Commission File Number)

91-0864123
(IRS Employer Identification No.)

6464 185th Ave. N.E., Redmond, WA 98052

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (425) 881-6444

Not Applicable

(Former name or former address, if changed since last report)

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Item 2.02 Results of Operation and Financial Condition

A copy of a press release made on March 5, 2007 follows:

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Redmond, WA 98052

Tel: (425) 881-6444

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Contact:

Joel Hatlen

VP / Chief Financial Officer

Data I/O Corporation

(425) 881-6444

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DATA I/O ANNOUNCES FOURTH QUARTER 2006 FINANCIAL RESULTS

Redmond, Wash., March 5, 2007 Data I/O Corporation (NASDAQ: DAIO), the leading provider of manual and automated device programming systems, today announced financial results for the fourth quarter and year ended December 31, 2006.

Revenues for the fourth quarter of 2006 were \$8.4 million, compared with \$6.8 million in the third quarter of 2006. In accordance with U.S. generally accepted accounting principles (GAAP), net income in the fourth quarter of 2006 was \$909,000, or \$0.10 per share, compared with net income of \$47,000, or \$0.01 per share, in the third quarter of 2006.

Fiscal Year 2006 Results

For the year ended December 31, 2006, Data I/O reported revenues of \$28.8 million, a 2 percent increase from revenues of \$28.3 million in 2005. Net income for 2006 was \$46,000 or \$0.01 per share, compared with a net income for 2005 of \$582,000 or \$0.07 per share. Gross margins as a percentage of sales in 2006 were 53.8 percent, compared with 56.8 percent in the prior year. This gross margin percentage change was primarily due to channel and product mix changes between the two periods.

During the fourth quarter, we began shipping to customers the FLX 500, our new automated programming system, said Fred Hume, president and CEO. We are pleased with our customers' reception of the FLX 500, the opportunities it provides for an expanded set of customers to automate their programming processes, and the FLX 500 as a platform for providing further customer solutions.

We are pleased that our restructuring actions taken in the third and fourth quarter were successful in adjusting the expense structure to increase profitability, said Hume.

Conference Call Information

A conference call discussing the fourth quarter and 2006 financial results will follow this release today at 2:00 p.m. Pacific time/5:00 p.m. Eastern time. To listen to the conference call, please dial (612) 332-0530, passcode: DAIO. A taped replay will be made available approximately one hour after the conclusion of the call and will remain available for one week. To access the replay, please dial (320) 365-3844 access code 864590. The conference call will also be simultaneously webcast over the Internet; visit the Investor Relations section of the Data I/O Corporation website at <http://www.dataio.com> to access the call from the site. This webcast will be recorded and available for replay on the Data I/O Corporation website approximately two hours after the conclusion of the conference call.

About Data I/O Corporation

Celebrating 35 years of innovative leadership in the device programming industry, Data I/O Corporation (NASDAQ: DAIO), provides manual and automated device programming systems that specifically address the requirements of engineering and manufacturing customers. FlashCORE , Sprint and UniSite families provide a wide range of device support and versatility to address a user s many different programming needs. Data I/O Corporation has headquarters in Redmond, WA, with sales and services offices worldwide. For further information, visit the company s website at <http://www.dataio.com>.

Forward Looking Statement

Statements in this news release concerning future revenues, future margins, future results from operations, financial position, economic conditions, product releases and any other statement that may be construed as a prediction of future performance or events are forward-looking statements which involve known and unknown risks, uncertainties and other factors which may cause actual results to differ materially from those expressed or implied by such statements. These factors include uncertainties as to levels of orders, ability to record revenues based upon the timing of product deliveries and installations, market acceptance of new products, changes in economic conditions and market demand, pricing and other activities by competitors, and other risks including those described from time to time in the Company s filings on Forms 10K and 10Q with the Securities and Exchange Commission (SEC), press releases and other communications.

Summary Financial Data Attached

DATA I/O CORPORATION
COMPARATIVE STATEMENTS OF EARNINGS

(in thousands except per share data)

| | Fourth Quarter | | | Twelve Months Ended | | |
|---|----------------|------------|----------------|---------------------|------------|----------------|
| | 12/31/2006 | 12/31/2005 | Percent Change | 12/31/2006 | 12/31/2005 | Percent Change |
| Net sales | \$ 8,380 | \$ 8,356 | 0.3 % | \$ 28,793 | \$ 28,321 | 1.7 % |
| Gross margin | 4,581 | 4,388 | 4.4 % | 15,503 | 16,091 | -3.7 % |
| Gross margin as percent of sales | 54.7 % | 52.5 % | 2.2 % | 53.8 % | 56.8 % | -3.0 % |
| Operating expenses: | | | | | | |
| Research & development | 1,332 | 1,381 | -3.5 % | 5,577 | 5,286 | 5.5 % |
| Selling, general and administrative | 2,404 | 2,663 | -9.7 % | 9,898 | 10,085 | -1.9 % |
| Provision for business restructure | 39 | 23 | | 191 | 96 | |
| Operating income(loss) | 806 | 321 | | (163) | 624 | |
| Non-operating income (expense) | 66 | 56 | | 163 | 78 | |
| Income(loss) from operations before taxes | 872 | 377 | | | 702 | |
| Income tax expense(benefit) | (37) | 14 | | (46) | 120 | |
| Net income(loss) | \$ 909 | \$ 363 | | \$ 46 | \$ 582 | |
| Total diluted earnings(loss) per share | \$ 0.10 | \$ 0.04 | | \$ 0.01 | \$ 0.07 | |
| Diluted weighted average shares outstanding | 8,730 | 8,625 | | 8,710 | 8,532 | |

CONDENSED BALANCE SHEET

(in thousands)

| | 12/31/2006 | 12/31/2005 |
|--|------------|------------|
| Cash and cash equivalents | \$ 2,478 | \$ 4,362 |
| Short-term investments | | 800 |
| Accounts receivable, net | 8,496 | 6,828 |
| Inventories | 5,052 | 3,529 |
| Other current assets | 491 | 329 |
| Property, plant and equipment, net | 2,852 | 2,274 |
| Other long-term assets, net | 122 | 15 |
| Total assets | \$ 19,491 | \$ 18,137 |
| Current liabilities | \$ 5,762 | \$ 5,854 |
| Long-term debt | 446 | |
| Shareholders' equity | 13,283 | 12,283 |
| Total liabilities and shareholders' equity | \$ 19,491 | \$ 18,137 |

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Data I/O Corporation

March 7, 2007

By /s/Frederick R. Hume
Frederick R. Hume
President
Chief Executive Officer

By /s/Joel S. Hatlen

Joel S. Hatlen
Vice President - Finance
Chief Financial Officer
Secretary and Treasurer