

DATA I/O CORP
Form 10-Q
August 13, 2014

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

FORM 10-Q

(Mark One)
(X)

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

For the quarterly period ended **June 30, 2014**

or

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**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 185th 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 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 August 1, 2014:

7,843,526

DATA I/O CORPORATION
FORM 10-Q
For the Quarter Ended June 30, 2014

INDEX

Part I.	Financial Information	<u>Page</u>
Item 1.	Financial Statements	3
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	13
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	19
Item 4.	Controls and Procedures	19
Part II	Other Information	
Item 1.	Legal Proceedings	20
Item 1A.	Risk Factors	20
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	20
Item 3.	Defaults Upon Senior Securities	20
Item 4.	Mine Safety Disclosures	20
Item 5.	Other Information	20
Item 6.	Exhibits	20
Signatures		21

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

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

	June 30, 2014	December 31, 2013
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$8,220	\$10,426
Trade accounts receivable, net of allowance for doubtful accounts of \$107 and \$87, respectively	5,171	1,980
Inventories	3,952	3,770
Other current assets	331	395
TOTAL CURRENT ASSETS	17,674	16,571
Property, plant and equipment – net	1,090	843
Other assets	88	88
TOTAL ASSETS	\$18,852	\$17,502
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$1,315	\$720
Accrued compensation	1,194	1,107
Deferred revenue	2,077	1,170
Other accrued liabilities	773	597
Accrued costs of business restructuring	273	723
Income taxes payable	27	10
TOTAL CURRENT LIABILITIES	5,659	4,327
Long-term other payables	236	313
COMMITMENTS	-	-
STOCKHOLDERS' EQUITY		
Preferred stock -		
Authorized, 5,000,000 shares, including		

200,000 shares of Series A Junior Participating Issued and outstanding, none	-	-
Common stock, at stated value - Authorized, 30,000,000 shares Issued and outstanding, 7,843,526 shares as of June 30, 2014 and 7,786,053 shares as of December 31, 2013	18,530	18,343
Accumulated earnings (deficit)	(6,938)	(7,042)
Accumulated other comprehensive income	1,365	1,561
TOTAL STOCKHOLDERS' EQUITY	12,957	12,862
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$18,852	\$17,502

See notes to consolidated financial statements

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Net Sales	\$5,599	\$5,271	\$10,418	\$10,029
Cost of goods sold	2,577	2,332	4,901	4,549
Gross margin	3,022	2,939	5,517	5,480
Operating expenses:				
Research and development	1,173	1,117	2,323	2,321
Selling, general and administrative	1,456	1,785	3,144	3,592
Provision for business restructuring	-	642	13	642
Total operating expenses	2,629	3,544	5,480	6,555
Operating income (loss)	393	(605)	37	(1,075)
Non-operating income (expense):				
Interest income	53	56	72	