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DATA I/O CORP
Form 8-K
April 27, 2005

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): April 27, 2005

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.)

10525 Willows Road 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 April 27, 2005 follows:

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For information please contact:

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DATA I/O ANNOUNCES FIRST QUARTER 2005 FINANCIAL RESULTS

Redmond, Wash., April 27, 2005 - Data I/O Corporation (NASDAQ: DAIO), the leading provider of manual and automated device programming systems, today announced financial results for the first quarter ended March 31, 2005.

Revenues were \$6.7 million, compared with \$5.8 million in the fourth quarter of 2004. Gross margins in the first quarter of 2005 were 59.6 percent, compared with 53.8 percent in the prior quarter. The higher gross margins were primarily a result of more direct than indirect sales in the quarter, a favorable product mix, higher margins on aftermarket products, and lower labor and overhead expenses related to the company's restructuring in 2004.

In accordance with U.S. generally accepted accounting principles (GAAP), net income in the first quarter of 2005 was \$39,000, compared with a net loss of \$584,000 in the fourth quarter of 2004.

Total cash and short-term investments were \$5.1 million at March 31, 2005. The company remains debt-free.

"We recently announced the expansion of our strategic alliance with Intel Corporation," said Fred Hume, president and CEO. "Intel opened a new Programmer Evaluation Lab in the Philippines, which includes a Data I/O FlashPAK programming system. The new lab increases our ability to support our common customers in Asia," he said.

"We began revenue shipments of the ImageWriter(TM) during the first quarter, and also announced that our ImageWriter product supports the Atmel AVR family of flash microcontrollers already mounted on a circuit board. The ImageWriter is based on an open architecture that enables seamless integration with automated test and manufacturing systems, enabling manufacturers of consumer goods, automotive equipment and industrial products to reduce costs and rapidly deliver products to market. We expect to see continued growth in our in-system programming product sales in the quarters to come," said Hume.

"In addition, we signed a distribution agreement with Accelonix UK, a leading supplier of test and measurement equipment in Great Britain. Accelonix UK will be the exclusive distributor for Data I/O's products in Great Britain and Northern Ireland. We are excited about the compelling market opportunities in this region," said Hume.

Second Quarter 2005 Guidance

Data I/O currently expects that revenues in the second quarter of 2005 will grow modestly over the first quarter, with gross margins expected to be similar to the first quarter.

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Conference Call Information

A conference call discussing the first quarter 2005 financial results will follow this release today at 8:00 a.m. Pacific time/11:00 a.m. Eastern time. To listen to the call, please dial (210) 234-0002, passcode: Data I/O. 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, dial (402) 530-8088. 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 more than 30 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(TM), 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		
	3/31/2005	3/31/2004	Percent Change
Net sales	\$6,737	\$6,834	(1.4%)
Gross margin	4,014	3,713	8.1%
Gross margin as percent of sales	59.6%	54.3%	5.3%
Operating expenses:			
Research & development	1,337	1,204	11.0%
Selling, general and administrative	2,631	2,172	21.1%

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Provision for business restructure	0	0
Operating income (loss)	46	337
Non-operating income (expense):		
Interest, net	20	34
Foreign currency exchange	(21)	(14)
Income/(loss) from operations before taxes	45	357
Income tax expense (benefit)	6	61
Net income/(loss)	\$39	\$296
Diluted earnings/(loss) per share	\$0.00	\$0.04
Diluted weighted average shares outstanding	8,550	8,414

CONDENSED BALANCE SHEET (in thousands)

	3/31/2005	12/31/2004
Cash and cash equivalents	\$3,801	\$5,534
Short-term investments	1,330	1,037
Accounts receivable, net	5,366	4,489
Inventories	3,807	4,139
Other current assets	495	652
Land, building and equipment	1,880	1,970
Other long-term assets	23	26
Total assets	\$16,702	\$17,847
Current liabilities	\$4,511	\$5,601
Deferred gain on sale of property	679	776
Shareholders' equity	11,512	11,470
Total liabilities and shareholders' equity	\$16,702	\$17,847

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

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April 27, 2005

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