

INTRUSION INC
Form 10-Q
August 13, 2004

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2004

OR

o **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 0-20191

INTRUSION INC.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

75-1911917
(I.R.S. Employer
Identification No.)

1101 East Arapaho Road, Richardson, Texas 75081

(Address of principal executive offices)

(Zip Code)

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(972) 234-6400

(Registrant's telephone number, including area code)

Not Applicable

Former name, if changed since last report)

* * * * *

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 is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares outstanding of the Registrant's Common Stock, \$0.01 par value, on August 13, 2004 was 5,166,312.

INTRUSION INC.

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PART I FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

INTRUSION INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except par value amounts)

	June 30, 2004 (Unaudited)	December 31, 2003 (Audited)
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 1,636	\$ 974
Short-term investments	3,100	1,705
Accounts receivable, less allowance for doubtful accounts of \$574 in 2004 and \$574 in 2003	588	972
Inventories, net	1,382	1,286
Other assets	253	449
Total current assets	6,959	5,386
Property and equipment, net	234	297
Other assets	77	77
TOTAL ASSETS	\$ 7,270	\$ 5,760
LIABILITIES AND STOCKHOLDERS EQUITY		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 1,692	\$ 2,188
Deferred revenue	919	788
Total current liabilities	2,611	2,976
Stockholders Equity:		
Preferred stock, \$.01 par value, authorized shares 5,000; 1,000 shares issued and outstanding, liquidation preference \$5,000	3,534	
Common stock, \$.01 par value, authorized shares - 80,000; issued shares 5,176 in 2004 and 5,173 in 2003; outstanding shares 5,166 in 2004 and 5,163 in 2003	52	52
Common stock held in treasury, at cost 10 shares	(362)	(362)
Additional paid-in capital	48,661	47,526
Accumulated deficit	(46,998)	(44,204)
Accumulated other comprehensive loss	(228)	(228)
Total stockholders equity	4,659	2,784
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	\$ 7,270	\$ 5,760

See accompanying notes.

INTRUSION INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2004	June 30, 2003	June 30, 2004	June 30, 2003
Net product revenue	\$ 644	\$ 768	\$ 1,215	\$ 1,659
Net customer support and maintenance revenue	459	715	1,155	1,300
Total revenue	1,103	1,483	2,370	2,959
Cost of product revenue	453	712	728	1,565
Cost of customer support and maintenance revenue	124	379	485	530
Total cost of revenue	577	1,091	1,213	2,095
Gross profit	526	392	1,157	864
Operating expenses:				
Sales and marketing	1,013	1,923	1,973	3,786
Research and development	732	901	1,334	1,824
General and administrative	315	446	579	848
Severance costs	34	118		