

INTRUSION INC
Form 10-Q
May 14, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2012

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, Suite 200, Richardson, Texas 75081

(Address of principal executive offices)

(Zip Code)

(972) 234-6400

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, 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 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
(Do not check if a smaller reporting company)

Smaller reporting company

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Indicate by check mark whether the Registrant is a shell company (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 April 30, 2012 was 11,972,017.

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Item 1. FINANCIAL STATEMENTS

INTRUSION INC. AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except par value amounts)

	March 31, 2012	December 31, 2011
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 269	\$ 308
Accounts receivable	543	480
Inventories, net	5	5
Prepaid expenses	113	90
Total current assets	930	883
Property and equipment, net	249	207
Other assets	43	40
TOTAL ASSETS	\$ 1,222	\$ 1,130
LIABILITIES AND STOCKHOLDERS DEFICIT		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 740	\$ 632
Dividends payable	161	123
Line of credit payable		80
Obligations under capital lease, current portion	96	74
Deferred revenue	381	97
Loan payable to officer	1,530	
Total current liabilities	2,908	1,006
Loan payable to officer		1,530
Obligations under capital lease, noncurrent portion	83	53
Commitments and contingencies		
Stockholders' deficit:		
Preferred stock, \$0.01 par value: Authorized shares 5,000		
Series 1 shares issued and outstanding 220 Liquidation preference of \$1,155 as of March 31, 2012	778	778
Series 2 shares issued and outstanding 460 Liquidation preference of \$1,213 as of March 31, 2012	724	724
Series 3 shares issued and outstanding 354 Liquidation preference of \$814 as of March 31, 2012	504	504
Common stock, \$0.01 par value:		

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Authorized shares	80,000		
Issued shares	11,982 as of March 31, 2012 and 11,952 as of December 31, 2011		
Outstanding shares	11,972 as of March 31, 2012 and 11,942 as of December 31, 2011	120	119
Common stock held in treasury, at cost	10 shares	(362)	(362)
Additional paid-in capital		55,727	55,686
Accumulated deficit		(59,153)	(58,801)
Accumulated other comprehensive loss		(107)	(107)
Total stockholders' deficit		(1,769)	(1,459)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT		\$ 1,222	\$ 1,130

See accompanying notes.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)

	Three Months Ended	
	March 31, 2012	March 31, 2011
Net product revenue	\$ 1,363	\$ 996
Net customer support and maintenance revenue	35	46
Total revenue	1,398	1,042
Cost of product revenue	610	394
Cost of customer support and maintenance revenue	5	5
Total cost of revenue	615	399
Gross profit	783	643
Operating expenses:		
Sales and marketing	399	345
Research and development	398	397
General and administrative	311	299
Operating income (loss)	(325)	(398)
Interest expense, net	(27)	(4)
Income (loss) before income tax provision	(352)	(402)
Income tax provision		