

INTRUSION INC  
Form 10-Q  
August 12, 2009  
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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 10-Q**

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

For the quarterly period ended June 30, 2009

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

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(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

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 July 31, 2009 was 11,704,535.



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## Item 1. FINANCIAL STATEMENTS

**INTRUSION INC. AND SUBSIDIARIES**

## UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except par value amounts)

	June 30, 2009	December 31, 2008
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 136	\$ 554
Accounts receivable	289	341
Inventories, net	6	20
Prepaid expenses	58	56
Total current assets	489	971
Property and equipment, net	134	169
Other assets	39	39
<b>TOTAL ASSETS</b>	<b>\$ 662</b>	<b>\$ 1,179</b>
<b>LIABILITIES AND STOCKHOLDERS DEFICIT</b>		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 547	\$ 538
Loan payable to officer	835	480
Dividends payable	276	187
Deferred revenue	416	1,090
Total current liabilities	2,074	2,295
Commitments and contingencies		
Stockholders' deficit:		
Preferred stock, \$0.01 par value: Authorized shares 5,000		
Series 1 shares issued and outstanding 220 in 2009 and 260 in 2008 Liquidation preference of \$1,212 as of June 30, 2009	778	918
Series 2 shares issued and outstanding 460 Liquidation preference of \$1,241 as of June 30, 2009	724	724
Series 3 shares issued and outstanding 354 Liquidation preference of \$834 as of June 30, 2009	504	504
Common stock, \$0.01 par value:		
Authorized shares 80,000		
Issued shares 11,715 in 2009 and 11,648 in 2008		
Outstanding shares 11,705 in 2009 and 11,638 in 2008	117	116
Common stock held in treasury, at cost 10 shares	(362)	(362)
Additional paid-in capital	55,558	55,443
Accumulated deficit	(58,552)	(58,280)

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Accumulated other comprehensive loss	(179)	(179)
Total stockholders' deficit	(1,412)	(1,116)
<b>TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT</b>	<b>\$ 662</b>	<b>\$ 1,179</b>

See accompanying notes.

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

	Three Months Ended		Six Months Ended	
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
Net product revenue	\$ 1,217	\$ 1,132	\$ 1,977	\$ 1,431
Net customer support and maintenance revenue	75	151	171	315
Total revenue	1,292	1,283	2,148	1,746
Cost of product revenue	429	434	701	608
Cost of customer support and maintenance revenue	4	6	9	12
Total cost of revenue	433	440	710	620
Gross profit	859	843	1,438	1,126
Operating expenses:				