SECURITIES AND EXCHANGE COMMISSION
Washington, DC. 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, 1997 or

[ ] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission file number 0-15235

MITEK SYSTEMS, INC.

(Exact name of registrant as specified in its charter)

DELAWARE	87-0418827
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

10070 CARROLL CANYON ROAD, SAN DIEGO, CALIFORNIA 92131

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (619) 635-5900

(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 X No .

There were 10,773,087 shares outstanding of the registrant's Common Stock as of July 25, 1997.

PART I: FINANCIAL INFORMATION
MITEK SYSTEMS, INC.
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	June 30, 1997	September 30, 1996
ASSETS		
CURRENT ASSETS:		
Cash	$2,215,788	$ 210,413
Accounts receivable-net	2,375,029	2,258,541
Inventories	597,984	278,206
Prepaid expenses	127,236	240,364
Total current assets	5,316,037	2,987,524
PROPERTY AND EQUIPMENT-at cost	1,155,264	1,049,678
Less accumulated depreciation and amortization	929,460	902,790
Property and equipment-net	225,804	146,888
OTHER ASSETS:		
Goodwill	1,256,729	106,963
Prepaid license & other assets	991,694	521,067
Total other assets	2,248,423	628,030
TOTAL	$7,790,264	$3,762,442
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term liabilities	$ 7,052	9,190
Accounts payable	590,768	472,755
Accrued payroll and related taxes	189,825	302,037
Other accrued liabilities	223,814	319,973
Total current liabilities	1,011,459	1,103,955
LONG-TERM LIABILITIES	1,237	6,147
COMMITMENTS (NOTE E)		
STOCKHOLDERS' EQUITY:		
Preferred stock - $.001 par value; 1,000,000 shares authorized; no shares issued and outstanding		
Common stock - $.001 par value; 20,000,000 shares authorized; 10,773,087 and 7,782,971 issued and outstanding, respectively	10,773	7,783
Additional paid-in capital	8,644,396	3,503,634
Accumulated deficit	(1,877,601)	(859,077)
Total stockholders' equity	6,777,568	2,652,340
TOTAL	$7,790,264	$3,762,442

See notes to consolidated financial statements

MITEK SYSTEMS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	THREE MONTHS ENDED June 30,		NINE MONTHS ENDED June 30,	
	1997	1996	1997	1996
NET SALES	$ 700,853	$2,116,524	$3,677,032	$5,865,806
COST OF GOODS SOLD	412,240	730,498	1,294,460	2,206,927
GROSS MARGIN	288,613	1,386,026	2,382,572	3,658,879
COSTS AND EXPENSES:				
Selling and marketing	590,947	346,632	1,526,037	933,216
General and administrative	357,457	272,634	1,032,662	885,822
Research and development	407,128	334,820	1,031,659	922,064
Interest (income) expense	(26,792)	7,662	(76,093)	89,369
Total costs and expenses	1,328,740	961,748	3,514,265	2,830,471
INCOME (LOSS) BEFORE INCOME TAXES	(1,040,127)	424,278	(1,131,693)	828,408
INCOME TAX EXPENSE (BENEFIT)	(104,012)	22,676	(113,169)	82,841
NET INCOME (LOSS)	$ (936,115)	$ 401,602	$(1,018,524)	$ 745,567
NET INCOME (LOSS) PER SHARE:				
Common and Common equivalent shares	$ (.09)	$ .05	$ (.10)	$ .09
WEIGHTED AVERAGE COMMON AND COMMON EQUIVALENT SHARES	10,465,138	8,210,498	9,921,129	8,038,020

See notes to consolidated financial statements.

MITEK SYSTEMS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Months Ended June 30, 1997	1996
OPERATING ACTIVITIES:		
Net income (loss)	$(1,018,524)	$ 745,567
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	415,638	320,096
Changes in operating assets and liabilities:		
Increase in accounts receivable	(116,488)	(442,422)
Increase in inventory and prepaid expense	(956,835)	(101,915)
Decrease in accounts payable and accrued expenses	(90,563)	(166,060)
Net cash provided by (used in) operating activities	(1,766,772)	355,266
INVESTING ACTIVITIES:		
Purchases of property and equipment	(173,181)	(69,691)
Acquisition of TSI - net	(205,867)	0
Net cash used in investing activities	(379,048)	(69,691)
FINANCING ACTIVITIES:		
Proceeds from borrowings	150,000	1,796,816
Repayment of notes payable and long-term liabilities	(156,843)	(2,191,760)
Proceeds from note receivable	0	158,335
Net proceeds from exercise of stock options, warrants and secondary offering	4,158,038	64,776
Net cash provided by financing activities	4,151,195	(171,833)
NET INCREASE IN CASH	2,005,375	113,742
CASH AT BEGINNING OF PERIOD	210,413	103,895
CASH AT END OF PERIOD	$2,215,788	$ 217,637

Supplemental disclosure of non-cash investing activities:	
Assets provided by acquisition	$1,191,581
Liabilities assumed through acquisition	0
Stock issued in acquisition	(985,714)
Net cash paid in asset acquisition of TSI	$ 205,867

See notes to consolidated financial statements

MITEK SYSTEMS, INC.
NOTES TO FINANCIAL STATEMENTS

A. Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and, therefore, do not include all information and footnote disclosures that are otherwise required by Regulation S-X and that will normally be made in the Company's Annual Report on Form 10-K. The financial statements do, however, reflect all adjustments (solely of a normal recurring nature) which are, in the opinion of management, necessary for a fair statement of the results of the interim periods presented.

Results for the three and nine months ended June 30, 1997 and 1996 are not necessarily indicative of results which may be reported for any other interim period or for the year as a whole.

B. Inventories

Inventories are summarized as follows:

	JUNE 30, 1997	SEPTEMBER 30, 1996
Raw materials	$397,026	$ 55,366
Work in process	0	0
Finished goods	200,958	222,840
Total	$597,984	$278,206

Inventories are recorded at the lower of cost (on the first-in, first-out basis) or market.

C. Net Income (Loss) Per Share

Net income (loss) per share amounts are computed based on the weighted average shares outstanding during the periods which include any delutive stock options and warrants.

In February 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("SFAS") No. 128, "Earnings Per Share". This statement specifies the computation, presentation, and disclosure requirements for earnings per share for entities with publicly held common stock. SFAS No. 128 is not in effect for the Company in the third quarter of 1997, but will be in effect for financial statements issued for periods ending after December 15, 1997, including interim periods. The Company does not expect the adoption of SFAS No. 128 to have a material effect on its net income (loss) per share.

D. Sale of Common Stock

In the first quarter of fiscal year 1997, the Company undertook a secondary public stock offering in which a total of 2,250,000 shares of common stock were sold at $2.25 per share, providing the Company with net proceeds of $4,089,316.

MITEK SYSTEMS, INC.
NOTES TO FINANCIAL STATEMENTS
Continued

E. Acquisition

In June, 1997, the Company acquired the assets of Technology Solutions, Inc. ("TSI"), with terms of $240,000 cash and 685,714 shares of unregistered common stock valued at $985,714. The Company is in the process of assessing the values of these assets acquired. The transaction resulted in goodwill of $1,191,581 which will be amortized over a five year period.

F. Commitments

In April, 1997, the Company entered into a exclusive worldwide license agreement for $650,000 cash, and entered into a cross investment commitment of $1,000,000 in Company common stock, with Parascript, LLC of Boulder, Colorado.

The Company's offices and manufacturing facilities are leased under non-cancellable operating leases. The primary facilities lease expires on April 30, 1998, at which time the lease is renewable at then current market rates.

Year ending September 30:

1997	$ 97,965
1998	58,457
1999	2,153
Total	$158,575

G. Subsequent Events

Effective July 1, 1997, the Company extendeded its facilities lease to expire June 30, 2002 in conjunction with the addition of space at its current location. The lease obligation totals $1,016,871 over the term of the agreement.

Effective August 1, 1997, the Company relocated its Virginia office and entered into a lease agreement to expire July 31, 2002. The lease obligation totals $234,496 over the term of the agreement.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Comparison of Three Months and Nine Months Ended June 30, 1997 and 1996

NET SALES. Net sales for the three month period ended June 30, 1997 were $701,000, compared to $2,117,000 for the same period in 1996, a decrease of $1,416,000 or 66.9%. The decrease was attributed to delay in orders from OEM's and integrators. Net sales for the nine month period ended June 30, 1997, were $3,677,000 compared to $5,866,000 for the same period in the prior year, a decrease of $2,189,000, or 37.3%.

GROSS MARGIN. Gross margin for the three month period ended June 30, 1997 were $289,000, compared to $1,386,000 for the same period in 1996, a decrease of $1,097,000 or 79.2%. As a percentage of net sales, gross margin decreased to 41.2% for the three month period ended June 30, 1997 compared to 65.5% for the same period in 1996. Gross margin for the nine month period ended June 30, 1997 were $2,383,000 compared to $3,659,000 for the same period in 1996, a decrease of $1,276,00 or 34.9%. As a percentage of net sales, gross margin increased to 64.8% for the nine month period ended June 30, 1997 compared to 62.4% for the nine month period ended June 30, 1996. The changes in both periods were primarily due to product mix combined with reduced revenues.

RESEARCH AND DEVELOPMENT. Research and development expenses for the three month period ended June 30, 1997 were $407,000 compared to $335,000 for the same period ended in 1996, an increase of $72,000 or 21.5%. As a percentage of net sales, research and development expenses increased to 58% for the three month period ended June 30, 1997 compared to 15.8% for the same period in 1996. Research and development expenses for the nine month period eended June 30, 1997 were $1,032,000 compared to $922,000 for the same period in 1996, an increase of $110,000 or 11.9%. As a percentage of net sales, research and development expenses increased to 28.1% for the nine month period ended June 30, 1997 compared to 15.7% for the nine month period ended June 30, 1996. The increases were primarily due to new product development and reduced man hours on revenue generating contracts.

SELLING AND MARKETING. Selling and marketing expenses for the three month period ended June 30, 1997 were $591,000 compared to $347,000 for the same period ended in 1996, an increase of $244,000 or 70.3%. As a percentage of net sales, selling and marketing expenses increased to 84.3% for the three month period ended June 30, 1997 compared to 16.4% for the same period in 1996. Selling and marketing expenses for the nine month period ended June 30, 1997 were $1,526,000 compared to $933,000 for the same period in 1996, an increase of $593,000, or 63.6%. As a percentage of net sales, selling and marketing expenses increased to 41.5% for the nine month period ended June 30, 1997 compared to 15.9% for the nine month period ended June 30, 1996. The increases were primarily due to advertising, promotion, staff additions, outside consulting costs, and decline in revenues.

GENERAL AND ADMINISTRATIVE. General and administrate expenses for the three month period ended June 30, 1997 were $357,000 compared to $273,000 for the same period in 1996, an increase of $84,000 or 30.8%. As a percentage of net sales, general and administrative expenses increased to 51% for the three month period ended June 30, 1997 compared to 12.9% for the same period in 1996. General and administrative expenses for the nine month period ended June 30, 1997 were $1,033,000 compared to $886,000 for the same period in 1996, an increase of $147,000, or 16.6%. As a percentage of net sales, general and administrative expenses increased to 28.1% for the nine month period ended June 30, 1997 compared to 15.1% for the nine month period ended June 30, 1996. The increase was primarily due to senior staff reclassification, directors & officers insurance, legal fees.

INTEREST (INCOME) EXPENSE. Interest (income) for the three month period ended June 30, 1997 were ($27,000) compared to interest expense of $8,000 for the same period in 1996, a decrease in interest expense of $35,000 or 438%. Interest income for the nine month period ended June 30, 1997 were ($76,000) compared to interest expense of $89,000 for the same period in 1996, a decrease of $165,000, or 186%. The decrease in interest expense is due to no bank borrowings as a result of cash received from the secondary public offering which in turn generated interest income.

INCOME TAX EXPENSE (BENEFIT): The provision for income tax benefit or expense for federal and state income taxes is based on the estimated effective tax rates applied to year to date loss or income before income tax and projected utilization of tax credits from prior periods.

LIQUIDITY AND CAPITAL RESOURCES

At June 30, 1997, stockholders' equity was $6,778,000, an increase of $4,125,000 from September 30, 1996. The Company's working capital and current ratio was $4,305,000 and 5.26 to 1 at June 30, 1997 compared to $1,884,000 and 2.71 to 1 at September 30, 1996, respectively.

At June 30, 1997, the total liabilities to equity ratio was 0.15 to 1 compared to .419 to 1 at September 30, 1996. As of June 30, 1997, the Company's total liabilities were $97,000 less than September 30, 1996.

Components of working capital with significant changes during the nine months ended June 30 1997 were: Cash, Inventory and Accounts Payable. Compared to September 30, 1996, the components changed as follows:

Cash - Increased $2,005,000 primarily because of proceeds received from financing activities.

Inventory - Increased $320,000 primarily because of materials procurement in anticipation of orders which did not materialize.

Accounts Payable - Increased by $118,000 because of inventory procurements in the last month of the quarter.

In March, 1996 the Company obtained line of credit financing with a bank in the amount of $400,000, with interest rate charges of 2.5% over prime lending rates. This financing arrangement was renewed on February 3, 1997 and expires February 3, 1998. As of March 31, 1997, there was no outstanding balance on the line of credit.

The Company believes it will have sufficient cash flow generated from financing activities, operations and existing credit facilities to meet its operational needs in the coming year.

PART II - OTHER INFORMATION

Item 4. The annual meeting of stockholders was held on February 11, 1997. Brought to vote were the election of Directors for the ensuing year. With 91.20% of shares represented at the meeting, all Directors from the prior year were re-elected. They are: John M. Thornton, Chairman, John F. Kessler, Daniel E. Steimle, James B. DeBello, Gerald I. Farmer and Sally B. Thornton.

Also voted on and approved by shareholders was the Corporation's 1996 Stock Option Plan, and the appointment of Deloitte & Touche LLP as the Corporation's 1997 auditors.

Item 6. Exhibits and Reports on Form 8-K

a. The exhibits are on Form 8-K: None

b. Reports on Form S-8: 1996 Stock Option Plan dated 3/20/97

c. Reports on Form 8-K: Acquisition of Assets, TSI, dated 6/12/97

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 thereunto duly authorized.

MITEK SYSTEMS, INC.
(Registrant)

Date: August 12, 1997

John Kessler, President and
Chief Executive Officer

Date: August 12, 1997

John M. Thornton
Chairman

3-MOS
SEP-30-1997
MAR-31-1997
JUN-30-1997
2,215,788
0
2,375,029
0
597,984
5,316,037
1,155,264
929,460
7,790,264
1,011,459
1,237
0
0
10,773
0
7,790,264
700,853
700,853
412,240
1,355,532
0
0
(26,792)
(1,040,127)
(104,012)
(936,115)
0
0
0
(936,115)
(.09)
(.09)