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 MARCH 31, 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 10,087,373 shares outstanding of the registrant's Common Stock as of May 8, 1997.

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

	March 31, 1997	September 30, 1996
ASSETS		
CURRENT ASSETS:		
Cash	$3,490,905	$ 210,413
Accounts receivable-net	3,020,744	2,258,541
Inventories	219,873	278,206
Prepaid expenses	146,326	240,364
Total current assets	6,877,848	2,987,524
PROPERTY AND EQUIPMENT-at cost	1,136,811	1,049,678
Less accumulated depreciation and amortization	961,236	902,790
Property and equipment-net	175,575	146,888
PREPAID LICENSE AND OTHER ASSETS	528,393	628,030
TOTAL	$7,581,816	$3,762,442
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term liabilities	$ 9,413	9,190
Accounts payable	254,857	472,755
Accrued payroll and related taxes	227,876	302,037
Other accrued liabilities	205,593	319,973
Total current liabilities	697,739	1,103,955
LONG-TERM LIABILITIES	1,326	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; 10,087,373 and 7,782,971 issued and outstanding, respectively	10,087	7,783
Additional paid-in capital	7,814,150	3,503,634
Accumulated deficit	(941,486)	(859,077)
Total stockholders' equity	6,882,751	2,652,340
TOTAL	$7,581,816	$3,762,442

See notes to consolidated financial statements

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

	THREE MONTHS ENDED March 31,		SIX MONTHS ENDED March 31,	
	1997	1996	1997	1996
NET SALES	$1,875,247	$1,923,829	$2,976,179	$3,749,282
COST OF GOODS SOLD	481,227	736,367	882,220	1,476,429
GROSS MARGIN	1,394,020	1,187,462	2,093,959	2,272,853
COSTS AND EXPENSES:				
Selling and marketing	509,479	283,029	935,090	586,583
General and administrative	372,289	258,172	675,204	613,188
Research and development	320,336	319,482	624,532	587,245
Interest (income) expense	(35,678)	33,476	(49,301)	81,707
Total costs and expenses	1,166,426	894,159	2,185,525	1,868,723
INCOME (LOSS) BEFORE INCOME TAXES	227,594	293,303	(91,566)	404,130
INCOME TAX EXPENSE (BENEFIT)	22,843	38,000	(9,157)	60,165
NET INCOME (LOSS)	$ 204,751	$ 255,303	$(82,409)	$ 343,965
NET INCOME (LOSS) PER SHARE:				
Common and Common equivalent shares	$ .02	$ .03	$ (.01)	$ .04
WEIGHTED AVERAGE COMMON AND COMMON EQUIVALENT SHARES	10,161,555	7,952,297	9,458,395	7,898,307

See notes to consolidated financial statements.

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

	Six Months Ended March 31, 1997	1996
OPERATING ACTIVITIES:		
Net income (loss)	$ (82,409)	$ 343,965
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	210,462	218,650
Changes in operating assets and liabilities		
Increase in accounts receivable	(762,203)	(275,972)
(Increase) decrease in inventory and prepaid expense	102,371	(146,242)
Increase (decrease) in accounts payable and accrued expenses	(406,555)	223,655
Net cash provided by (used in) operating activities	(938,126)	364,056
INVESTING ACTIVITIES:		
Purchases of property and equipment	(89,488)	(29,166)
Net cash used in investing activities	(89,488)	(29,166)
FINANCING ACTIVITIES:		
Proceeds from borrowings	150,000	1,506,816
Repayment of notes payable and long-term liabilities	(154,482)	(1,806,274)
Proceeds from note receivable	0	158,335
Net proceeds from exercise of stock options, warrants and secondary offering	4,312,820	3,528
Net cash provided by financing activities	4,308,106	137,595
NET INCREASE IN CASH	3,280,492	197,295
CASH AT BEGINNING OF PERIOD	210,413	103,895
CASH AT END OF PERIOD	$3,490,905	$ 301,190

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 six months ended March 31, 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:

	March 31, 1997	September 30, 1996
Raw materials	$ 70,287	$ 55,366
Work in process	130	0
Finished goods	149,456	222,840
Total	$ 219,873	$ 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 second 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 $4,244.098.

E. 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 current market rates.

Year ending September 30:

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

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

Comparison of Six Months Ended March 31, 1997 and 1996

NET SALES. Net sales for the three month period ended March 31, 1997 were $1,875,000, compared to $1,924,000 for the same period in 1996, a decrease of $49,000 or 2.5%. Net sales for the six month period ended March 31, 1997, were $2,976,000 compared to $3,749,000 for the same period in the prior year, a decrease of $773,000, or 20.6%.

GROSS MARGIN. Gross margin for the three month period ended March 31, 1997 was $1,394,000 compared to $1,187,000 for the same period in 1996, an increase of $207,000, or 17.4%. As a percentage of net sales, gross margin increased from 60.6% of sales in the six month period ended March 31, 1996 to 70.4% of net sales in the same period in 1997. The increases in both periods were primarily due to product mix.

RESEARCH AND DEVELOPMENT. Research and development expenses for the six months ended March 31, 1997 were $625,000 compared to $587,000 for the same period in 1996, an increase of $38,000 or 6.5%. As a percentage of net sales, research and development expenses increased to 21% for the first six months of fiscal 1997 compared to 15.7% for the first six months of fiscal 1996. The increases were primarily due to new product development

SELLING AND MARKETING. Selling and marketing expenses for the six months ended March 31, 1997 were $935,000 compared to $587,000 for the same period in 1996, an increase of $348,000, or 59.3%. As a percentage of net sales, selling and marketing expenses increased to 31.4% for the first six months ended March 31, 1997 compared to 15.7% for the first six months ended March 31, 1996. The increase was primarily due to advertising, promotion, staff additions and outside consulting costs.

GENERAL AND ADMINISTRATIVE. General and administrative expenses for the six months ended March 31, 1997 were $675,000 compared to $613,000 for the same period in 1996, an increase of $62,000, or 10.1%. As a percentage of net sales, general and administrative expenses increased to 22.7% for the first six months of fiscal 1997 compared to 16.4% for the first six months of fiscal 1996. The increase was primarily due to staff additions and legal fees.

INTEREST (INCOME) EXPENSE. Interest income for the six months ended March 31, 1997 was ($49,000) compared to interest expense of $82,000 for the same period in 1996, a decrease of $131,000, or 160%. The decrease in expense is due to no bank borrowings primarily because of sufficient 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 March 31, 1997, stockholders' equity was $6,883,000, an increase of $4,230,000 from September 30, 1996. The Company's working capital and current ratio was $6,180,000 and 9.86 to 1 at March 31, 1997 compared to $1,884,000 and 2.71 to 1 at September 30, 1996, respectively.

At March 31, 1997, the total liabilities to equity ratio was 0.10 to 1 compared to .419 to 1 at September 30, 1996. As of March 31, 1997, the Company's total liabilities were $411,000 less than September 30, 1996.

Components of working capital with significant changes during the six months ended March 31 1997 were: Cash, Accounts Receivable and Accounts Payable. Compared to September 30, 1996, the components changed as follows:

Cash - Increased $3,280,000 primarily because of proceeds received from financing activities.

Accounts Receivable - Increased $762,000 primarily because of increase in sales in the last month of the quarter combined with longer payment cycle extended on a substantial order.

Accounts Payable - Decreased by $218,000 because of payments made in the second quarter with cash generated from financing activities combined with reductions on procurement of inventory materials.

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 8-K: 1996 Stock Option Plan

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: May 8, 1997 /s/ JOHN KESSLER

John Kessler, President and
Chief Executive Officer

Date: May 8, 1997 /s/ GERALD I. FARMER

Gerald I. Farmer, Executive Vice President
and Assistant Treasurer

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SEP-30-1997
JAN-01-1997
MAR-31-1997
3,490,905
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