

AWARE INC /MA/
Form 10-Q
October 24, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant To Section 13 Or 15(d) Of The
Securities Exchange Act of 1934

For the quarter ended September 30, 2014

Commission file number 000-21129

AWARE, INC.

(Exact Name of Registrant as Specified in Its Charter)

Massachusetts
(State or Other Jurisdiction of
Incorporation or Organization)

04-2911026
(I.R.S. Employer Identification No.)

40 Middlesex Turnpike, Bedford, Massachusetts, 01730
(Address of Principal Executive Offices)
(Zip Code)

(781) 276-4000
(Registrant's Telephone Number, Including Area Code)

Indicate by check 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 definition of "large accelerated filer", "accelerated filer", and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):
Large Accelerated Filer Accelerated Filer Non-Accelerated Filer 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

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Indicate the number of shares outstanding of the issuer's common stock as of October 20, 2014:

Class	Number of Shares Outstanding
Common Stock, par value \$0.01 per share	22,804,720 shares

AWARE, INC.

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FOR THE QUARTER ENDED SEPTEMBER 30, 2014

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PART 1. FINANCIAL INFORMATION
ITEM 1: CONSOLIDATED FINANCIAL STATEMENTS
AWARE, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)
(unaudited)

	September 30, 2014	December 31, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 43,507	\$ 72,660
Accounts receivable, net	3,950	4,582
Inventories	2	1,601
Deferred tax assets	214	383
Prepaid expenses and other current assets	435	695
Total current assets	48,108	79,921
Property and equipment, net	5,374	5,582
Investments	1,362	2,754
Long term deferred tax assets	729	762
Other assets	225	310
Total assets	\$ 55,798	\$ 89,329
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 179	\$ 1,516
Accrued expenses	100	108
Accrued compensation	600	571
Accrued professional	155	118
Accrued income taxes	57	-
Deferred revenue	2,622	1,848
Total current liabilities	3,713	4,161
Long-term deferred revenue	76	18
Commitments and contingent liabilities		
Stockholders' equity:		
Preferred stock, \$1.00 par value; 1,000,000 shares authorized, none outstanding	-	-
Common stock, \$.01 par value; 70,000,000 shares authorized; issued and outstanding 22,804,720 as of September 30, 2014 and 22,574,251 as of December 31, 2013	228	226
Additional paid-in capital	103,657	101,293
Accumulated other comprehensive loss	(71)	(125)

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Accumulated deficit	(51,805)	(16,244)
Total stockholders' equity	52,009	85,150
Total liabilities and stockholders' equity	\$ 55,798	\$ 89,329

The accompanying notes are an integral part of the consolidated financial statements.

AWARE, INC.
 CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
 (in thousands, except per share data)
 (unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2014	2013	2014	2013
Revenue:				
Software licenses	\$3,077	\$2,268	\$6,759	\$6,860
Software maintenance	1,085	933	3,282	2,914
Services	1,585	943	3,931	2,080
Hardware sales	132	-	4,813	1,129
Royalties	148	170	626	737
Total revenue	6,027	4,314	19,411	13,720