

Neonode, Inc  
Form 10-Q/A  
May 12, 2010

---

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

FORM 10-Q/A  
Amendment No.1

(Mark one)

Quarterly report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended September 30, 2009

Transition report pursuant to section 13 or 15(d) of the Securities and Exchange Act of 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 0-8419

NEONODE INC.  
(Exact name of registrant as specified in its  
charter)

Delaware  
(State or other jurisdiction  
of incorporation or organization)

94-1517641  
(I.R.S. Employer Identification No.)

Sweden Linnegatan 89, SE-115 23 Stockholm, Sweden  
USA 651 Byrdee Way, Lafayette, CA. 94549  
(Address of principal executive offices and zip code)

Sweden+ 46 8 667 17 17  
USA + 1 925 768 0620  
(Registrant's telephone number, including area code)

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 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 during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes  No

Edgar Filing: Neonode, Inc - Form 10-Q/A

Indicate by check mark whether the registrant is an large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of “large accelerated filer”, “non-accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

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

The number of shares of registrant's common stock with par value \$0.001 per share outstanding as of May 8, 2010, 2010 was 426,985,185.

---

---

---

EXPLANATORY NOTE

This amendment to Form 10-Q (the "Amendment") amends and restates the Quarterly Report on Form 10-Q of Neonode Inc. (the "Company") for the quarter ended September 30, 2009 (the "Original Filing"), which was filed with the Securities and Exchange Commission (the "SEC") on October 21, 2009. The Original Filing was not reviewed by an independent registered public accounting firm as required by Rule 10-01(d) of Regulation S-X. As previously reported by the Company in its Current Reports on Form 8-K filed with the SEC on November 10, 2009, November 12, 2009 and November 24, 2009, the Company has had changes in its independent registered public accounting firm. As a result of such changes, the Company has engaged KMJ Corbin & Company LLP ("KMJ") as the Company's principal independent registered public accounting firm, and the interim 2009 financial statements included in this Amendment have now been reviewed by KMJ. This Amendment includes a copy of KMJ's report pursuant to Rule 10-01(d) of Regulation S-X.

This Amendment also restates the previously issued unreviewed statements in their entirety and amends and updates all information in the Original Filing, including for events occurring subsequent to the date of the Original Filing, including Item 2 – Management's Discussion and Analysis of Financial Condition and Results of Operations and Item 6 of Part II to provide currently dated certifications from the Company's Chief Executive Officer and Chief Financial Officer as required by Sections 302 and 906 of the Sarbanes-Oxley Act of 2002 with respect to this Amendment. The currently dated certifications of the Company's Chief Executive Officer and Chief Financial Officer are attached to this Amendment as Exhibits 31.1, 31.2, and 32.

---

PART I Financial Information

NEONODE INC.

INDEX TO SEPTEMBER 30, 2009 FORM 10-Q/A

Item 1 Financial Statements	5
Report of Independent Registered Public Accounting Firm	4
Condensed Consolidated Balance Sheets as of September 30, 2009 and December 31, 2008	5
Condensed Consolidated Statements of Operations and Comprehensive Loss for the three and nine months ended September 30, 2009 and 2008	6
Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2009 and 2008	7
Notes to Condensed Consolidated Financial Statements	9
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	44
Item 4. Controls and Procedures	57
PART II Other Information	58
Item 1. Legal Proceedings	58
Item 2. Unregistered Sales of Equity Securities	58
Item 3. Defaults Upon Security Securities	60
Item 4. Submission of Matters to a Vote of Security Holders	60
Item 6. Exhibits .43	60
SIGNATURES	61
EXHIBITS	

---

PART I. Financial Information

Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders  
Of Neonode Inc.

We have reviewed the accompanying condensed consolidated balance sheet of Neonode Inc. and subsidiary (“the Company”) as of September 30, 2009, and the related condensed consolidated statements of operations and comprehensive loss for the three-month and nine-month periods ended September 30, 2009, and condensed statement of cash flows for the nine-month period ended September 30, 2009. These interim condensed consolidated financial statements are the responsibility of the Company’s management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the consolidated financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the condensed consolidated financial statements referred to above for them to be in conformity with accounting principles generally accepted in the United States of America.

The accompanying condensed consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in the liquidity section of Note 1 to the condensed consolidated financial statements, the Company has suffered recurring losses and negative cash flows from operations and has a working capital deficiency that raise substantial doubt about its ability to continue as a going concern. Management’s plans regarding these matters are also described in the liquidity section of Note 1. The accompanying condensed consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ KMJ Corbin & Company LLP

Costa Mesa, California  
May 12, 2010

## Item 1. Financial Statements

NEONODE INC.  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(In thousands)

	September 30, 2009 (unaudited)	December 31, 2008 (audited)
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 309	\$ 17
Prepaid expenses	62	46
Other receivables	43	--
Total current assets	414	63
Property plant and equipment, net	16	116
Total assets	\$ 430	\$ 179
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
Current liabilities:		
Current portion of debt	\$ 139	\$ 17
Accounts payable	680	688
Accrued expenses	402	320
Embedded derivatives of convertible debt and warrants	7,760	--
Total current liabilities	8,981	1,025
Convertible debt and leases, net of current portion, and debt discount	37	207
Total liabilities	9,018	1,232
Commitments and contingencies		
Stockholders' deficit:		
Series A Preferred Stock, 899,081 shares authorized with par value \$0.001 at September 30, 2009 and December 31, 2008, respectively; 96,545 shares issued and outstanding at September 30, 2009 and 855,522 at December 31, 2008, respectively. (In the event of dissolution, each share of Series A Preferred Stock has a liquidation preference equal to par value of \$0.001 over the shares of Common Stock)	841	3,531
Series B Preferred Stock, 108,850 shares authorized with par value \$0.001 at September 30, 2009 and December 31, 2008, respectively; 17,267 shares issued and outstanding at September 30, 2009 and 92,796 at December 31, 2008, respectively. (In the event of dissolution, each share of Series B Preferred Stock has a liquidation preference equal to par value of \$0.001 over the shares of Common Stock)	--	2
Common stock, 700,000,000 shares authorized with par value \$0.001 at September 30, 2009 and December 31, 2008, respectively; 411,472,042 and 35,058,011 shares issued and outstanding at September 30, 2009 and December 31, 2008, respectively	411	35
Additional paid in capital	72,269	61,016
Accumulated other comprehensive loss	(85 )	--
Stock subscription receivable	--	(1,035 )
Accumulated deficit	(82,024 )	(64,602 )
Total stockholders' deficit	(8,588 )	(1,053 )

Total liabilities and stockholders' deficit	\$ 430	\$ 179
---	--------	--------

See notes to condensed consolidated financial statements.

NEONODE INC.  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
AND COMPREHENSIVE LOSS

(In thousands, except per share amounts)

(Unaudited)

	Three months ended		Nine months ended	
	September		September	
	2009	2008	2009	2008
Total net sales	\$--	\$2,137	\$--	\$2,929
Cost of sales	--	5,330	--	14,323
Gross loss	--	(3,163 )	--	(11,394 )
Operating expenses:				
Product research and development	171	582	603	3,247
Sales and marketing	118	878	257	3,844
General and administrative	482	1,224	1,120	5,382
Amortization of fair value of stock issued to				