

NEOPROBE CORP
Form 424B3
May 18, 2009

Filed Pursuant to Rule 424(b)(3)
Registration No. 333-156810

PROSPECTUS SUPPLEMENT

Number 2

to

Prospectus dated January 30, 2009, and Prospectus Supplement dated April 13, 2009,

of

NEOPROBE CORPORATION

11,500,000 Shares of Common Stock

This Prospectus Supplement relates to the sale of up to 11,500,000 shares of Neoprobe Corporation common stock (the "Shares") by Fusion Capital Fund II, LLC ("Fusion Capital"). We will not receive proceeds from the sale of the Shares by Fusion Capital.

This Prospectus Supplement No. 2 includes the attached Quarterly Report on Form 10-Q (the "Form 10-Q") of Neoprobe Corporation (the "Company") for the quarter ended March 31, 2009, filed by the Company with the Securities and Exchange Commission on May 15, 2009. The exhibits to the Form 10-Q are not included with this Prospectus Supplement No. 2 and are not incorporated by reference herein. This Prospectus Supplement No. 2 should be read in conjunction with the Prospectus Supplement dated April 13, 2009.

Our common stock is traded on the OTC Bulletin Board under the symbol "NEOP."

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS SUPPLEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this Prospectus Supplement No. 2 is May 18, 2009.

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2009

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

For the transition period from to _____ to _____

Commission File Number: 0-26520

NEOPROBE CORPORATION

(Exact name of registrant as specified in its charter)

Delaware 31-1080091
(State or other jurisdiction of incorporation or (IRS Employer Identification No.)
organization)

425 Metro Place North, Suite 300, Dublin, Ohio 43017-1367
(Address of principal executive offices) (Zip Code)

(614) 793-7500

(Registrant's telephone number, including area code)

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

Yes No

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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

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act.)

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 72,229,237 shares of common stock, par value \$.001 per share (as of the close of business on May 8, 2009).

NEOPROBE CORPORATION and SUBSIDIARIES

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

Neoprobe Corporation and Subsidiaries
Consolidated Balance Sheets

	March 31, 2009 (unaudited)	December 31, 2008
ASSETS		
Current assets:		
Cash	\$ 3,549,057	\$ 3,565,837
Available-for-sale securities	-	495,383
Accounts receivable, net	1,685,209	1,644,070
Inventory	976,138	961,861
Prepaid expenses and other	546,162	573,573
Total current assets	6,756,566	7,240,724
Property and equipment	2,082,459	2,060,588
Less accumulated depreciation and amortization	1,696,304	1,669,796
	386,155	390,792
Patents and trademarks	3,032,667	3,020,001
Acquired technology	237,271	237,271
	3,269,938	3,257,272
Less accumulated amortization	1,909,871	1,863,787
	1,360,067	1,393,485
Other assets	568,019	594,449
Total assets	\$ 9,070,807	\$ 9,619,450

Continued

Neoprobe Corporation and Subsidiaries
Consolidated Balance Sheets, continued

	March 31, 2009 (unaudited)	December 31, 2008
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	\$ 692,302	\$ 731,220
Accrued liabilities and other	942,210	917,676
Capital lease obligations, current portion	7,417	9,084
Deferred revenue, current portion	511,776	526,619
Notes payable to finance companies	86,865	137,857
Total current liabilities	2,240,570	2,322,456
Capital lease obligations, net of current portion	9,341	11,095
Deferred revenue, net of current portion	474,193	490,165
Notes payable to CEO, net of discounts of \$71,012 and \$76,294, respectively	928,988	923,706
Notes payable to investors, net of discounts of \$4,909,630 and \$5,001,149, respectively	5,090,370	4,998,851
Derivative liabilities	12,345,006	853,831
Other liabilities	42,320	45,071
Total liabilities	21,130,788	9,645,175
Commitments and contingencies		
Preferred stock; \$.001 par value; 5,000,000 shares authorized; 3,000 Series A shares, par value \$1,000, issued and outstanding at March 31, 2009 and December 31, 2008	3,000,000	3,000,000
Stockholders' deficit:		
Common stock; \$.001 par value; 150,000,000 shares authorized; 71,555,707 and 70,862,641 shares issued and outstanding at March 31, 2009 and December 31, 2008, respectively	71,556	70,863
Additional paid-in capital	136,967,308	145,742,044
Accumulated deficit	(152,098,845)	(148,840,015)
Unrealized gain on available-for-sale securities	-	1,383
Total stockholders' deficit	(15,059,981)	(3,025,725)
Total liabilities and stockholders' deficit	\$ 9,070,807	\$ 9,619,450

See accompanying notes to consolidated financial statements

Neoprobe Corporation and Subsidiaries
Consolidated Statements of Operations
(unaudited)

	Three Months Ended March 31,	
	2009	2008
Revenues:		
Net sales	\$ 2,700,036	\$ 1,782,792
License and other revenue	25,000	-
Total revenues	2,725,036	1,782,792
Cost of goods sold	848,534	660,007
Gross profit	1,876,502	1,122,785
Operating expenses:		
Research and development	1,238,058	563,703
Selling, general and administrative	902,048	875,408
Total operating expenses	2,140,106	1,439,111
Loss from operations	(263,604)	(316,326)
Other income (expense):		
Interest income	9,949	10,608
Interest expense	(457,134)	(331,779)
Change in derivative liabilities	1,525,365	(386,746)
Other	(455)	(1,748)
Total other income (expense), net	1,077,725	(709,665)
Net income (loss)	814,121	(1,025,991)
Preferred stock dividends	(60,000)	-
Income (loss) attributable to common stockholders	\$ 754,121	\$ (1,025,991)
Income (loss) per common share:		
Basic	\$ 0.01	\$ (0.02)
Diluted	\$ 0.01	\$ (0.02)
Weighted average shares outstanding:		
Basic	71,387,438	67,284,589
Diluted	96,346,846	67,284,589

See accompanying notes to consolidated financial statements.

Neoprobe Corporation and Subsidiaries
Consolidated Statement of Stockholders' Deficit
(unaudited)

Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)
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