

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 March 31, 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

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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	<input type="radio"/>	Accelerated filer	<input type="radio"/>
Non-accelerated filer	<input type="radio"/>	Smaller reporting company	<input checked="" type="radio"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act. Yes
“ No x

The number of shares of registrant's common stock with par value \$0.001 per share outstanding as of May 8, 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 March 31, 2009 (the “Original Filing”), which was filed with the Securities and Exchange Commission (the “SEC”) on May 15, 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.

NEONODE INC.

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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 March 31, 2009, and the related condensed consolidated statements of operations and comprehensive loss and cash flows for the three-month period ended March 31, 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)
(Unaudited)

	March 31, 2009 (unaudited)	December 31, 2008 (audited)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 153	\$ 17
Prepaid expenses	60	46
Other receivables	78	--
Total current assets	291	63
Property plant and equipment, net	16	116
Total assets	\$ 307	\$ 179
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Current portion of debt	\$--	\$ 17
Accounts payable	581	688
Accrued expenses	202	320
Embedded derivatives of warrants	64	--
Total current liabilities	847	1,025
Convertible debt and leases, net of current portion	139	207
Total liabilities	986	1,232
Commitments and contingencies		
Stockholders' deficit:		
Series A Preferred Stock, 899,081 shares authorized with par value \$0.001 at March 31, 2009 and December 31, 2008, respectively. 855,522 shares issued and outstanding at March 31, 2009 and 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)	3,531	3,531
Series B Preferred Stock, 108,850 shares authorized with par value \$0.001 at March 31, 2009 and December 31, 2008, respectively. 92,796 shares issued and outstanding at March 31, 2009 and 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	2
Common stock, 75,000,000 shares authorized with par value \$0.001 at March 31, 2009 and December 31, 2008, respectively; 37,009,589 and 35,058,011 shares issued and outstanding at March 31, 2009 and December 31, 2008, respectively	37	35

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Additional paid in capital	66,408	61,016
Accumulated other comprehensive loss	(12)	--
Stock subscription receivable	--	(1,035)
Accumulated deficit	(70,645)	(64,602)
Total stockholders' deficit	(679)	(1,053)
Total liabilities and stockholders' deficit	307	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 March 31,	
	2009	2008
Total net sales	\$--	\$391
Cost of sales	--	641
Gross margin	--	(250)
Operating expenses:		
Product research and development	221	1,492
Sales and marketing	58	1,830
General and administrative	403	2,513
Amortization of fair value of stock issued to Related parties for purchase of Neonode Technologies AB	1,584	--
Total operating expenses	2,266	5,835
Operating loss	(2,266)	(6,085)
Other income (expense, net):		
Interest and other income (expense), net	(30)	165
Interest expense	(3)	(9)
Gain on conversion and forgiveness of accounts payable	30	--
Loss on troubled debt restructuring	(2,741)	--
Non-cash items related to debt discounts and deferred financing fees and the valuation of conversion features and warrants	3	(5,510)
Total other income (expense), net	(2,742)	(5,354)
Net loss	(5,008)	(11,439)
Deemed dividend to preferred stockholders	(1,035)	--
Net loss attributable to common stockholders	\$(6,043)	\$(11,439)
Foreign currency translation loss	(12)	--
Comprehensive loss	\$(5,020)	\$(11,439)
Loss per common share:		
Basic and diluted loss per share	\$(0.17)	\$(0.47)