

Neonode, Inc  
Form 10-Q  
September 13, 2007

**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 July 31, 2007**

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.)

Biblioteksgatan 11. SE-111 46 Stockholm, Sweden  
(Address of principal executive offices and zip code)

**Sweden 46-8-678 18 50**  
**USA (925) 355-2000**  
(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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Exchange Act Rule 12b-2.

Large Accelerated Filer  Accelerated Filer  Non Accelerated Filer

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 outstanding as of August 31, 2007 was 22,673,940.



**PART I Financial Information**

**NEONODE, INC.**

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**PART I. Financial Information****Item 1. Financial Statements**

**NEONODE, INC.**  
**CONDENSED BALANCE SHEETS**  
(In thousands)

	July 31, 2007 (unaudited)	October 31, 2006 (A)
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 407	\$ 1,147
Trade accounts receivable, net	—	930
Note receivable	1,009	—
Other	165	177
Current assets from discontinued operations (B)	—	739
Total current assets	1,581	2,993
Property, plant and equipment, net		
Capitalized software costs, net	85	231
Other	90	1,314
Non-current assets from discontinued operations (B)	4	5
Total assets	\$ 1,760	\$ 4,868
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Trade accounts payable	\$ 114	\$ 557
Accrued payroll and employee benefits	7	105
Capital lease obligations - current portion	35	33
Deferred revenues	359	432
Other accrued expenses	48	144
Current liabilities from discontinued operations (B)	—	21
Total current liabilities	563	1,292
Capital lease obligations, net of current portion		
Long-term liabilities from discontinued operations (B)	51	65
Total long-term liabilities	—	190
Total liabilities	51	255
Commitments (note 7)		
Stockholders' equity:		
Common stock	35,986	35,186
Accumulated deficit	(34,840)	(31,865)
Total stockholders' equity	1,146	3,321
Total liabilities and stockholders' equity	\$ 1,760	\$ 4,868

(A) Derived from audited financial statements

(B) See Note 1 to the condensed financial statements for information related to discontinued operations

See notes to condensed financial statements.

**NEONODE, INC.**  
**CONDENSED STATEMENTS OF OPERATIONS**

(In thousands, except per share amounts)  
(Unaudited)

	Three months ended		Nine months ended	
	July 31,		July 31,	
	2007	2006	2007	2006
Net revenue	\$ 26	\$ 21	\$ 75	\$ 31
<b>Operating expenses</b>				
Amortization and impairment of acquired software and intellectual property				
	830	6,518	1,205	8,564
Product research and development	225	351	836	1,420
Sales and marketing	87	236	360	854
General and administrative	638	552	1,824	2,090
<b>Total operating expenses</b>	<b>1,780</b>	<b>7,657</b>	<b>4,225</b>	<b>12,928</b>
<b>Operating loss from continuing operations</b>				