

NEOPROBE CORP  
Form 10QSB  
May 15, 2006

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549**

**FORM 10-QSB**

(Mark One)

**QUARTERLY REPORT UNDER SECTION 13 OR 15 (d) OF THE  
SECURITIES EXCHANGE ACT OF 1934  
For the quarterly period ended: March 31, 2006**

or

**TRANSITION REPORT UNDER SECTION 13 OR 15 (d) OF THE  
EXCHANGE ACT  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

**Commission File Number: 0-26520**

**NEOPROBE CORPORATION**

(Exact name of small business issuer as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**31-1080091**

(I.R.S. employer identification no.)

**425 Metro Place North, Suite 300, Dublin, Ohio 43017**

(Address of principal executive offices)

**614-793-7500**

(Issuer's telephone number)

**58,691,046 shares of common stock, par value \$.001 per share**

(Number of shares of issuer's common equity outstanding as of the close of business on May 5, 2006)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable

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date: 58,691,046 shares of common stock, par value \$.001 per share (as of the close of business on May 5, 2006).

Transitional Small Business Disclosure Format (check one) Yes  No

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**NEOPROBE CORPORATION and SUBSIDIARIES**

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Consolidated Balance Sheets**

ASSETS	March 31, 2006 (unaudited)	December 31, 2005
Current assets:		
Cash and cash equivalents	\$ 5,658,771	\$ 4,940,946
Available-for-sale securities	54,853	1,529,259
Accounts receivable, net	710,820	673,008
Inventory	800,910	803,703
Prepaid expenses and other	307,340	501,557
Total current assets	7,532,694	8,448,473
Property and equipment	2,065,528	2,051,793
Less accumulated depreciation and amortization	1,785,645	1,768,558
	279,883	283,235
Patents and trademarks	3,170,333	3,162,547
Acquired technology	237,271	237,271
	3,407,604	3,399,818
Less accumulated amortization	1,365,875	1,300,908
	2,041,729	2,098,910
Other assets	685,703	739,823
Total assets	\$ 10,540,009	\$ 11,570,441

**Continued**

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**Neoprobe Corporation and Subsidiaries**  
**Consolidated Balance Sheets, continued**

	<b>March 31, 2006 (unaudited)</b>	<b>December 31, 2005</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 423,037	\$ 207,824
Accrued liabilities and other	348,737	821,781
Capital lease obligations, current	19,401	19,530
Deferred revenue, current	249,898	252,494
Notes payable to finance companies	132,299	200,054
Total current liabilities	1,173,372	1,501,683
Capital lease obligations	27,302	31,855
Deferred revenue	31,944	41,132
Notes payable to CEO, net of discounts of \$24,568 and \$26,249, respectively	75,432	73,751
Notes payable to investors, net of discounts of \$1,965,435 and \$2,099,898, respectively	6,034,565	5,900,102
Other liabilities	4,510	5,122
Total liabilities	7,347,125	7,553,645
Commitments and contingencies		
Stockholders' equity:		
Preferred stock; \$.001 par value; 5,000,000 shares authorized at March 31, 2006 and December 31, 2005; none issued and outstanding	—	—
Common stock; \$.001 par value; 150,000,000 shares authorized; 58,690,046 shares issued and outstanding at March 31, 2006; 58,622,059 shares issued and outstanding at December 31, 2005	58,690	58,622
Additional paid-in capital	135,008,954	134,903,259
Accumulated deficit	(131,874,705)	(130,947,103)
Accumulated other comprehensive (loss) income	(55)	2,018
Total stockholders' equity	3,192,884	4,016,796
Total liabilities and stockholders' equity	\$ 10,540,009	\$ 11,570,441

See accompanying notes to the consolidated financial statements

[Back to Table of Contents](#)**Neoprobe Corporation and Subsidiaries**  
**Consolidated Statements of Operations**  
**(unaudited)**

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2006</b>	<b>2005</b>
Net sales	\$ 1,787,918	\$ 1,465,887
Cost of goods sold	737,220	563,323
Gross profit	1,050,698	902,564
Operating expenses:		
Research and development	834,183	638,445
Selling, general and administrative		