



**NEOGENOMICS, INC.  
PRESS RELEASE**

**FOR IMMEDIATE RELEASE**

**NeoGenomics Reports Second Quarter 2011 Results**

*23% Growth in Revenue and Significant Reduction in Net Loss*

**Ft. Myers, Florida – July 20, 2011 - NeoGenomics, Inc. (NASDAQ OTC BB: NGNM)**, a leading provider of cancer-focused genetic testing services today reported its results for the second quarter 2011.

**Second Quarter 2011 Highlights:**

- **23% revenue growth**
- **27% test volume growth**
- **Incremental profit of \$685,000, or 35% of the year-over-year revenue increase**
- **Net loss reduced to \$(0.01)/share from \$(0.03)/share in Q2 2010**
- **Positive Adjusted EBITDA<sup>(1)</sup>**

Revenue for the second quarter 2011 was \$10.5 million, an increase of \$2.0 million, or 23%, from the \$8.5 million reported in the second quarter 2010. Test volume increased by approximately 27%. Average revenue per test stabilized at \$570, which is down approximately 3% from last year's level, but in line with the level reported in the first quarter of 2011.

Second quarter results included approximately \$300,000 of one-time revenue from overflow testing performed on behalf of a customer that was re-organizing their lab operations during the quarter. The Company does not expect to recognize this revenue during the third quarter. After adjusting for this and for the internalization of testing by one large client in 2010, revenue and test volume grew by 25% and 32%, respectively.

Selling, general and administrative (SG&A) expenses increased by \$58,000, or 1%, from last year's second quarter and SG&A as a percentage of revenue fell to 46% from 56% last year. Sales and marketing expenses decreased by approximately \$259,000, or 13%, driven primarily by a decline in the number of sales and marketing personnel. General and administrative expenses increased by approximately \$317,000, or 11%, primarily as a result of increases in payroll, recruiting, information technology, and R&D expenses. Net loss for the quarter was \$293,000 or (\$0.01)/share versus a net loss of \$978,000 or (\$0.03)/share in the second quarter 2010. Adjusted EBITDA for the quarter was \$483,000 versus (\$148,000) in the second quarter 2010.

Doug VanOort, the Company's Chairman and CEO, commented, "We are pleased with our second quarter results. Driven by the addition of a number of new clients, we posted the largest increase in quarterly revenue in our corporate history. Importantly, we saw steady increases in the average number of tests reported per day in each month of the quarter which allowed us to overcome historical seasonality trends. We expect that increasing sales force productivity and our focus on delivering high-quality service to our clients will continue to yield strong client and volume growth."

Mr. VanOort continued, "We are also pleased with the significant operating leverage we gained in the quarter. SG&A expenses increased by only 1% from last year and helped drive 35% of the incremental revenue to our bottom line. However, as a result of the strong volume growth in the quarter, we utilized the services of a number of more expensive contract Physicians and other resources to maintain our industry-leading turn-around times, and our average cost of supplies per test was higher than last year. Thus, gross margin remained short of our expectations. We are focused on a number of laboratory productivity initiatives which we believe will improve gross margin by year-end."

Mr. VanOort concluded, "Looking forward, we remain focused on building momentum in sales and marketing, investing in new product development, broadening our immunohistochemistry test menu, and further strengthening our Laboratory Information System capabilities. We believe these initiatives will open additional growth opportunities with only modest increases in SG&A, but we do not expect SG&A as a percentage of revenue to increase."

The Company also issued preliminary guidance for the third quarter 2011 today. The Company expects revenue of approximately \$10.2 - \$10.8 million with positive Adjusted EBITDA and a net loss of between \$0.00 - (\$0.02)/share. Investors are also reminded that historically revenue growth in the third quarter of each year is impacted by seasonality more so than in other quarters. The Company reserves the right to adjust this guidance at any time based on the ongoing execution of its business plan. Current and prospective investors are encouraged to perform their own due diligence before buying or selling any of the Company's securities, and are reminded that the foregoing estimates should not be construed as a guarantee of future performance.

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(1) Adjusted EBITDA is defined as earnings before interest, taxes, depreciation, amortization, and non-cash stock-based compensation expenses. See table below for a reconciliation to net income.

## **Conference Call**

The Company has scheduled a web-cast and conference call to discuss their Q2 2011 results on July 20, 2011, at 11:00 AM EDT. Interested investors should dial (877) 407-8033 (domestic) and (201) 689-8033 (international) at least five minutes prior to the call. A replay of the conference call will be available until 11:59 PM on August 3, 2011 and can be accessed by dialing (877) 660-6853 (domestic) and (201) 612-7415 (international). The playback account number is 375779 and the playback conference ID Number/PIN Number is 286. The web-cast may be accessed under the Investor Relations section of our website at <http://www.neogenomics.com> or <http://www.investorcalendar.com/IC/CEPage.asp?ID=165134>. An archive of the web-cast will be available until 11:59 PM EDT on October 20, 2011.

## **About NeoGenomics, Inc.**

NeoGenomics, Inc. is a high-complexity CLIA–certified clinical laboratory that specializes in cancer genetics diagnostic testing, the fastest growing segment of the laboratory industry. The company’s testing services include cytogenetics, fluorescence in-situ hybridization (FISH), flow cytometry, morphology studies, anatomic pathology and molecular genetic testing. Headquartered in Fort Myers, FL, NeoGenomics has labs in Nashville, TN, Irvine, CA and Fort Myers and services the needs of pathologists, oncologists, urologists, and hospitals throughout the United States. For additional information about NeoGenomics, visit <http://www.neogenomics.com>.

Interested parties can also access additional investor relations material, including an investment profile and an equity research report, from Hawk Associates at <http://www.hawkassociates.com> or from the American Microcap Institute at <http://www.americanmicrocapinstitute.com/ngnm/>.

## **Forward Looking Statements**

Except for historical information, all of the statements, expectations and assumptions contained in the foregoing are forward-looking statements. These forward looking statements involve a number of risks and uncertainties that could cause actual future results to differ materially from those anticipated in the forward looking statements, Actual results could differ materially from such statements expressed or implied herein. Factors that might cause such a difference include, among others, the company’s ability to continue gaining new customers, offer new types of tests, and otherwise implement its business plan. As a result, this press release should be read in conjunction with the company's periodic filings with the SEC.

## **For further information, please contact:**

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**NeoGenomics, Inc.**

**CONDENSED CONSOLIDATED BALANCE SHEETS**  
**(in thousands)**

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<b><u>ASSETS</u></b>	<u>June 30,</u> <u>2011</u> (unaudited)	<u>December 31,</u> <u>2010</u>
Cash, cash equivalents	\$ 2,632	\$ 1,097
Restricted Cash	500	500
Accounts Receivable (net of allowance for doubtful accounts of \$1,843 and \$1,459, respectively)	7,155	5,236
Other Current Assets	<u>1,736</u>	<u>1,905</u>
<b>TOTAL CURRENT ASSETS</b>	<b>12,023</b>	<b>8,738</b>
PROPERTY AND EQUIPMENT (net of accumulated depreciation of \$5,530 and \$4,568, respectively)	4,559	4,839
OTHER ASSETS	<u>76</u>	<u>74</u>
<b>TOTAL</b>	<b>\$ <u>16,658</u></b>	<b>\$ <u>13,651</u></b>
<b><u>LIABILITIES AND STOCKHOLDERS' EQUITY</u></b>		
CURRENT LIABILITIES	\$ 10,112	\$ 9,168
LONG TERM LIABILITIES	<u>1,257</u>	<u>1,348</u>
<b>TOTAL LIABILITIES</b>	<b>11,369</b>	<b>10,516</b>
STOCKHOLDERS' EQUITY	<u>5,289</u>	<u>3,135</u>
<b>TOTAL</b>	<b>\$ <u>16,658</u></b>	<b>\$ <u>13,651</u></b>

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**NeoGenomics, Inc.**

**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(in thousands, except per share amounts)**  
**(unaudited)**

	For the Three-Months Ended June 30,		For the Six-Months Ended June 30,	
	2011	2010	2011	2010
<b>NET REVENUE</b>	\$ 10,466	\$ 8,490	\$ 19,271	\$ 16,908
<b>COST OF REVENUE</b>	<u>5,810</u>	<u>4,575</u>	<u>10,750</u>	<u>8,918</u>
<b>GROSS PROFIT</b>	<u>4,656</u>	<u>3,915</u>	<u>8,521</u>	<u>7,990</u>
<b>OPERATING EXPENSES</b>				
General and administrative	3,086	2,769	5,909	5,671
Sales and marketing	<u>1,684</u>	<u>1,943</u>	<u>3,437</u>	<u>3,706</u>
Total operating expenses	4,770	4,712	9,346	9,377
<b>LOSS FROM OPERATIONS</b>	<u>(114)</u>	<u>(797)</u>	<u>(825)</u>	<u>(1,387)</u>
<b>INTEREST AND OTHER INCOME (EXPENSE) - NET</b>	<u>(179)</u>	<u>(181)</u>	<u>(361)</u>	<u>(341)</u>
<b>NET LOSS</b>	\$ <u>(293)</u>	\$ <u>(978)</u>	\$ <u>(1,186)</u>	\$ <u>(1,728)</u>
<b>NET LOSS PER SHARE</b>				
- Basic and diluted	\$ <u>(0.01)</u>	\$ <u>(0.03)</u>	\$ <u>(0.03)</u>	\$ <u>(0.05)</u>
<b>WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING</b>				
- Basic and diluted	<u>42,856,578</u>	<u>37,307,232</u>	<u>42,298,594</u>	<u>37,264,112</u>

NeoGenomics, Inc.

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(in thousands)**  
**(unaudited)**

	For the Six Months Ended June 30, 2011	For the Six Months Ended June 30, 2010
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	\$ (1,054)	\$ (1,488)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	(125)	(500)
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<u>2,714</u>	<u>2,534</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	1,535	546
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	1,097	1,631
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	\$ <u>2,632</u>	\$ <u>2,177</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Interest paid	\$ <u>344</u>	\$ <u>313</u>
Income taxes paid	\$ <u>-</u>	\$ <u>6</u>
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:</b>		
Equipment leased under capital lease and equipment loans	\$ <u>523</u>	\$ <u>1,103</u>

**NeoGenomics, Inc.**

**RECONCILIATION OF GAAP NET LOSS TO NON-GAAP EBITDA AND ADJUSTED EBITDA**  
**(in thousands)**  
**(unaudited)**

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	For the Three-Months Ended		For the Six-Months Ended	
	June 30,		June 30,	
	2011	2010	2011	2010
<b>Net loss</b>	\$ (293)	\$ (978)	\$ (1,186)	\$ (1,728)
<i>Adjustments to Net Loss:</i>				
Interest expense (income), net	178	175	360	335
Income tax expense	-	6	-	6
Depreciation and amortization	475	423	963	838
<b>EBITDA</b>	<u>360</u>	<u>(374)</u>	<u>137</u>	<u>(549)</u>
<i>Further Adjustments to EBITDA:</i>				
Non-cash stock-based compensation	<u>123</u>	<u>225</u>	<u>249</u>	<u>353</u>
<b>Adjusted EBITDA</b>	<u>483</u>	<u>(149)</u>	<u>386</u>	<u>(196)</u>

**Non – GAAP Adjusted EBITDA Definition**

“Adjusted EBITDA” is defined by NeoGenomics as net income (loss) from continuing operations before (i) interest expense, (ii) tax expense and therapeutic discovery tax grants, (iii) depreciation and amortization expense, (iv) non-cash stock-based compensation and warrant amortization expense and (v) other extraordinary or non-recurring charges. NeoGenomics believes that Adjusted EBITDA provides a more consistent measurement of operating performance and trends across reporting periods by excluding these cash and non-cash items of expense not directly related to ongoing operations from income. Adjusted EBITDA also assists investors in performing analysis that is consistent with financial models developed by research analysts.

Adjusted EBITDA as defined by NeoGenomics is not a measurement under GAAP and may differ from non-GAAP measures used by other companies. There are limitations inherent in non-GAAP financial measures such as Adjusted EBITDA because they exclude a variety of charges and credits that are required to be included in a GAAP presentation, and do not therefore present the full measure of NeoGenomics recorded costs against its net revenue. Accordingly, investors should consider non-GAAP results together with GAAP results in analyzing NeoGenomics financial performance.

**NeoGenomics, Inc.**

**Supplemental Information on Customer Requisitions Received and Tests Performed**

(in thousands, except test and requisition amount)

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	For the Three- Months Ended June 30, 2011	For the Three- Months Ended June 30, 2010	% Inc (Dec)	For the Six- Months Ended June 30, 2011	For the Six- Months Ended June 30, 2010	% Inc (Dec)
Requisitions Rec'd (cases)	11,924	9,576	24.5%	22,138	19,156	15.6%
Number of Tests Performed	18,358	14,464	26.9%	33,754	28,506	18.4%
Avg. # of Tests / Requisition	1.54	1.51	2.0%	1.52	1.49	2.0%
Total Testing Revenue	\$10,466	\$8,490	23.3%	\$19,271	\$16,908	14.0%
Avg. Revenue/Requisition	\$ 877.75	\$ 886.60	(1.0%)	\$ 870.48	\$ 882.67	(1.4%)
Avg. Revenue/Test	\$ 570.12	\$ 586.98	(2.9%)	\$ 570.92	\$ 593.15	(3.7%)

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