NEOGENOMICS INC
Form 10-Q
November 05, 2012
Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2012.

or

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

For the transition period from to

Commission File Number: 000-54384

NEOGENOMICS, INC.

(Exact name of registrant as specified in its charter)

Nevada	**74-2897368**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
12701 Commonwealth Drive, Suite 9, Fort Myers,	
Florida	**33913**
(Address of principal executive offices)	**(Zip Code)**

(239) 768-0600

(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 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 x 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 (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

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 ¨ (Do not check if a smaller reporting company)	Smaller reporting company x

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

As of October 30, 2012, the registrant had 45,270,280 shares of Common Stock, par value $0.001 per share outstanding.

Table of Contents

TABLE OF CONTENTS

Table of Contents

FORWARD-LOOKING STATEMENTS

The information in this Quarterly Report on Form 10-Q contains forward-looking statements and information within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act) relating to NeoGenomics, Inc., a Nevada corporation (the Parent or the Parent Company), and its subsidiary, NeoGenomics Laboratories, Inc., a Florida corporation (NEO , NeoGenomics Laboratories or the Subsidiary) (collectively referred to as we , us , our , NeoGenomics , or the Company), which are subject to the safe harbor from liabilities created by those sections under the Private Securities Litigation Reform Act. These forward-looking statements include, but are not limited to, statements concerning our strategy, future operations, future financial position, future revenues, projected costs, prospects and plans and objectives of management. The words anticipates, believes, estimates, expects, intends, may, plans, projects, will, would and similar expressions are intended to identify forward-looking stater although not all forward-looking statements contain these identifying words. Forward-looking statements can generally be identified as such because the context of the statement typically addresses future events or conditions. We may not actually achieve the projections, goals, plans, intentions or expectations disclosed in our forward-looking statements and you should not place undue reliance on our forward-looking statements. These forward-looking statements involve known and unknown risks and uncertainties that could cause our actual results, performance or achievements to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, the risks set forth in Part I, Item 1A, Risk Factors in our Annual Report on Form 10-K as filed with the Securities and Exchange Commission on March 12, 2012.

Forward-looking statements in this Quarterly Report on Form 10-Q include, but are not limited to, statements about:

- Our ability to implement our business strategy;
- The expected reimbursement levels from governmental payers and private insurers;
- The application, to our business and the services we provide, of existing laws, rules and regulations, including without limitation, Medicare laws, anti-kickback laws, Health Insurance Portability and Accountability Act of 1996 (HIPAA) regulations, state medical privacy laws, federal and state false claims laws and corporate practice of medicine laws;
- Regulatory developments in the United States;
- Our ability to maintain our license under Clinical Laboratory Improvement Amendments of 1988 (CLIA);
- Our ability to expand our operations and increase our market share;
- Our ability to expand our service offerings by adding new testing capabilities;
- Our ability to meet our future capital requirements;
- The impact of internalization of testing by customers;
- Our ability to compete with other diagnostic laboratories;

Our ability to hire and retain sufficient managerial, sales, clinical and other personnel to meet our needs;

Our ability to successfully scale our business, including expanding our facilities, our backup systems and infrastructure; and

The accuracy of our projections and estimates regarding reimbursements, expenses, future revenues and capital requirements.

Any forward-looking statement speaks only as of the date on which such statement is made, and the Company undertakes no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time and it is not possible for management to predict all of such factors, nor can it assess the impact of each such factor on the business of the Company or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Table of Contents

PART I FINANCIAL INFORMATION

Item 1. Financial Statements

NEOGENOMICS, INC.

CONSOLIDATED BALANCE SHEETS

(in thousands, except share data)

(unaudited)

	September 30, 2012	December 31, 2011
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 2,038	$ 2,628
Restricted cash	300	500
Accounts receivable (net of allowance for doubtful accounts of $2,551 and $2,150, respectively)	12,013	7,894
Inventories	1,906	1,202
Other current assets	864	954
Total current assets	17,121	13,178
PROPERTY AND EQUIPMENT (net of accumulated depreciation of $9,202 and $6,653 respectively)	9,234	6,642
INTANGIBLE ASSETS (net of accumulated amortization of $126 and $0 , respectively)	2,856	
OTHER ASSETS	91	129
TOTAL ASSETS	$ 29,302	$ 19,949
LIABILITIES AND STOCKHOLDERS EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 3,238	$ 2,529
Accrued compensation	2,194	2,137
Accrued expenses and other liabilities	690	773
Short-term portion of equipment capital leases	2,513	2,107
Revolving credit line	8,035	3,898
Total current liabilities	16,670	11,444
LONG TERM LIABILITIES		
Long-term portion of equipment capital leases	3,410	2,608
TOTAL LIABILITIES	20,080	14,052
Commitments and contingencies		
STOCKHOLDERS EQUITY		
Common stock, $.001 par value, (100,000,000 shares authorized; 45,268,905 and 43,416,200 shares issued and outstanding at September 30, 2012 and December 31, 2011, respectively)	45	43
Additional paid-in capital	31,635	28,490

Accumulated deficit		(22,458)		(22,636)
Total stockholders equity		9,222		5,897
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	$	29,302	$	19,949

See notes to unaudited consolidated financial statements.

Table of Contents

NEOGENOMICS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share amounts)

(unaudited)

	For the three months ended September 30,		For the nine months ended September 30,	
	2012	2011	2012	2011
NET REVENUE	$ 14,202	$ 11,320	$ 44,973	$ 30,591
COST OF REVENUE	8,310	6,246	24,571	16,996
GROSS PROFIT	5,892	5,074	20,402	13,595
OPERATING EXPENSES				
General and administrative	3,929	3,182	11,745	8,801
Research and development	808	125	1,833	416
Sales and marketing	1,839	1,725	5,809	5,162
Total operating expenses	6,576	5,032	19,387	14,379
INCOME (LOSS) FROM OPERATIONS	(684)	42	1,015	(784)
INTEREST AND OTHER INCOME (EXPENSE) NET	(291)	(185)	(837)	(545)
NET INCOME (LOSS) BEFORE TAXES	(975)	(143)	178	(1,329)
INCOME TAXES				
NET INCOME (LOSS)	$ (975)	$ (143)	$ 178	$ (1,329)
NET INCOME (LOSS) PER SHARE				
- Basic	$ (0.02)	$ (0.00)	$ 0.00	$ (0.03)
- Diluted	$ (0.02)	$ (0.00)	$ 0.00	$ (0.03)
WEIGHTED AVG NUMBER OF SHARES OUTSTANDING				
- Basic	45,175	43,104	44,944	42,570
- Diluted	45,175	43,104	48,226	42,570

See notes to unaudited consolidated financial statements.

Table of Contents

NEOGENOMICS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

(unaudited)

	For the Nine Months Ended September 30,	
	2012	**2011**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	$ 178	$ (1,329)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Provision for bad debts	2,434	1,740
Amortization of intangibles	126	
Depreciation of property and equipment	2,549	1,484
Amortization of debt issue costs	29	30
Stock-based compensation options	488	257
Stock-based compensation warrants and restricted stock	211	121
Changes in assets and liabilities, net:		
(Increase) decrease in accounts receivable, net of write-offs	(6,552)	(3,870)
(Increase) decrease in inventories	(704)	(208)
(Increase) decrease in other current assets	61	286
(Increase) decrease in other assets	38	(37)
Increase (decrease) in accounts payable and other liabilities	649	356
NET CASH (USED) IN OPERATING ACTIVITIES	(493)	(1,170)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of intangible assets	(1,037)	
Purchases of property and equipment	(2,263)	(338)
NET CASH (USED) IN INVESTING ACTIVITIES	(3,300)	(338)
CASH FLOWS FROM FINANCING ACTIVITIES		
Restricted cash	200	
Advances (payments) on credit facility, net	4,137	1,030
Repayment of capital leases	(1,637)	(1,146)
Issuance of common stock and warrants for cash, net of transaction expenses	503	3,176
NET CASH PROVIDED BY FINANCING ACTIVITIES	3,203	3,060
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(590)	1,552
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	2,628	1,097
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 2,038	$ 2,649
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	$ 809	$ 519
Income taxes paid	$	$

NON-CASH INVESTING AND FINANCING ACTIVITIES		
Equipment leased under capital leases	$ 2,845	$ 1,255
Common stock issued for intangible asset purchase	$ 1,945	$

See notes to unaudited consolidated financial statements.

Table of Contents

NEOGENOMICS, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2012

NOTE A NATURE OF BUSINESS AND BASIS OF FINANCIAL STATEMENT PRESENTATION

Nature of Business

NeoGenomics, Inc., a Nevada corporation (the Parent or the Parent Company), and its subsidiary, NeoGenomics Laboratories, Inc., a Florida corporation (NeoGenomics Laboratories or the Subsidiary) (collectively referred to as we , us , our , NeoGenomics , or the Company), op a certified high complexity clinical laboratory in accordance with the federal government s Clinical Laboratory Improvement Act, as amended (CLIA), and is dedicated to the delivery of clinical diagnostic services to pathologists, oncologists, urologists, hospitals, and other laboratories throughout the United States.

Basis of Presentation

The accompanying interim consolidated financial statements are unaudited and have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) for interim financial information. These financial statements include the accounts of the Parent and the Subsidiary. All intercompany transactions and balances have been eliminated in the accompanying financial statements.

Certain information and footnote disclosures normally included in the Company s annual audited consolidated financial statements and accompanying notes have been condensed or omitted in these interim financial statements. Accordingly, the unaudited consolidated financial statements included herein should be read in conjunction with the audited consolidated financial statements and accompanying notes included in the Company s annual report on Form 10-K for the year ended December 31, 2011, filed with the Securities and Exchange Commission on March 12, 2012.

The results of operations presented in this quarterly report on Form 10-Q are not necessarily indicative of the results of operations that may be expected for any future periods. In the opinion of management, these unaudited consolidated financial statements include all adjustments and accruals, consisting only of normal recurring adjustments that are necessary for a fair statement of the results of all interim periods reported herein.

Certain amounts in the prior year s consolidated financial statements have been reclassified to conform to the current year presentation.

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The Company prepares its consolidated financial statements in conformity with accounting principles generally accepted in the United States of America. These principles require management to make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, together with amounts disclosed in the related notes to the consolidated financial statements. Actual results and outcomes may differ from management s estimates, judgments and assumptions. Significant estimates, judgments and assumptions used in these consolidated financial statements include, but are not limited to, those related to revenues, accounts receivable and related reserves, contingencies, useful lives and recovery of long-term and intangible assets, income taxes, and the fair value of stock-based compensation. These estimates, judgments, and assumptions are reviewed periodically and the effects of material revisions in estimates are reflected in the consolidated financial statements prospectively from the date of the change in estimate.

Table of Contents

Research and Development

Research and development costs are expensed as incurred. Research and development expenses consist of cash and equity compensation and benefits for research and development personnel, amortization of intangibles, related supplies, inventory and payment for samples to complete validation studies. These expenses were incurred to develop new genetic tests.

Intangible Assets

Intangible assets with finite useful lives are recorded at fair value which is our cost, less accumulated amortization. Amortization is recognized over the estimated useful lives of the assets. The Company s intangible assets are related to our license agreement with Health Discovery Corporation.

Concentrations of Credit Risk

Concentrations of credit risk with respect to revenue and accounts receivable are primarily limited to certain clients to whom the Company provides a significant volume of its services, and to specific payers of our services such as Medicare and individual insurance companies. The Company s client base consists of a large number of geographically dispersed clients diversified across various customer types. Over the last year, we have expanded our relationship with a large oncology practice with multiple office locations. For the three months ended September 30, 2012, all of the affiliated locations from this oncology practice combined represented approximately 12.9% of our revenue compared to 13.5% of revenue for the quarter ended September 30, 2011 and for the nine months ended September 30, 2012 represented approximately 15.4% of our revenue compared to 8.8% of revenue for the nine months ended September 30, 2011. All other clients were less than 5% of total revenue individually.

Income Taxes

We compute income taxes in accordance with applicable accounting standards. Deferred taxes are recognized for the tax consequences of temporary differences by applying enacted statutory rates applicable to future years to differences between the financial statement carrying amounts and the tax basis of existing assets and liabilities. Also, the effect on deferred taxes of a change in tax rates is recognized in income in the period that included the enactment date. Temporary differences between financial and tax reporting arise primarily from the use of different depreciation methods for property and equipment, stock based compensation expense and the timing of recognition of bad debts.

We evaluate tax positions that have been taken or are expected to be taken in our tax returns, and record a liability for uncertain tax positions. As of September 30, 2012 we had no provision for related income taxes because we have large Net Operating Loss positions to offset our current net income.

NOTE C REVOLVING CREDIT AND SECURITY AGREEMENT

On March 26, 2012, the Parent Company, NeoGenomics Laboratories (Borrower), and CapitalSource Finance LLC (Capital Source) entered into a First Amendment (the Amendment) to the Amended and Restated Revolving Credit and Security Agreement, dated April 26, 2010 (the Amended and Restated Credit Agreement or the Credit Facility). The Amended and Restated Credit Agreement amended and restated the original Revolving Credit and Security Agreement dated February 1, 2008, as amended, among the Parent Company, Borrower and CapitalSource (the Original Credit Agreement). The terms of the Amendment and the Amended and Restated Credit Agreement are substantially similar except that the Amendment, among other things:

I.) Increased the maximum principal amount of the revolving credit facility (the Facility Cap) to $8.0 million from $5.0 million; provided, that the Borrower may request to increase the Facility Cap twice during the term of the Amended and Restated Credit Agreement in increments of $1.0 million to a maximum of $10,000,000;

II.) Extended the term of the Amended and Restated Credit Agreement to March 26, 2015;

III.) Revised the definition of Minimum Termination Fee to be:

a. 2.5% of the Facility Cap if the Revolver Termination (as defined in the Agreement) is at any time before March 26, 2013;

b. 1.5% of the Facility Cap if the Revolver Termination is after March 26, 2013 but before March 26, 2014;

c. 0.5% of the Facility Cap if the Revolver Termination is on or after March 26, 2014; and

Table of Contents

d. That there shall be no Minimum Termination Fee if the Revolver Termination occurs within five (5) days of the end of the term.

IV.) Modified the definition of Permitted Indebtedness and Fixed Charge Coverage Ratio ; and

V.) Amended Section 3.1 of the Amended and Restated Credit Agreement by deleting the LIBOR shall be not less than 2.0% and replacing it with the LIBOR shall be not less than 1.0% .

We paid Capital Source a commitment fee of $80,000 in connection with the Amendment.

On July 27, 2012 the Facility Cap was increased from $8.0 million to $9.0 million.

Interest on outstanding advances under the Credit Facility are payable monthly in arrears on the first day of each calendar month and has an effective rate of interest of 5.25%.

On September 30, 2012 the available credit under the Credit Facility was approximately $0.3 million and the outstanding borrowing was $8.0 million after netting compensating cash on hand.

NOTE D INTANGIBLE ASSETS

On January 6, 2012, we entered into a Master License Agreement (the License Agreement) with Health Discovery Corporation, a Georgia corporation (HDC). We were granted an exclusive worldwide license to certain of HDC s Licensed Patents and Licensed Know-How (as defined in the License Agreement) to, among other things, use, develop, make, have made, sell, offer to sell, modify, and commercially exploit Licensed Uses (as defined in the License Agreement) and Licensed Products (as defined in the License Agreement), in the fields of laboratory testing, molecular diagnostics, clinical pathology, anatomic pathology and digital image analysis (excluding non-pathology-related radiologic and photographic image analysis) relating to the development, marketing production or sale of any Laboratory Developed Tests or LDTs (as defined in the License Agreement) or other products used for diagnosing, ruling out, predicting a response to treatment, and/or monitoring treatment of any or all hematopoietic and solid tumor cancers excluding cancers affecting the retina and breast cancer (collectively with certain other qualifications as defined in the License Agreement, the Field or Field of Use); provided, that the exclusion for breast cancer shall be in effect only so long as that certain license agreement between HDC and the licensee of the technology for breast cancer applications is in full force and effect and such licensee is not in material breach of any its obligations under that agreement.

The License Agreement allows us, among other things, to develop and sell, without limitation, any gene, gene-product or protein-based LDTs using HDC s technology in the Field and provides for sublicensing rights and the assignment of the License Agreement, in whole or in part, in our sole discretion. The License Agreement further provides us with access to certain HDC personnel and consulting resources in the fields of mathematics and in genetic and molecular test development. The Licensed Know-How also includes, among other things, certain tests, algorithms and computer software which have already been developed by HDC.

We have agreed to use our best efforts to commercialize certain products within one year of the date of the License Agreement, subject to two one-year extensions per product if needed, including LDTs for prostate, colon and pancreatic cancer and software to automate the interpretation of cytogenetics and flow cytometry (collectively, the Initial Licensed Products).

If we have not generated $5.0 million of net revenue from products, services and sublicensing arrangements pursuant to the License Agreement within five years of the effective date, HDC may, at its option, revoke the exclusivity with respect to any one or more of the Initial Licensed Products, subject to certain conditions.

Table of Contents

We had no intangible assets on December 31, 2011 and at September 30, 2012 intangible assets consisted of the following (in thousands):

	Weighted Average Amortization Period	September 30, 2012		
		COST	Accumulated Amortization	Net
Support Vector Machine (SVM) technology	108 months	$ 500	$ 42	$ 458
Laboratory developed test (LDT) technology	164 months	$ 1,482	$ 54	$ 1,428
Flow Cytometry and Cytogenetics technology	202 months	$ 1,000	$ 30	$ 970
Total		$ 2,982	$ 126	$ 2,856

We recorded approximately $56,000 and $126,000 in straight-line amortization expense of intangibles for the three and nine months ended September 30, 2012 as a research and development expense in the consolidated statement of operations. We will record all amortization of intangibles in that category until the time that we have products, services or cost savings directly attributable to these intangible assets that would require that it be recorded in cost of goods sold. We continually review the estimated pattern in which the economic benefits will be consumed and adjust the amortization period and our pattern to match our estimate.

The estimated amortization expense related to amortizable intangible assets for each of the five succeeding fiscal years and thereafter as of September 30, 2012 is as follows (in thousands):

Year Ending December 31,	
Remainder of 2012	$ 56
2013	223
2014	223
2015	223
2016	223
2017	223
Thereafter	1,685
Total	$ 2,856

NOTE E NET INCOME (LOSS) PER SHARE

Basic net income (loss) per share is computed using the weighted average number of common shares outstanding during the applicable period. Diluted net income per share is computed using the weighted average number of common shares outstanding during the applicable period, plus the dilutive effect of potential common stock. Potential common stock consists of shares issuable pursuant to stock options and warrants. Diluted net (loss) per share is computed using the weighted average number of common shares outstanding during the applicable period. Potential common stock is excluded from diluted net (loss) per share as such amounts are anti-dilutive. Calculations of net income (loss) per share are done using the treasury stock method.

The following table provides the computation of basic and diluted net income (loss) per share for the three and nine month periods ending September 30, 2012 and 2011: (in thousands, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011

Net income (loss)	$ (975)	$ (143)	$ 178	$ (1,329)
Basic weighted average shares outstanding	45,175	43,104	44,944	42,570
Effect of potentially dilutive securities			3,282	
Diluted weighted average shares outstanding	45,175	43,104	48,226	42,570
Basic net income (loss) per share	$ (0.02)	$ (0.00)	$ 0.00	$ (0.03)
Diluted net income (loss) per share	$ (0.02)	$ (0.00)	$ 0.00	$ (0.03)

Table of Contents

For the nine months ended September 30, 2012 there were no outstanding options or warrants excluded from the calculation of diluted earnings per share due to anti-diluted affects, as all options and warrants were less than the average market price of the Company s common stock for the nine months ended September 30, 2012.

NOTE F STOCK OPTIONS

On January 9, 2012, Dr. Maher Albitar, our Chief Medical Officer was granted stock options to purchase 250,000 shares of the Company s common stock at an exercise price per share of $1.43, which was the closing price per share on the last trading day prior to his start date. The stock options have a five year term and become 25% vested on each of the first four anniversaries of his start date. The stock options also fully vest upon a change of control of the Company. Dr. Albitar works in our California laboratory location, and the State of California has certain regulations that prohibit the corporate practice of medicine. As a result of this regulation, Dr. Albitar is not an employee, but rather is a full-time consulting physician to NeoGenomics. Thus, these stock options are non-employee consultant options and as such are being revalued at the end of every reporting period using a trinomial lattice model. At September 30, 2012 these stock options were valued at $428,000 and we recorded $118,400 and $158,000 of stock compensation expense related to the stock options in the three and nine months ended September 30, 2012, respectively.

On February 14, 2012, Mr. VanOort, our Chief Executive Officer was granted supplemental non-qualified stock options to purchase 800,000 shares of common stock at an exercise price of $1.71 per share which have a five year term so long as Mr. VanOort remains an employee of the Company (the Supplemental Options). The Supplemental Options are scheduled to vest according to the passage of time with 200,000 shares vesting each year on the anniversary of the grant date for the first four years after the grant. The Supplemental Options are valued at $505,000 based on a trinomial lattice model and we recorded $60,225 and $149,999 of stock compensation expense related to the Supplemental Options in the three and nine months ended September 30, 2012.

In the event of a change of control of the Company in which the consideration payable to common stockholders of the Company has a deemed value of at least $4.00 per share, any unvested portion of the Supplemental Options will immediately vest in full.

As of September 30, 2012, stock options to purchase 5,826,135 shares of our common stock were outstanding. The exercise prices of these options range from $0.25 to $1.71 per share and have a weighted average exercise price $1.02 per share.

NOTE G COMMON STOCK WARRANTS

Albitar Warrant

On January 9, 2012 Dr. Maher Albitar was granted performance incentive warrants to purchase 200,000 shares of the Company s common stock (the Albitar Warrants) at an exercise price per share of $1.43, which was the closing price per share on the last trading day prior to his start date. These warrants are being treated as non-employee consultant warrants and as such are being revalued, with assumptions for meeting performance, at the end of every reporting period using a trinomial lattice model. The Albitar Warrants have a five year term and vest in accordance with the performance criteria as follows:

(i) 80,000 will vest upon the commercial launch of the Company s gene-based plasma prostate cancer test licensed from Health Discovery Corp (HDC) or similar test based on our mutual agreement.

(ii) 40,000 will vest upon the commercial launch of the Company s gene-based colon cancer test licensed from HDC or similar test based on our mutual agreement.

(iii) 40,000 will vest upon the commercial launch of the Company s gene-based pancreatic cancer test licensed from HDC or similar test based on our mutual agreement.

Table of Contents

(iv) 20,000 will vest upon successful consummation of a sublicensing agreement with an instrument manufacturer to commercialize the cytogenetics automated image analysis technology licenses from HDC.

(v) 20,000 will vest upon successful consummation of a sublicensing agreement with an instrument manufacturer to commercialize the flow cytometry automated image analysis technology licenses from HDC.

In the event of a change of control of the Company in which the consideration payable to common stockholders of the Company has a deemed value of at least $4.00 per share, any unvested portion of the Albitar Warrants will immediately vest in full.

On September 30, 2012 the Albitar Warrants were valued at $342,500 and we recorded approximately $95,800 and $128,000 of stock compensation expense related to the Albitar Warrants for the three and nine months ended September 30, 2012.

Warrant exercises

For the nine months ended September 30, 2012, 650,000 warrants previously issued to members of our board of directors and 348,417 warrants issued in June 2007 as part of a common stock offering were exercised or expired as follows:

Type of Exercise	Warrant Shares	Exercise Price /Share	Cash Received	Common Stock Shares Issued
For cash	175,000	$ 1.50	$ 262,500	175,000
Cashless net exercise	725,000	$ 1.50	$	75,066
Expired unexercised	98,417	$ 1.50	$	

Warrant activity for the nine months ended September 30, 2012 is summarized as follows:

	Shares	Weighted Average Exercise Price
Warrants outstanding, December 31, 2011	2,156,750	$ 1.34
Granted	200,000	1.43
Exercised	(900,000)	1.50
Expired	(98,417)	1.50
Cancelled		
Warrants outstanding, September 30, 2012	1,358,333	$ 1.24

NOTE H CAPITAL LEASES

On September 9, 2011, we entered into a master lease agreement for an equipment lease line of credit with Garic, Inc. The facility had a 12 month draw down period and each schedule has a thirty six month term. The lease had a fair market value option at the end of the term at a price not to exceed fifteen percent of the equipment cost or the right to return the equipment. The facility expired and we had borrowed $658,000 over the life of the line at an interest rate of 16.12%.

Table of Contents

In June 2012, we entered into a five year, $1 buyout equipment lease of approximately $495,000 for the purchase of laboratory equipment with Wells Fargo Lease Equipment Financing. The lease has an interest rate of approximately 6%.

During the nine months ended September 30, 2012, we entered into several vendor lease arrangements for approximately $1,555,000, primarily for the acquisition of lab equipment and to a lesser extent computer hardware. These capital leases are for 36 to 60 month terms, have either $1 purchase options or were fair market value at the end of the term, and had approximate interest rates between 8% and 16%.

NOTE I OTHER RELATED PARTY TRANSACTIONS

During the three months ended September 30, 2012 and 2011, Steven C. Jones, a director of the Company, earned approximately $52,500 and $50,000, respectively, for various consulting work performed in connection with his duties as Executive Vice President of Finance. During the nine months ended September 30, 2012 and 2011, he earned approximately $155,000 and $148,500, respectively, for various consulting work performed in connection with his duties as Executive Vice President of Finance. Mr. Jones also received $55,000 and $2,500 for the nine months ended September 30, 2012 and 2011 as payment of his annual bonus compensation for the previous fiscal year.

NOTE J INCOME TAXES

On July 17, 2012 the Internal Revenue Service completed its audit of our fiscal year 2009 and 2010 tax returns. The audit resulted in a small proposed adjustment to our Net Operating Loss carry forward which resulted from the Therapeutic Discovery Grant being considered as a reduction of expenses for tax purposes. As a result of the audit our net operating loss tax carry forward of federal and state income taxes changed to $16,249,164 at December 31, 2011 from $16,683,683 as previously disclosed in our Annual Report on Form 10K as filed with the Securities and Exchange Commission on March 12, 2012. Since we did not meet the standard established by ASC Topic 740 at December 31, 2011 we had a valuation allowance to fully reserve our deferred tax asset and that reserve will also change to $16,249,164 as well.

END OF FINANCIAL STATEMENTS.

Table of Contents

ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

NeoGenomics, Inc., a Nevada corporation (referred to individually as the Parent Company or collectively with all of its subsidiaries as NeoGenomics or the Company in this Form 10-Q) is the registrant for SEC reporting purposes. Our common stock is quoted on the OTC Bulletin Board and the OTCQB under the symbol NGNM.

Introduction

The following discussion and analysis should be read in conjunction with the unaudited consolidated financial statements, and the notes thereto included herein. The information contained below includes statements of the Company s or management s beliefs, expectations, hopes, goals and plans that, if not historical facts, are forward-looking statements subject to certain risks and uncertainties that could cause actual results to differ materially from those anticipated in such forward-looking statements. For a discussion on forward-looking statements, see the information set forth in the introductory note to this Quarterly Report on Form 10-Q under the caption Forward Looking Statements , which information is incorporated herein by reference.

Overview

We operate a network of cancer-focused testing laboratories whose mission is to improve patient care through exceptional genetic and molecular testing services. Our vision is to become America s premier cancer testing laboratory by delivering uncompromising quality, exceptional service and innovative products and solutions. The Company has laboratory locations in Ft. Myers and Tampa, Florida; Irvine, California; and Nashville, Tennessee, and currently offers the following types of testing services:

a) Cytogenetics testing - the study of normal and abnormal chromosomes and their relationship to disease. Cytogenetic studies are often utilized to assist in refining treatment options for hematopoietic cancers such as leukemia and lymphoma;

b) Fluorescence In-Situ Hybridization (FISH) testing - a branch of cancer genetics that focuses on detecting and locating the presence or absence of specific DNA sequences and genes on chromosomes;

c) Flow cytometry testing - a rapid way to measure the characteristics of cell populations. Cells from peripheral blood, bone marrow aspirate, lymph nodes, and other areas are labeled with selective fluorescent antibodies and quantified according to their surface antigens. These fluorescent antibodies bind to specific cell surface antigens and are used to identify malignant cell populations. Flow cytometry is typically performed in conjunction with morphology testing which looks at smears on glass slides for abnormal cell populations;

d) Immunohistochemistry (IHC) testing - the process of identifying cell proteins in a tissue section utilizing the principle of antibodies binding specifically to antigens. Specific surface cytoplasmic or nuclear markers are characteristic of cellular events such as proliferation or cell death (apoptosis). IHC is also widely used to understand the distribution and localization of differentially expressed proteins; and

e) Molecular testing - a rapidly emerging cancer diagnostic tool focusing on the analysis of DNA and RNA, as well as the structure and function of genes at a molecular level. Molecular testing employs multiple technologies including bi-directional sequencing analysis, DNA fragment length analysis, and real-time polymerase chain reaction (RT-PCR) RNA analysis.

All of these testing services are widely utilized to inform the diagnosis and prognosis of various types and subtypes of cancer and to help predict a patient s potential response to specific therapies. NeoGenomics offers testing services on both a tech-only basis, where NeoGenomics performs the technical component of the testing (specimen set-up, staining, imaging, sorting and categorization of cells, chromosomes, genes, DNA or RNA) and the client physician performs the related professional interpretation component (analyzing the laboratory data, developing the

diagnosis or prognosis as well as preparing and writing the final report), as well as on a full service or global basis where NeoGenomics performs both the technical component and the professional interpretation component.

Table of Contents

Our Focus

Our primary focus is to provide high complexity, cancer-related laboratory testing services to hospitals, community-based pathology practices, and clinicians throughout the United States. We currently perform analyses for hematopoietic cancers such as leukemia and lymphoma (blood and lymphoid tumors) and solid tumor cancers such as breast, lung, colon, and bladder cancer. For hematopoietic cancers, we typically analyze bone marrow aspirate and peripheral blood specimens. For solid tumor cancers, we typically analyze formalin fixed, paraffin embedded tissue samples or urine.

The cancer testing services we offer to community-based pathologists are designed to be a natural extension of, and complementary to, the services that they perform within their own practices. We believe our relationship as a non-competitive partner to community-based pathology practices empowers them to expand their breadth of testing and provide a menu of services that matches or exceeds the level of service found in academic centers of excellence around the country. Community-based pathology practices typically order our services on a tech-only basis, which allows them to participate in the diagnostic process by performing the professional interpretation services without having to make the investment in laboratory personnel or equipment needed to perform the technical component of the tests.

In areas where we do not provide services to community-based pathology practices, we may directly serve oncology, dermatology, urology and other clinician practices that prefer to have a direct relationship with a laboratory for cancer-related genetic and molecular testing services. We typically service these types of clients with a global service offering where we perform both the technical and professional components of the tests ordered. Increasingly, however, larger clinician practices have begun to internalize pathology testing, and our tech-only service offering allows these larger clinician practices to also participate in the diagnostic process by performing the professional interpretation services.

We are also focused on innovation because we are committed to being a leader in oncology testing. With the recent advances in genomics, proteomics and digital pathology, frequently large amounts of data are generated and managing this data is difficult without the aid of computer-based algorithms and pattern recognition. We believe that the best system for pattern recognition and data analysis is a technology known as Support Vector Machine or SVM , especially when combined with a technology called Recursive Feature Elimination or RFE .

Health Discovery Corporation (HDC) has an extensive array of pending and issued patents surrounding SVM and RFE technology. In January 2012, we entered into a Master License Agreement (the License Agreement) with HDC, pursuant to which we were granted an exclusive worldwide license to utilize HDC s intellectual property portfolio, including some 84 issued and pending patents related to SVM and RFE as well as certain patents relating to digital image analysis, biomarker discovery, and gene and protein-based diagnostic, prognostic, and predictive testing, to develop and commercialize laboratory developed tests (LDTs) and other products relating to hematopoietic and solid tumor cancers.

Under the terms of the License Agreement, we may, subject to certain limitations, use, develop, make, have made, modify, sell, and commercially exploit products and services in the fields of laboratory testing, molecular diagnostics, clinical pathology, anatomic pathology and digital image analysis relating to the development, marketing, production or sale of any LDTs or other products used for diagnosing, ruling out, predicting a response to treatment, and/or monitoring treatment of any hematopoietic and solid tumor cancers excluding cancers affecting the retina and breast cancer; provided, that the exclusion for breast cancer shall be in effect only so long as that certain license agreement between HDC and the licensee of the technology for breast cancer applications is in full force and effect and such licensee is not in material breach of any its obligations under that agreement.

By licensing this technology and combining the expertise that already existed at Health Discovery Corp with our expertise in genomics, proteomics and digital imaging, we believe we are well-positioned to begin developing innovative and proprietary new products.

We have greatly expanded our menu of molecular tests in the past nine months. Molecular testing is a rapidly growing part of oncology testing, allowing us to determine types of cancer, as well as predicted responses to certain therapeutics. We have combined several molecular tests into NeoType™ panels, which will help pathologists and oncologists determine cancer types on difficult cases. We use bi-directional sanger sequencing analysis which we believe is superior to many of the molecular tests being offered by our competitor s because we are able to pick up mutations that other methods would not detect. With our strong menu of molecular tests we are positioned to capitalize on this rapidly growing area.

Our goal is to develop new assays to help our physicians better manage their patients and to enable them to practice evidence-based medicine tailored specifically for each of their patients. High priority will be given to the development of better tests for the diagnosis and prediction of clinical behavior in prostate cancer, pancreatic cancer, breast cancer, leukemia/lymphoma and other solid tumors.

We intend to combine and analyze data from genomics, proteomics and digital imaging using SVM-RFE techniques to develop practical, cost-effective and reliable new assays. Using this technology, we believe we will be able to offer a whole line of advanced tests that will help

physicians better manage the treatment options for cancer patients.

Competitive Strengths

Turnaround Times

We strive to provide industry leading turnaround times for test results to our clients nationwide. By providing information to physicians in a rapid manner, they can begin treating their patients as soon as possible. We believe our average 4-5

Table of Contents

day turn-around time for our cytogenetics testing services, our average 3-4 day turn-around time for FISH testing services, and our average 1 day turn-around time for flow cytometry testing services are industry-leading benchmarks for national laboratories. Our consistent timeliness of results is a competitive strength and a driver of additional testing requests by our referring physicians. Quick turn-around times allow for the performance of other adjunctive tests within an acceptable diagnosis window in order to augment or confirm results and more fully inform treatment options. We believe that our rapid turnaround times are a key differentiator of NeoGenomics versus other national laboratories, and our clients often cite them as a key factor in their relationship with us.

Medical Team

Our team of medical professionals and Ph.Ds. are specialists in the field of genetics and oncology. Our medical team is led by our Chief Medical Officer, Dr. Maher Albitar, a renowned hematopathologist with extensive experience in molecular and genetic testing. Prior to joining NeoGenomics, Dr. Albitar was Medical Director for Hematopathology and Oncology at the Quest Nichols Institute and Chief R&D Director for Hematopathology and Oncology for Quest Diagnostics. He also served as Section Chief for Leukemia at the University of Texas M. D. Anderson Cancer Center. In addition to Dr. Albitar, we employ several other full-time M.D.s and Ph.Ds.

Extensive Tech-Only Service Offerings

We launched the first tech-only FISH testing services in the United States in 2006, and we currently have the most extensive menu of tech-only FISH services in the country. Indeed, we believe we are the only national laboratory offering tech-only FISH services for hematopoietic cancers in the U.S. We also offer tech-only flow cytometry and immunohistochemistry testing services. These types of testing services generally allow the professional interpretation component of a test to be billed separately from the technical component. Our NeoFISH™, NeoFLOW™ and other tech-only service offerings allow properly trained and credentialed community-based pathologists to extend their own practices by performing professional interpretations services, which allows them to better service the needs of their local clientele without the need to invest in the lab equipment and personnel required to perform the technical component of genetic and molecular testing.

Our tech-only services are designed to give pathologists the option to choose, on a case by case basis, whether they want to order just the technical information and images relating to a specific test so they can perform the professional interpretation, or order global services and receive a comprehensive test report which includes a NeoGenomics Pathologist s interpretation of the test results. Our clients appreciate the flexibility to access NeoGenomics medical staff for difficult or complex cases or when they are otherwise unavailable to perform professional interpretations. We believe this innovative approach to serving the needs of pathology client s results in longer term, more committed client relationships that are more akin to strategic partnerships. Our extensive tech-only service offerings have differentiated NeoGenomics and allowed us to compete more effectively against larger, more entrenched competitors in our niche of the industry.

Global Service Offerings

We also offer a full set of global services to meet the needs of those clients who are not credentialed and trained in interpreting genetic tests and who are looking for specialists to interpret the testing results for them. In our global service offerings, our lab performs the technical component of the tests and our M.D.s and Ph.Ds. provide the interpretation services. Our professional staff is also available for post testing consultative services. These clients rely on the expertise of our medical team to give them the answers they need in a timely manner to help inform their diagnoses and treatment decisions. Many of our tech-only clients also rely on our medical team for difficult or challenging cases by ordering our global testing services on a case by case basis. Our Genetic Pathology Solutions (GPS) report summarizes all relevant case data from our global services on one summary report. When providing global services, NeoGenomics performs both the technical and professional component of the test, which results in a higher reimbursement level.

Superior Testing Platforms

We use some of the most advanced testing platforms in the laboratory industry. Our new 10 color flow cytometry platform was recently launched and we are the first national laboratory to offer this service on a tech-only basis. Most of our competitors only offer between 5 and 8 color Flow Cytometry testing. We believe that this allows us to provide more and

Table of Contents

better data to our clients. The use of bi-directional sequencing in our molecular testing allows us to detect multiple mutations which can be missed with single point mutation analysis. Our automated FISH and Cytogenetics tools allow us to deliver the highest quality testing to our clients.

Client Education Programs

We believe we have one of the most extensive client education programs in the genetic and molecular testing industry. We train pathologists how to use and interpret genetic testing services so that they can then participate in our tech-only service offerings. Our educational programs include an extensive library of on-demand training modules, online courses, and custom tailored on-site training programs that are designed to prepare clients to utilize our tech-only services. Each year, we also regularly sponsor seminars and webinars on emerging topics of interest in our field. Our medical staff is involved in many aspects of our training programs.

Laboratory Information System (LIS)

We believe we have a state-of-the-art Laboratory Information System (LIS) that interconnects our locations and provides flexible reporting solutions to clients. This system allows us to standardize testing and deliver uniform test results and images throughout our network, regardless of the location that any specific portion of a test is performed within our network. This allows us to move specimens and image analysis work between locations to better balance our workload. Our LIS also allows us to offer highly specialized and customizable reporting solutions to our tech-only clients. For instance, our tech-only NeoFISH™ and NeoFLOW™ applications allow our community-based pathologist clients to tailor individual reports to their specifications and incorporate only the images they select and then issue and sign-out such reports from our system with their own logos at the top. Our customized reporting solution even allows our clients to incorporate test results performed on ancillary tests not performed at NeoGenomics into summary report templates. This feature has been well-received by clients.

National Direct Sales Force

Our direct sales force has been trained extensively in cancer genetic testing and consultative selling skills to service the needs of clients. Our sales representatives (Territory Business Managers) are organized into three regions (East, Central and West). These sales representatives all utilize Salesforce.com to manage their territories, and we have integrated all of the important customer care functionality within our LIS into Salesforce.com so that our Territory Business Managers can stay informed of emerging issues and opportunities within their regions.

Geographic Locations

Many high complexity laboratories within the cancer testing niche have frequently operated a core facility on either the West Coast or the East Coast to service the needs of their customers around the country. We believe our clients and prospects desire to do business with a laboratory with national breadth and a local presence. We have four facilities, two large laboratory locations in Fort Myers, Florida and Irvine, California and two smaller laboratory locations in Nashville, Tennessee and Tampa, Florida. Our objective is to operate one lab with four locations in order to deliver standardized test results. We intend to continue to develop and open new laboratories or expand our current facilities as market situations dictate and business opportunities arise.

Scientific Pipeline

In the past few years our field has experienced a rapid increase in tests that are tied to specific genomic pathways . These predictive tests are typically individualized for a small sub-set of patients with a specific subtype of cancer. The therapeutic target in the genomic pathways is typically a small molecule found at the level of the cell surface, within the cytoplasm and/or within the nucleus. These genomic pathways, known as the Hallmarks of Cancer , contain a target-rich environment for small-molecule anti-therapies . These anti-therapies target specific mutations in the major cancer pathways such as the Proliferation Pathway, the Apoptotic Pathway, the Angiogenic Pathway, the Metastasis Pathway, and the Signaling Pathways and Anti-Signaling Pathways.

As an example, recently the FDA approved a small molecule anti-therapy drug (Xalkori) that targets a mutation in the ALK gene for a small sub-set of patients with Non-Small Cell Lung Cancer (NSCLC). Approximately 50-61% of patients with an

Table of Contents

ALK gene rearrangement will respond to this therapy. To identify patients eligible for this specific small-molecule therapy, an FDA-approved FISH test that NeoGenomics and certain other laboratories offer, must be performed. This ALK FISH test is considered a companion diagnostic test and it is critical that this test be performed and the patient found to have an ALK mutation before therapy can be administered. Tests such as the ALK FISH test allow our clients to direct individualized treatments to each cancer patient in a timely manner. We are increasingly focused on attempting to develop new predictive tests such as this in our new product development pipeline. We have already added over 30 molecular tests in fiscal year 2012 and anticipate at least a dozen more by year-end. We have also greatly expanded our IHC menu and our digital pathology platform, areas we believe will help to drive future growth.

We are working with the technology we licensed from HDC to develop new proprietary cancer tests. We are working on technology we believe could streamline our workflow and reduce our costs along with providing a revenue stream by selling it to other laboratories around the world.

Seasonality

The majority of our testing volume is dependent on patients being treated by hematology/oncology professionals and other healthcare providers. Volume of testing generally declines during the vacation seasons, year-end holiday periods and other major holidays, particularly when those holidays fall during the middle of the week. In addition, volume of testing tends to decline due to adverse weather conditions, such as heavy snow, excessively hot or cold spells or hurricanes, tornados in certain regions, consequently reducing revenues and cash flows in any affected period. Therefore, comparison of the results of successive periods may not accurately reflect trends for future periods.

Critical Accounting Policies

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires us to make estimates and assumptions and select accounting policies that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

While many operational aspects of our business are subject to complex federal, state and local regulations, the accounting for our business is generally straightforward with net revenues primarily recognized upon completion of the testing process. Our revenues are primarily comprised of laboratory tests, and approximately one-half of total operating costs and expenses consist of employee compensation and benefits. Due to the nature of our business, several of our accounting policies involve significant estimates and judgments. These accounting policies have been described in our Annual Report on Form 10-K for the year ended December 31, 2011.

Intangible Assets

On January 6, 2012 we acquired approximately $3.0 million of intangible assets related to our Master License Agreement (the License Agreement) with HDC pursuant to which we were granted an exclusive worldwide license to utilize 84 issued and pending patents to develop and commercialize laboratory developed tests (LDTs) and other products relating to hematopoietic and solid tumor cancers. The licensed intellectual property and know-how relates to support vector machine (SVM), recursive feature elimination (SVM-RFE), fractal genomic modeling (FGM) and other pattern recognition technology as well as certain patents relating to digital image analysis, biomarker discovery, and gene and protein-based diagnostic, prognostic, and predictive testing.

Under the terms of the License Agreement, we may, subject to certain limitations, use, develop, make, have made, modify, sell, and commercially exploit products and services in the fields of laboratory testing, molecular diagnostics, clinical pathology, anatomic pathology and digital image analysis relating to the development, marketing, production or sale of any LDTs or other products used for diagnosing, ruling out, predicting a response to treatment, and/or monitoring treatment of any hematopoietic and solid tumor cancers excluding cancers affecting the retina and breast cancer (collectively, the Field).

The License Agreement allows us to develop and sell any gene, gene-product or protein-based LDTs based on HDC s technology in the Field and provides for sublicensing rights and the assignment of the License Agreement, in whole or in part, in our discretion. The License Agreement further provides us with access to certain HDC personnel and consulting

Table of Contents

resources in the fields of mathematics and in genetic and molecular test development. The licensed technology also includes, among other things, certain tests, algorithms and computer software which have already been developed by HDC. Initially, we intend to focus on developing prostate, pancreatic, and colon cancer LDTs. In addition, we plan to develop interpretation software that will help to automate the analysis of cytogenetics and flow cytometry tests.

The intangible assets were valued at fair value based on cost of the assets as we acquired the assets in an arms-length transaction. We present intangible assets net of accumulated amortization in our financial statements. We have three classes of intangible assets and each class of intangible assets is amortized over its estimated service period from service date through the weighted average patent expiration date of each class of patents or the period of economic benefit.

Technical Component Grandfather Clause Expiration

On February 22, 2012, the Middle Class Tax Relief Act (MCTRA) was enacted. The MCTRA included a provision that specified that the Centers for Medicare and Medicaid Services (CMS) Technical Component Grandfather (TC Grandfather) clause would expire on June 30, 2012. The TC Grandfather clause had allowed independent laboratories like us to bill Medicare directly for the technical component of certain hospital in-patient and out-patient laboratory tests reimbursable off of the Medicare Physician Fee Schedule for hospitals that had a relationship with an independent pathology lab prior to July 22, 1999. As a result of this regulatory change, effective July 1, 2012, we are required to bill hospitals directly for these technical component services. Our hospital clients, however, receive no incremental reimbursement for in-patient tests and only limited incremental reimbursement for out-patient tests. Thus, the expiration of the TC Grandfather clause created price competition in approximately 18% of our revenue base, where previously there had been none. This resulted in a decline of approximately $1.3 million of revenue for the three months ended September 30, 2012 versus the three months ended June 30, 2012. This decline in revenue also directly impacted gross margin and net income. We believe that we can return to the gross margins we experienced before the TC Grandfather expiration as we continue to grow our business and improve the efficiencies of our laboratory operations. The requirement to submit claims to our clients directly, instead of Medicare, has also had an impact on the time it takes for us to collect on the receivables for the tests in question. Medicare typically pays each claim filed within 3 to 4 weeks of filing, however, clients typically get billed only once a month for all claims, and the collection cycle time from clients is generally 30-60 days from the time they receive a bill.

Overview of Financial Results

The following table presents the consolidated statements of operations as a percentage of revenue:

	For the three months ended September 30,		For the nine months ended September 30,	
	2012	2011	2012	2011
NET REVENUE	100.0%	100.0%	100.0%	100.0%
COST OF REVENUE	58.5%	55.2%	54.6%	55.6%
GROSS PROFIT	41.5%	44.8%	45.4%	44.4%
OPERATING EXPENSES:				
General and administrative	27.6%	28.1%	26.1%	28.8%
Research and development	5.7%	1.1%	4.1%	1.3%
Sales and marketing	13.0%	15.2%	12.9%	16.9%
TOTAL OPERATING EXPENSES	46.3%	44.4%	43.1%	47.0%
INCOME (LOSS) FROM OPERATIONS	(4.8)%	0.4%	2.3%	(2.6)%
INTEREST AND OTHER INCOME (EXPENSE) - NET	(2.1)%	(1.7)%	(1.9)%	(1.7)%
NET INCOME (LOSS)	(6.9)%	(1.3)%	0.4%	(4.3)%

19

Table of Contents

Results of Operations for the Three and Nine Months Ended September 30, 2012 as Compared to the Three and Nine Months Ended September 30, 2011

Revenue

Supplemental Information on Customer Requisitions Received and Tests Performed

(in thousands, except test and requisition amount)

	For the three months ended September 30,			For the nine months ended September 30,		
	2012	2011	% Inc (Dec)	2012	2011	% Inc (Dec)
Requisitions Rec d (cases)	18,307	12,857	42.4%	53,802	34,995	53.7%
Number of Tests Performed	28,315	19,977	41.7%	84,093	53,731	56.5%
Avg. # of Tests / Requisition	1.55	1.55	0.0%	1.56	1.54	1.8%
Total Testing Revenue	$ 14,202	$ 11,320	25.5%	$ 44,973	$ 30,591	47.0%
Avg Revenue/Requisition	$ 775.77	$ 880.47	(11.9)%	$ 835.90	$ 874.15	(4.4)%
Avg Revenue/Test	$ 501.58	$ 566.66	(11.5)%	$ 534.80	$ 569.33	(6.1)%

Our increase in test counts and revenue for the three and nine months ended September 30, 2012 when compared to the three and nine months ended September 30, 2011 was primarily the result of adding new client accounts and expanding our test service offerings. Over the last year, we have expanded our relationship with a large oncology practice with multiple office locations. For the three months ended September 30, 2012, all of the affiliated locations from this oncology practice combined represented approximately 12.9% of our revenue compared to 13.5% of revenue for the quarter ended September 30, 2011 and for the nine months ended September 30, 2012 represented approximately 15.4% of our revenue compared to 8.8% of revenue for the nine months ended September 30, 2011. The decrease in average revenue per test and requisition for the three and nine months ended September 30, 2012 as compared to the prior year was primarily attributable to the expiration of the previously discussed TC Grandfather clause. As a result of this regulatory change, effective July 1, 2012, we no longer are able to bill Medicare directly for the technical component of certain hospital in-patient and out-patient laboratory tests and now must bill our hospital clients directly for such services, often at a lower rate than what we were previously billing to Medicare. Average revenue per test and per requisition was also modestly impacted by an increasing proportion of lower average revenue molecular and immunohistochemistry tests in our test mix.

Cost of Revenue and Gross Profit

Cost of revenue includes payroll and payroll related costs for performing tests, depreciation of laboratory equipment, rent for laboratory facilities, laboratory reagents, probes and supplies, and delivery and courier costs relating to the transportation of specimens to be tested.

	For the three months ended September 30,			For the nine months ended September 30,		
	2012	2011	Change	2012	2011	Change
Cost of revenue	$ 8,310,000	$ 6,246,000	$ 2,064,000	$ 24,571,000	$ 16,996,000	$ 7,575,000
Cost of revenue as a % of revenue	58.5%	55.2%		54.6%	55.6%	
Gross Profit	$ 5,892,000	$ 5,074,000	$ 818,000	$ 20,402,000	$ 13,595,000	$ 6,807,000
Gross Profit as a % of revenue	41.5%	44.8%		45.4%	44.4%	
Cost of Revenue per Test	$ 293.49	$ 312.68	$ (19.19)	$ 292.19	$ 316.32	$ (24.13)
Gross Profit per Test	$ 208.08	$ 253.98	$ (45.90)	$ 242.62	$ 253.01	$ (10.39)

For the three and nine months ended September 30, 2012 the overall cost of revenue increased due to the large increases in our testing volumes. The declines in cost of revenue per test for these periods are a result of improved productivity in our laboratory, as we experienced an increase in the amount of tests processed per laboratory FTE (full time equivalent personnel). This was driven by improved capacity planning and utilization along with several process improvements in the laboratory. We also experienced a reduction in test send-outs to other laboratories as a result of our expanded Molecular test services menu and a reduction in our contract labor due to our expanded medical staff. We continue to focus on improving our laboratory operations in order to continue to drive further improvements in our costs per test. We believe that we will continue to see a reduction in average cost per test in future periods based on the activities of our best practices teams.

20

Table of Contents

Our cost of revenue as a percentage of revenue increased for the three months ended September 30, 2012 as compared to the prior year primarily as a result of the decrease in revenue which resulted from the Medicare TC Grandfather expiration on July 1, 2012. These impacts were partially offset by the benefits of the decline in average cost of revenue per test mentioned above. Our cost of revenue as a percentage of revenue declined by 1% for the nine month period ended September 30, 2012 as compared to the nine months ended September 30, 2011 as reductions in average cost of revenue per test fully offset the impact of the Medicare TC grandfather expiration, which did not occur until July 1, 2012.

Sales and Marketing

Sales and marketing expenses relate primarily to the employee related costs of our sales, marketing, and customer service personnel and costs from marketing and advertising efforts.

	For the three months ended September 30,			For the nine months ended September 30,		
	2012	2011	Change	2012	2011	Change
Sales and marketing	$ 1,839,000	$ 1,725,000	$ 114,000	$ 5,809,000	$ 5,162,000	$ 647,000
As a % of revenue	13.0%	15.2%		12.9%	16.9%	

These increases were the result of increased sales commissions related to the increase in revenue. Our sales and marketing costs as a percentage of revenue declined for the three and nine months ended September 30, 2012 as compared to the three and nine months ended September 30, 2011 as a result of operating leverage on our increased revenues.

We expect our overall sales and marketing expenses to increase modestly with increased test volumes but to decline slightly as a percentage of revenue.

General and Administrative Expenses

General and administrative expenses relate to billing, bad debts, finance, human resources, information technology and other administrative functions. They primarily consist of employee related costs (such as salaries, fringe benefits, and stock-based compensation expense), professional services, facilities expense, and depreciation and administrative-related costs allocated to general and administrative expenses.

	For the three months ended September 30,			For the nine months ended September 30,		
	2012	2011	Change	2012	2011	Change
General and administrative	$ 3,929,000	$ 3,182,000	$ 747,000	$ 11,745,000	$ 8,801,000	$ 2,944,000
As a % of revenue	27.6%	28.1%		26.1%	28.8%	

For the three and nine months ended September 30, 2012 as compared to the same periods in the previous year, the increases in general and administrative expenses are primarily a result of adding information technology and billing personnel to support the increase in our testing volumes as well as health insurance costs, technology costs related to the co-location of mission critical information technology applications to a secure facility in Tampa, Florida, recruiting expenses to hire new employees across the organization and an increase in corporate performance based bonuses. During the three months ended September 30, 2012 we had approximately $170,000 of moving related expenses related to our move into our new California facility that we do not expect to occur on a going forward basis. General and administrative expenses as a percentage of revenue declined in the three and nine months ended September 30, 2012 as compared to the three and nine months ended September 30, 2011 as we continue to gain economies of scale as our business grows.

Bad debt expense increased by approximately 11%, or approximately $68,000 to $699,000 for the three months ended September 30, 2012 as compared to approximately $631,000 for the three months ended September 30, 2011. This increase was primarily a result of the 25% increase in revenue and partially offset by a 0.7% decrease in bad debt as a percentage of revenue. For the three months ended September 30, 2012 bad debt expense as a percentage of revenue was 4.9% as compared to 5.6% for the comparable period in 2011. Bad debt expense increased by approximately 40%, or approximately $694,000 to $2,434,000 for the nine months ended September 30, 2012 as compared to approximately $1,740,000 for the nine months ended September 30, 2011. This increase was primarily a result of the 47% increase in revenue partially offset by a 0.3% decline in bad debt as a percentage of revenue.

21

Table of Contents

We expect our overall general and administrative expenses to increase as we add personnel, increase our billing and collections activities; incur additional expenses associated with the expansion of our facilities and backup systems; incur additional bad debt expense related to increasing sales, and as we continue to build our physical infrastructure to support our anticipated growth. However, we expect general and administrative expenses to continue to decline as a percentage of our revenue as our case volumes increase and as we continue to develop more operating leverage in our business.

Research and Development Expenses

Research and development expenses relate to cost of developing new proprietary and non-proprietary genetic tests, stock compensation expense, as well as cost related to our licensing agreement with Health Discovery Corporation, including amortization of the licensed technology.

	For the three months ended September 30,			For the nine months ended September 30,		
	2012	2011	Change	2012	2011	Change
Research and development	$ 808,000	$ 125,000	$ 683,000	$ 1,833,000	$ 416,000	$ 1,417,000
As a % of revenue	5.7%	1.1%		4.1%	1.3%	

The increases in research and development expenses is primarily a result of increased personnel costs, stock compensation expense and supply costs to develop and launch new molecular tests as well as to develop proprietary testing products and services including those related to our license with HDC. R&D expenses for the three and nine months ended September 30, 2012, also included $214,000 and $286,000 of stock based compensation expenses for non-employee options and warrants. This included $177,000 of incremental stock based compensation expenses for non-employee options and warrants that were due solely to the rise in our stock price from June 30, 2012 to September 30, 2012.

Other (Income) Expense

Other income and expense primarily consists of the interest expense we incur on our borrowing arrangements (primarily comprised of interest payable on advances under our revolving credit facility with Capital Source and interest paid on capital lease obligations) offset by the interest income we earn on cash deposits. Interest expense increased from approximately $185,000 for the three months ended September 30, 2011 to $291,000 for the three months ended September 30, 2012. Interest expense increased from approximately $545,000 for the nine months ended September 30, 2011 to $837,000 for the nine months ended September 30, 2012. This reflects higher borrowings, particularly related to our revolving credit facility and capital lease obligations as we acquired additional equipment to support our increasing testing volumes.

Net Income (Loss)

As a result of the foregoing, we reported a net loss of $(975,000), or $(0.02)/share, for the three months ended September 30, 2012 as compared to a net loss of $(143,000), or ($0.00)/share, for the three months ended September 30, 2011. For the nine months ended September 30, 2012 we reported net income of $178,000, or $0.00/share, as compared to a net loss of $(1,329,000) or ($0.03)/share, for the nine months ended September 30, 2011.

Non-GAAP Measures

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, such as the costs related to moving our California facility. 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.

Table of Contents

Adjusted EBITDA as defined by NeoGenomics is not a measurement under generally accepted accounting principles (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.

The following is a reconciliation of GAAP net income (loss) to Non-GAAP EBITDA and Adjusted EBITDA for the three and nine months ending September 30, 2012 and 2011:

	For the three months ended September 30,		For the nine months ended September 30,	
	2012	2011	2012	2011
Net income (loss) (Per GAAP)	$ (975)	$ (143)	$ 178	$ (1,329)
Adjustments to Net Income (Loss):				
Interest expense (income), net	291	185	837	545
Income taxes				
Depreciation and amortization	1,000	521	2,675	1,484
EBITDA	316	563	3,690	700
Further Adjustments to EBITDA:				
Other non-recurring items	170		170	
Non-cash stock-based compensation	356	130	699	379
Adjusted EBITDA (non-GAAP)	$ 842	$ 693	$ 4,559	$ 1,079

Allowance for Doubtful Accounts

We have established a reserve for uncollectible amounts which is estimated based on the aging of accounts receivable within each payer category and our historical data on bad debts in these aging categories. In addition, the allowance is adjusted periodically for other relevant factors, including regularly assessing the state of our billing operations in order to identify issues which may impact the collectability of receivables or allowance estimates. Revisions to the allowance are recorded as an adjustment to bad debt expense within general and administrative expenses. After appropriate collection efforts have been exhausted, specific receivables deemed to be uncollectible are charged against the allowance in the period they are deemed uncollectible. Recoveries of receivables previously written-off are recorded as credits to the allowance. Total adjustments for incremental revenue from tests in which we underestimated the revenue in previous years from collections we received in the current year are not material to the Company s results of operations in any period presented. Our estimates of net revenue are subject to change based on the contractual status and payment policies of the third party payers with whom we deal. We regularly refine our estimates in order to make our estimated revenue as accurate as possible based on our most recent collection experience with each third party payer.

	September 30,			
	2012	**2011**	**Change**	**% Change**
Allowance for doubtful accounts	$ 2,551,000	$ 2,046,000	$ 505,000	24.7%
As a % of gross accounts receivable	17.5%	21.7%		

The $505,000 increase in the allowance for doubtful accounts is the result of increased revenue causing our receivable balance to increase. However, our allowance as a percentage of gross accounts receivable has declined as a result of our being on contract with more managed care payers and an improvement in our receivable aging.

23

Table of Contents

Bad debt expense as a percentage of revenue was 4.9% for the three month period ended September 30, 2012 as compared to 5.7% of revenue for the three months ended September 30, 2011. For the nine month period ended September 30, 2012 bad debt expense as a percentage of revenue was 5.4% as compared to 5.7% of revenue for the nine month period ended September 30, 2011.

Liquidity and Capital Resources

The following table presents a summary of our cash flows provided by (used in) operating, investing and financing activities for the nine months ended September 30, 2012 and 2011 as well as the period ending cash and cash equivalents and working capital.

	For the nine months ended September 30,	
	2012	2011
Net cash provided by (used in):		
Operating activities	$ (493)	$ (1,170)
Investing activities	(3,300)	(338)
Financing activities	3,203	3,060
Net increase (decrease) in cash and cash equivalents	(590)	1,552
Cash and cash equivalents, beginning of period	2,628	1,097
Cash and cash equivalents, end of period (1)	$ 2,038	$ 2,649
Working Capital (2), end of period	$ 451	$ 1,774

(1) excludes restricted cash of $0.3M in 2012 and $0.5 M in 2011.
(2) Defined as current assets minus current liabilities.

Our net cash used from operating activities is driven by increases in our accounts receivable. Our accounts receivable balance has increased as a result of our 47% revenue growth during the nine months ended September 30, 2012. Aside from our growth, two other factors have contributed to the increase in our accounts receivable balance. First, the American Medical Association introduced new Molecular billing codes that went into effect on January 1, 2012. Only some payers have adopted these new codes, which has complicated billing. Complications from the different billing formats have increased our re-bill rate for molecular testing and have increased balances in accounts receivable. Second, the expiration of the TC Grandfather clause on June 30, 2012 which now requires us to bill clients for the technical component of our certain testing services, whereas previously we were able to bill Medicare directly for such services. Historically, Medicare is a much faster payer, and this change has contributed to increase in our receivables. Historically, Medicare is a much faster payer, and this change has contributed to increase in our receivables. We expect that the policy changes made by the Blue Cross and Blue Shield Association (BCBSA) to the Blue Card program in the fourth quarter of 2012 will also increase our accounts receivable as it will make it more complicated to receive payment from each of the various Blue Cross plans in each state and to get out of network payments from patients.

On January 6, 2012, we entered into a Master License Agreement (the License Agreement) with HDC (See Note D to the Notes to Unaudited Consolidated Financial Statements). Upon the execution of the License Agreement, we paid HDC $1,000,000 million in cash and issued to HDC 1,360,000 shares of our common stock which had a market value of $1,945,000 using the closing price of $1.43 per share for the Company s common stock on the OTCQB Market on January 6, 2012. We have recorded this transaction as a purchase of intangible assets.

Table of Contents

We have also used approximately $2,300,000 in cash to purchase or develop property and equipment. Approximately half of this was related to our new facility in Irvine, California and the remaining amounts were for internally developed software and externally developed software interfaces.

On March 26, 2012, the Parent Company, NeoGenomics Laboratories (Borrower), and CapitalSource Finance LLC (Capital Source) entered into a First Amendment (the Amendment) to the Amended and Restated Revolving Credit and Security Agreement, dated April 26, 2010 (the Amended and Restated Credit Agreement or the Credit Facility). The Amended and Restated Credit Agreement amended and restated the original Revolving Credit and Security Agreement dated February 1, 2008, as amended, among the Parent Company, Borrower and CapitalSource (the Original Credit Agreement). The terms of the Amendment and the Amended and Restated Credit Agreement are substantially similar except that the Amendment, among other things:

I.) Increased the maximum principal amount of the revolving credit facility (the Facility Cap) to $8.0 million from $5.0 million; provided, that the Borrower may request to increase the Facility Cap twice during the term of the Amended and Restated Credit Agreement in increments of $1.0 million to a maximum of $10,000,000;

II.) Extended the term of the Amended and Restated Credit Agreement to March 26, 2015;

III.) Revised the definition of Minimum Termination Fee to be:

a. 2.5% of the Facility Cap if the Revolver Termination (as defined in the Agreement) is at any time before March 26, 2013;

b. 1.5% of the Facility Cap if the Revolver Termination is after March 26, 2013 but before March 26, 2014;

c. 0.5% of the Facility Cap if the Revolver Termination is on or after March 26, 2014; and

d. That there shall be no Minimum Termination Fee if the Revolver Termination occurs within five (5) days of the end of the term.

IV.) Modified the definition of Permitted Indebtedness and Fixed Charge Coverage Ratio ; and

V.) Amended Section 3.1 of the Amended and Restated Credit Agreement by deleting the LIBOR shall be not less than 2.0% and replacing it with the LIBOR shall be not less than 1.0% .

We paid Capital Source a commitment fee of $80,000 in connection with the Amendment.

On July 27, 2012 the Facility Cap was increased from $8.0 million to $9.0 million.

Interest on outstanding advances under the Credit Facility are payable monthly in arrears on the first day of each calendar month and has an effective rate of interest of 5.25%.

On September 30, 2012 the available credit under the Credit Facility was approximately $0.3 million and the outstanding borrowing was $8.0 million after netting compensating cash on hand.

We had unrestricted cash on hand of $2.0 million as of September 30, 2012, along with the unused portion of our credit line. As such, we believe we have adequate resources to meet our operating commitments. In the event operating cash flows are not sufficient to fully fund our growth, we

would look to secure additional borrowing lines or expand our current line. There can be no guarantee that we will be successful securing additional debt facilities. In the event we are unable to fund our operations by positive operating cash flows or additional borrowings, we may be forced to reduce our expenses, slow down our growth rate or raise equity capital.

Capital Expenditures

We currently forecast capital expenditures in order to execute on our business plan. The amount and timing of such capital expenditures will be determined by the volume of business, but we currently anticipate that we will need to purchase approximately $5.5 - $6.5 million of additional capital equipment during the next year. We plan to fund these purchases primarily through capital lease financing arrangements. If we are unable to obtain such funding, we will need to pay cash for these items or we will be required to curtail our equipment purchases, which may have an impact on our ability to continue to grow our revenues.

Table of Contents

Related Party Transactions

Consulting Agreements

During the three months ended September 30, 2012 and 2011, Steven C. Jones, a director of the Company, earned approximately $52,500 and $50,000, respectively, for various consulting work performed in connection with his duties as Executive Vice President of Finance. During the nine months ended September 30, 2012 and 2011, he earned approximately $155,000 and $148,500, respectively, for various consulting work performed in connection with his duties as Executive Vice President of Finance. Mr. Jones also received $55,000 and $2,500 for the nine months ended September 30, 2012 and 2011 as payment of his annual bonus compensation for the previous fiscal year.

ITEM 3 Quantitative and Qualitative Disclosures About Market Risk

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide information under this item.

ITEM 4 Controls and Procedures

Disclosure Controls and Procedures

We maintain disclosure controls and procedures designed to ensure that information required to be disclosed in reports filed under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized, and reported within the time periods specified in the SEC s rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer, principal financial officer, and principal accounting officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

As required by SEC Rule 15d-15, our management carried out an evaluation, under the supervision and with the participation of our principal executive officer, principal financial officer, and principal accounting officer, of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on that evaluation, our principal executive officer, principal financial officer, and principal accounting officer concluded that our disclosure controls and procedures were effective at a reasonable assurance level as of the end of the period covered by this report.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the three months ended September 30, 2012 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Table of Contents

PART II OTHER INFORMATION

ITEM 1 LEGAL PROCEEDINGS

From time to time the Company is engaged in legal proceedings in the ordinary course of business. We do not believe any current legal proceedings are material to our business.

ITEM 1A RISK FACTORS

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide information under this item. However current and prospective investors are encouraged to review the risks set forth in Part I, Item 1A, Risk Factors in our Annual Report on Form 10-K as filed with the Securities and Exchange Commission on March 12, 2012.

ITEM 2 UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None

ITEM 3 DEFAULTS UPON SENIOR SECURITIES

Not Applicable

ITEM 4 MINE SAFETY DISCLOSURES

Not Applicable

ITEM 5 OTHER INFORMATION

None

Table of Contents

ITEM 6 EXHIBITS

EXHIBIT NO.	DESCRIPTION
31.1**	Certification by Principal Executive Officer pursuant to Rule 13a-14(a)/ 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2**	Certification by Principal Financial Officer pursuant to Rule 13a-14(a)/ 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.3**	Certification by Principal Accounting Officer pursuant to Rule 13a-14(a)/ 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1**	Certification by Principal Executive Officer, Principal Financial Officer and Principal Accounting Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101**	The following materials from the Company s Quarterly Report on Form 10-Q for the quarter ended September 30, 2012 formatted in Extensible Business Reporting Language (XBRL): (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Operations, (iii) the Condensed Consolidated Statements of Cash Flows and (iv) related notes.
**	Provided herewith

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: November 5, 2012

NEOGENOMICS, INC.

By: */s/ Douglas M. VanOort*
Name: Douglas M. VanOort
Title: Chairman and Chief Executive Officer

By: */s/ George Cardoza*
Name: George Cardoza
Title: Chief Financial Officer

By: */s/ Edwin F. Weidig III*
Name: Edwin F. Weidig III
Title: Director of Finance and Principal Accounting Officer