



**NEOGENOMICS, INC
PRESS RELEASE**

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FOR IMMEDIATE RELEASE

NeoGenomics Announces Results for the First Quarter of Fiscal Year 2008

Also Announces Monthly Profitability Achieved in March 2008

Ft. Myers, Florida – May 7, 2008 - NeoGenomics, Inc. (NASD OTC BB: NGNM) today announced its results for the first quarter of fiscal 2008. Significant accomplishments during the quarter included the following:

First Quarter 2008 Highlights:

- **86% year-over-year increase in revenues in Q1 08 vs. Q1 07**
- **Increase of gross margin to 55% in Q1 08 from 50% in Q4 07**
- **8.7% decrease in SG&A expenses (excl. contingency charges) in Q1 08 from Q4 07**
- **Free cash flow positive⁽¹⁾ for the quarter**
- **Achievement of monthly profitability in March 2008**
- **Decrease in DSO from 78 days on December 31st to 64 days on March 31st**
- **Completion of transition to a retail business model with wind down of final reference lab customer**
- **Launch of major hematology/oncology initiative in California**
- **Opening of a new immunohistochemistry, histology and cytology lab in Florida**

Bob Gasparini, the Company's President and Chief Scientific Officer, stated, "We had a terrific first quarter in just about every area of our business. Perhaps most important, I am very pleased to report that for the first time in our history we were free cash flow⁽¹⁾ positive for the entire quarter. I am also especially pleased to report that we turned profitable on a monthly basis during the month of March. I would like to thank our staff for excellent expense control during the quarter, and I would

especially like to thank our billing department for an exceptional performance. Our accounts receivable balance expressed in terms of days sales outstanding (DSO) dropped 18% from 78 days on December 31st to 64 days on March 31st. Moving forward, we believe that we can bring our DSO down further into the 50-60 day range.”

“I am also excited to report that in January we wound down our relationship with our final large reference lab customer. We have now completed the process we started almost three years ago to transition NeoGenomics from a lab focused on providing wholesale services to other reference labs into a lab predominantly focused on providing services directly to oncologists, urologists, pathologists and other service providers. As we have discussed before, we believe this transition to a service provider (or “retail”) focused business model is much better for the long-term health of the Company as it will allow for better margins with less customer concentration. Now that the transition is complete, we can grow our retail business without the drag of a shrinking wholesale business that we have been experiencing over the last few years. As a result, we are optimistic that we can begin to scale revenues more rapidly.”

“Toward that end, I am delighted to announce today that we recently added Dr. Joel Chan and Dr. Christopher Felten, two noted hematopathologists, to our staff in California. Drs. Chan and Felten have been working together for years and have quite a large following of loyal customers in the Southern California region. By augmenting their traditional flow cytometry and morphology testing services with our FISH and cytogenetics services, we believe we can better meet the needs of the hematology/oncology community in Southern California. Although they just started with us in late April, they are already fully engaged and volumes are increasing each week. During the next 12 months, we expect that they will help us generate approximately \$3-5 million of incremental revenue out of our California facility over and above what we had originally planned.”

Mr. Gasparini concluded by saying, “I would also like to announce that we recently finished construction on a new laboratory in our corporate headquarters facility in Florida. This new lab specializes in providing immunohistochemistry, histology and cytology testing services, all of which extend and complement our existing product lines. Although these platforms are more traditional anatomic pathology testing services, they are necessary and complementary to the genetic and molecular cancer diagnostic testing services that we currently offer. For a while now, many of our clients have been asking if we would perform these services so that they could have “one-stop shopping”. By opening this new lab, we believe we can better serve our clients and capture additional revenue synergies with little incremental costs. We expect that incremental revenue from these new service offerings will start out modestly and continue to grow over time.”

With respect to our financials, revenues in Q1 08 were approximately \$4.2 million, an increase of 86% over revenues for the comparable period in 2007. On a sequential basis, revenues in Q1 08 increased by approximately 10% from revenues in Q4 07. Although our first quarter revenue growth was strong on both a year-over-year and a sequential basis, it was somewhat impacted by the winding down of our relationship with our final large reference lab client in January. As a result, our revenues in Q1 from this client were approximately \$190,000 less than what we posted in Q1 07 and approximately \$137,000 less than what we posted in Q4 07.

Gross profit in the first quarter increased to approximately \$2.3 million, or 55.4% of revenues, from approximately \$1.3 million, or 58.2% of revenues in the comparable period in 2007. This decrease in gross margins on a year-over-year basis was the direct result of adding incremental capacity throughout 2007 in order to further scale our business in 2008. However, on a sequential

basis, our gross margin increased by approximately 5.4 percentage points from 50.0% in Q4 07. We attribute this sequential gross margin increase to better unit pricing and better capacity management in all three of our laboratory locations. In fact, our aggregate cost of goods sold in Q1 08 was approximately \$40,000 less than what it was in Q4 07, despite the fact that we increased revenues by approximately \$367,000.

Selling, General and Administrative (SG&A) expenses increased by 79% to approximately \$2.5 million in Q1 08 from approximately \$1.4 million in the comparable period in 2007. However, on a sequential basis, SG&A in Q1 08 fell by approximately \$944,000 from the amount posted in Q4 07. This was largely driven by the fact that SG&A in Q4 07 included approximately \$703,000 of contingency charges relating to legal fees in the US Labs lawsuit, which was recently settled, as well as certain registration penalties. After normalizing for these Q4 07 contingency charges, SG&A expenses in Q1 08 fell by approximately \$241,000, or 8.7%, relative to Q4 07.

As we have previously disclosed, we replaced our entire billing and collections team last fall. As a result of recent collections experience, we recently re-assessed our allowance for doubtful accounts as it related to some of the billing issues we uncovered from the previous billing team and determined that we should take an additional \$200,000 of bad debt expense over and above what we would have normally taken in Q1 08. We believe that we have now fully rectified the errors that we discovered from the previous billing team and that these reserves are sufficient to cover any additional write-offs that may be required. Moving forward, we expect that bad debt expense as a percent of total revenue will drop back to the 5-6% level. We also recently heard from the SEC that they have no further comments on our amended FY 2006 Form 10-KSB that we filed recently. As a result, we are hopeful that we will be able to go effective on our pending registration statement shortly and eliminate any further registration penalties. These penalties were fully reserved for in Q4 07.

Interest expense in Q1 08 decreased by approximately \$44,000 over the comparable period in 2007 mostly as a result of a greater amount of senior indebtedness outstanding in Q1 07 vs. Q1 08. Our net loss in Q1 08 was approximately \$265,000 or (\$0.01) per basic and diluted share versus a net loss of approximately \$220,000 or (\$0.01) per basic diluted share in the comparable period in 2007. However, as we discussed above, we believe our net loss would have been approximately \$200,000 less in Q1 08 had we not had to reserve for additional bad debt as a result of errors from the previous billing team.

The Company has scheduled a webcast and conference call to discuss their Q1 08 results on May 7, 2008, at 11:00 AM EST. Interested investors should dial (877) 407-0778 (domestic) and (201) 689-8565 (international) at least five minutes prior to the call. A replay of the conference call will be available until 11:59 PM on May 21, 2008 and can be accessed by dialing (877) 660-6853 (domestic) and (201) 612-7415 (international). The playback account number is 286 and the playback conference ID Number/PIN Number is 284549. The web-cast may be accessed under the Investor Relations section of our website at <http://www.neogenomics.org> or at the website of our Investor Relations firm, Hawk Associates, at <http://www.hawkassociates.com/ngnmmore.aspx> or at <http://www.vcall.com/IC/CEPage.asp?ID=129616>. An archive of the web-cast will be available until 11:59 PM EST on August 8, 2008.

(1) "Free cash flow" is defined as cash flow from operating activities minus cash flow from investing activities and is a measure of a Company's ability to sustain its operating and investing activities without the need for external financing.

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, hospitals and select reference laboratories throughout the United States. For additional information about NeoGenomics, visit <http://www.neogenomics.org>.

Interested parties can also access additional investor relations material from the American Microcap Institute at <http://www.americanmicrocapinstitute.com/ngnm/> or from Hawk Associates at <http://www.hawkassociates.com>. An investment profile about NeoGenomics may be found at <http://www.hawkassociates.com/ngnmprofile.aspx>.

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.

NeoGenomics, Inc.

**CONSOLIDATED BALANCE SHEET AS OF
March 31, 2008
(unaudited)**

ASSETS

Cash and Cash Equivalents	\$ 330,358
Accounts Receivable (net of allowance for doubtful accounts of \$390,275)	2,937,905
Inventories	245,986
Other Current Assets	426,739
TOTAL CURRENT ASSETS	<u>3,940,988</u>

Property and Equipment (net of accumulated depreciation of \$1,018,446)	2,032,537
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Other Assets	<u>248,374</u>
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TOTAL ASSETS	<u><u>\$ 6,221,899</u></u>
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LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities	\$ 3,178,402
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Long Term Liabilities	<u>890,468</u>
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TOTAL LIABILITIES	4,068,870
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Stockholders' Equity	<u>2,153,029</u>
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TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	<u><u>\$ 6,221,899</u></u>
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NeoGenomics, Inc.

**CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)**

	For the Three-Months Ended March 31, 2008	For the Three-Months Ended March 31, 2007
REVENUE	\$ 4,162,762	\$ 2,242,661
COST OF REVENUE	<u>1,858,474</u>	<u>936,734</u>
GROSS PROFIT	<u>2,304,288</u>	<u>1,305,927</u>
OPERATING EXPENSES:		
Selling, general and administrative	2,514,555	1,426,548
Interest (income) expense, net	<u>55,096</u>	<u>98,924</u>
Total operating expenses	<u>2,569,651</u>	<u>1,525,472</u>
NET INCOME (LOSS)	<u>\$ (265,363)</u>	<u>\$ (219,545)</u>
NET INCOME (LOSS) PER SHARE		
- Basic and Diluted	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING –		
Basic and Diluted	<u>31,400,947</u>	<u>27,371,233</u>

NeoGenomics, Inc.

**CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)**

	For the Three-Months Ended March 31, 2008	For the Three-Months Ended March 31, 2007
NET CASH USED IN OPERATING ACTIVITIES	\$ 201,428	\$ (382,031)
NET CASH USED IN INVESTING ACTIVITIES	(23,075)	(24,418)
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>(58,568)</u>	<u>855,576</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	119,785	449,127
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	210,573	126,266
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 330,358</u>	<u>\$ 575,393</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Interest paid	\$ <u>47,931</u>	\$ <u>77,922</u>
Income taxes paid	\$ <u>-</u>	\$ <u>100</u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Equipment leased under capital lease	\$ <u>147,898</u>	\$ <u>239,579</u>

NeoGenomics, Inc.

Supplemental Information on Customer Requisitions Received and Tests Performed

	For the Three-Months Ended March 31, 2008	For the Three-Months Ended March 31, 2007	% Inc (Dec)
Requisitions Rec'd (Cases)	5,754	3,083	86.6%
# of Tests Performed	6,759	4,196	61.1%
Avg. # of Tests / Case	1.17	1.36	(14.0%)
Testing Revenue	\$4,162,762	\$2,242,661	85.6%
Avg Revenue/Requisition	\$ 723.46	\$ 727.43	(0.5%)
Avg Revenue/Test	\$ 615.88	\$ 534.48	15.2%
