



## NEOGENOMICS, INC PRESS RELEASE

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### **FOR IMMEDIATE RELEASE**

## **NeoGenomics Announces Results for the Third Quarter of Fiscal Year 2008**

*62% year-over-year increase in revenue; Substantial improvement in liquidity*

**Ft. Myers, Florida – November 6, 2008 - NeoGenomics, Inc. (NASD OTC BB: NGNM)** today announced its results for the third quarter of FY 2008. Significant accomplishments during the quarter included the following:

### **Third Quarter 2008 Highlights:**

- **61.7% year-over-year increase in revenue vs. Q3 07**
- **16.9% sequential increase in revenue from states other than Florida offset by a 15.3% sequential decrease in Florida-based revenue due to seasonality**
- **Record monthly revenues in September and strong start to Q4**
- **Partnership Agreement for KRAS panel testing with Response Genetics**
- **Days Sales Outstanding (DSO) reduced to 61 days from 68 days at end of Q2 08**
- **Free cash flow positive<sup>(1)</sup> during Q3 08**
- **Substantial improvements in liquidity; new liquidity measures put in place**

### **Third Quarter Performance Review**

Third quarter revenues increased 61.7% to approximately \$5.1 million on a year-over-year basis from Q3 07. Requisitions increased 38.0% and average revenue/requisition increased 17.2% to \$800.70. The increase in average revenue/requisition was driven by a greater percentage of higher priced, flow cytometry tests in our mix as well as increases in the Medicare reimbursement rates for the technical component of certain tests relative to last year. Gross profit increased 57.1% to approximately \$2.5 million in Q3 08. Selling, general and administrative (“SG&A”) expenses increased 21.0% to approximately \$2.6 million. However, SG&A expenses as a percentage of revenue fell to 52.2% in Q3 08 from 69.8% in Q3 07. Net loss decreased by approximately \$396,000 to (\$195,000) or (\$0.01)/share in Q3 08 from (\$591,000) or (\$0.02)/share in Q3 07.

Robert Gasparini, the Company's President and Chief Scientific Officer, stated, "As we have often discussed in the past, the third quarter is always our most seasonal quarter as a result of the significant reduction in the elderly population in Florida during the summer months. Although we have made much progress in diversifying our revenue stream to 29 states across the US, Florida still accounts for 35-45% of our total revenue depending on the quarter. While seasonality in our Florida-based business lowered our overall sequential revenue growth from Q2 08, our revenue from states other than Florida grew at a robust 16.9% sequential rate in the third quarter, which is equivalent to the overall sequential growth rate from Q1 08 to Q2 08. This seasonality has already subsided, and I am happy to report that we had a record month in September, with revenue growing 15.6% sequentially from August. This strong revenue momentum continued into October allowing us to post a second record month in a row. Indeed, we believe this momentum will allow us to post a 15-20% overall sequential revenue growth rate from Q3 to Q4."

Mr. Gasparini continued, "We also continue to make excellent progress on achieving economies of scale in our business. I am delighted to report that during the third quarter, SG&A expenses increased by only 3.1% from the level reported in Q2 08. I am also pleased to report that collections in Q3 continued at a very strong pace. Our accounts receivable balance at the end of Q3 expressed in terms of days sales outstanding ("DSO") improved to 61 days from 68 days at the end of Q2. This enabled us to produce approximately \$340,000 of positive cash flow from operations in Q3 and be free cash flow positive<sup>(1)</sup> for the quarter. Our new billing team continues to do an excellent job and we believe that by year-end, we can reduce our DSO even further."

Mr. Gasparini concluded, "As a result of our continued performance, our liquidity position is much stronger than it has been at any point this year. As of yesterday, we had approximately \$625,000 of cash on hand and approximately \$1.25 million of availability under our credit facility. We recently augmented our liquidity position further by entering into a master lease agreement with Leasing Technologies International, Inc. ("LTI") which gives us the ability, at our discretion, to access up to \$1.0 million of lease financing for future capital expenditure needs on what we believe are favorable terms."

"In addition, we also recently entered into a 30 month common stock purchase agreement with Fusion Capital Fund II, LLC ("Fusion") which provides for future funding of up to \$8.0 million from sales of our common stock to Fusion on a when and if needed basis as determined by us in our sole discretion. Although we have no plans in the near future to raise any equity capital through this agreement or any other arrangement, we believe the Fusion agreement gives us tremendous financing flexibility if we ever do decide to raise more equity. It will allow us to raise equity capital opportunistically during periods of favorable market conditions without having to go through the time and resource consuming steps of a traditional fund raising process. It will also give us the financial flexibility to pursue growth initiatives which may be beyond the scope of our current business plan and/or cash resources should opportunities arise. Importantly, if we ever do decide to sell stock to Fusion under this agreement, we can do so in increments of as little as \$50,000 and up to \$1,000,000 depending on our stock price at the time of the sale, and there are no fees or warrants associated with any such sales. In consideration for entering into this agreement, we issued 400,000 shares of restricted common stock to Fusion as a commitment fee. These shares are the only fees payable to Fusion over the life of the agreement, and they can only be sold by Fusion under limited circumstances. Please refer to our Quarterly Report on Form 10-Q for the third quarter for a more complete description of both the LTI and Fusion agreements."

## Nine Month Performance Review

For the first nine months of 2008, revenues increased by 82.8% to \$14.1 million from the comparable period in 2007. Requisitions increased by 57.9% and average revenue/requisition increased by 15.8%. Gross profit increased by 84.0% or approximately \$3.4 million to approximately \$6.6 million in the first nine months of 2008. SG&A expenses increased 36.1% to approximately \$7.7 million for the first nine months of 2008. The increases in SG&A are primarily the result of adding sales and marketing and corporate personnel to continue to scale our business. SG&A as a percentage of revenue fell to 54.7% in the first nine months of 2008 from 73.5% in the comparable period in 2007. Net loss decreased by approximately \$1,396,000 to (\$388,000) or (\$0.01/share) for the first nine months of 2008 from (\$1,784,000) or (\$0.06/share) for the comparable period in 2007.

## Conference Call

The Company has scheduled a webcast and conference call to discuss these results later this morning at 11:00 AM EST. Interested investors should dial (866) 524-3160 (domestic) and (412) 317-6760 (international) at least five minutes prior to the call. A replay of the conference call will be available until 9:00 AM on November 21, 2008 and can be accessed by dialing (877) 344-7529 (domestic) and (412) 317-0088 (international). The playback Conference ID Number/PIN Number is 425105. 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 at [http://www.hawkassociates.com/clients/additional/index.cfm?client\\_id=10](http://www.hawkassociates.com/clients/additional/index.cfm?client_id=10) or at <http://www.vcall.com/IC/CEPage.asp?ID=129616>. An archive of the webcast will be available until 11:59 PM EST on February 7, 2009.

(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. The following table shows the calculation of free cash flow for the first 3 quarters of FY 2008 and the nine months ended September 30, 2008:

	<u>Q1 2008</u>	<u>Q2 2008</u>	<u>Q3 2008</u>	<u>9 Months 2008</u>
Cash flow from operations	\$194,639	\$(716,239)	\$339,946	\$(181,654)
Cash flow from investing activities	(25,115)	(145,648)	(199,455)	(370,218)
Free cash flow	<u>\$169,524</u>	<u>\$(861,887)</u>	<u>\$140,491</u>	<u>\$(551,872)</u>

## **About NeoGenomics, Inc.**

NeoGenomics, Inc. is a high-complexity CLIA–certified clinical laboratory that specializes in cancer genetics diagnostic testing, the fastest growing segment of the laboratory industry. The company’s testing services include cytogenetics, fluorescence in-situ hybridization (FISH), flow cytometry, morphology studies, anatomic pathology and molecular genetic testing. Headquartered in Fort Myers, FL, NeoGenomics has labs in Nashville, TN, Irvine, CA and Fort Myers and services the needs of pathologists, oncologists, urologists, and hospitals throughout the United States. For additional information about NeoGenomics, visit <http://www.neogenomics.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/clients/additional/index.cfm?client\\_id=10](http://www.hawkassociates.com/clients/additional/index.cfm?client_id=10).

### **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  
September 30, 2008  
(unaudited)**

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**ASSETS**

<b>Cash and cash equivalents</b>	\$ 631,365
<b>Accounts Receivable</b> (net of allowance from doubtful accounts of \$283,111)	3,381,066
<b>Other Current Assets</b>	<u>1,244,754</u>
<b>TOTAL CURRENT ASSETS</b>	5,257,185
<b>PROPERTY AND EQUIPMENT</b> (net of accumulated depreciation of \$1,374,942)	2,495,146
<b>OTHER ASSETS</b>	<u>275,087</u>
<b>TOTAL</b>	<u>\$ 8,027,418</u>

**LIABILITIES AND STOCKHOLDERS' EQUITY**

<b>CURRENT LIABILITIES</b>	\$ 4,486,096
<b>LONG TERM LIABILITIES</b>	<u>1,054,321</u>
<b>TOTAL LIABILITIES</b>	5,540,417
<b>STOCKHOLDERS' EQUITY</b>	<u>2,487,001</u>
<b>TOTAL</b>	<u>\$ 8,027,418</u>

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**NeoGenomics, Inc.**

**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(unaudited)**

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	For the Three- Months Ended September 30, 2008	For the Three- Months Ended September 30, 2007	For the Nine- Months Ended September 30, 2008	For the Nine- Months Ended September 30, 2007
<b>REVENUE</b>	\$ 5,050,796	\$ 3,122,714	\$ 14,094,959	\$ 7,709,408
<b>COST OF REVENUE</b>	<u>2,535,318</u>	<u>1,521,313</u>	<u>6,577,549</u>	<u>3,623,860</u>
<b>GROSS PROFIT</b>	<u>2,515,478</u>	<u>1,601,401</u>	<u>7,517,410</u>	<u>4,085,548</u>
<b>OPERATING EXPENSES:</b>				
Selling, general and administrative	2,635,608	2,178,339	7,706,284	5,664,053
Interest (income) expense, net	<u>74,995</u>	<u>14,325</u>	<u>199,336</u>	<u>205,806</u>
Total operating expenses	<u>2,710,603</u>	<u>2,192,664</u>	<u>7,905,620</u>	<u>5,869,859</u>
<b>NET INCOME (LOSS)</b>	<u>\$ (195,125)</u>	<u>\$ (591,263)</u>	<u>\$ (388,210)</u>	<u>\$ (1,784,311)</u>
<b>NET INCOME (LOSS) PER SHARE</b>				
- Basic	<u>\$ (0.01)</u>	<u>\$ (0.02)</u>	<u>\$ (0.01)</u>	<u>\$ (0.06)</u>
- Diluted	<u>\$ (0.01)</u>	<u>\$ (0.02)</u>	<u>\$ (0.01)</u>	<u>\$ (0.06)</u>
<b>WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING –</b>				
Basic	<u>31,440,327</u>	<u>31,309,353</u>	<u>31,414,065</u>	<u>29,221,778</u>
Diluted	<u>31,440,327</u>	<u>31,309,353</u>	<u>31,414,065</u>	<u>29,221,778</u>

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**NeoGenomics, Inc.**

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

	For the Nine-Months Ended September 30, 2008	For the Nine-Months Ended September 30, 2007
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	\$ (181,654)	\$ (2,189,163)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	(370,218)	(606,747)
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<u>972,664</u>	<u>3,479,578</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	420,792	683,668
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	210,573	126,266
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<u>\$ 631,365</u>	<u>\$ 809,934</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Interest paid	\$ <u>171,606</u>	\$ <u>169,320</u>
Income taxes paid	\$ <u>-</u>	\$ <u>-</u>
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:</b>		
Equipment leased under capital lease	\$ <u>538,761</u>	\$ <u>464,811</u>

**NeoGenomics, Inc.**

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

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	For the Three- Months Ended September 30, 2008	For the Three- Months Ended September 30, 2007	% Inc (Dec)	For the Nine- Months Ended September 30, 2008	For the Nine- Months Ended September 30, 2007	% Inc (Dec)
Requisitions Rec'd (cases)	6,308	4,572	38.0%	17,558	11,123	57.9%
Number of Tests Performed	8,384	5,654	48.3%	23,049	14,332	60.8%
Avg. # of Tests / Requisition	1.33	1.24	7.5%	1.31	1.29	1.9%
Total Testing Revenue	\$5,050,796	\$3,122,714	61.7%	\$14,094,959	\$7,709,408	82.8%
Avg Revenue/Requisition	\$ 800.70	\$ 683.01	17.2%	\$ 802.77	\$ 693.11	15.8%
Avg Revenue/Test	\$ 602.43	\$ 552.30	9.1%	\$ 611.52	\$ 537.91	13.7%

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