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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2011.

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 ☒ 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 ☐ 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 ☒

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

As of July 22, 2011, the registrant had 43,094,499 shares of common stock, par value $0.001 per share outstanding.

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FORWARD-LOOKING STATEMENTS

The information in this Quarterly Report on Form 10-Q contains "forward-looking statements" relating to NeoGenomics, Inc., a Nevada corporation (referred to individually as the "Parent Company" or collectively with all of its subsidiaries as "NeoGenomics" or the "Company") 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"), which are subject to the "safe harbor" created by those sections. These "forward looking statements" represent the Company's current expectations or beliefs including, but not limited to, statements concerning the Company's operations, performance, financial condition and growth. For this purpose, any statements contained in this Form 10-Q that are not statements of historical fact are forward-looking statements. Without limiting the generality of the foregoing, words such as "anticipates," "believes," "estimates," "expects," "intends," "may," "plans," "projects," "will," "would" or the negative or other comparable terminology are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. These statements by their nature involve substantial risks and uncertainties, such as credit losses, dependence on management and key personnel, variability of quarterly results, competition and the ability of the Company to continue its growth strategy, certain of which are beyond the Company's control. Should one or more of these risks or uncertainties materialize or should the underlying assumptions prove incorrect, actual outcomes and results could differ materially from those indicated in the forward-looking statements.

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 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.

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PART I — FINANCIAL INFORMATION

Item 1. Financial Statements

NEOGENOMICS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

	June 30, 2011 (unaudited)	December 31, 2010
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 2,632	$ 1,097
Restricted cash	500	500
Accounts receivable (net of allowance for doubtful accounts of $1,843 and $1,459, respectively)	7,155	5,236
Inventories	1,079	887
Other current assets	657	1,018
Total current assets	12,023	8,738
PROPERTY AND EQUIPMENT (net of accumulated depreciation of $5,530 and $4,568 respectively)	4,559	4,839
DEPOSITS	76	74
TOTAL ASSETS	$ 16,658	$ 13,651
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 2,463	$ 1,933
Accrued compensation	1,401	1,338
Other accrued expenses and liabilities	573	460
Short-term portion of equipment capital leases	1,856	1,995
Revolving credit line	3,819	3,442
Total current liabilities	10,112	9,168
LONG TERM LIABILITIES		
Long-term portion of equipment capital leases	1,257	1,348
TOTAL LIABILITIES	11,369	10,516
STOCKHOLDERS' EQUITY		
Common stock, $.001 par value, (100,000,000 shares authorized; 42,890,203 and 37,341,285 shares issued and outstanding at June 30, 2011 and December 31, 2010, respectively)	43	37
Additional paid-in capital	27,891	24,557
Accumulated deficit	(22,645)	(21,459)
Total stockholders' equity	5,289	3,135
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 16,658	$ 13,651

See notes to unaudited condensed consolidated financial statements.

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NEOGENOMICS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)
(unaudited)

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

See notes to unaudited condensed consolidated financial statements.

NEOGENOMICS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	For the Six Months Ended June 30,	
	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss)	$ (1,186)	$ (1,728)
Adjustments to reconcile net (loss) to net cash (used in) operating activities:		
Provision for bad debts	1,109	1,166
Depreciation	963	838
Amortization of debt issue costs	21	28
Stock-based compensation	249	353
Changes in assets and liabilities, net:		
(Increase) decrease in accounts receivable, net of write-offs	(3,028)	(1,919)
(Increase) decrease in inventories	(192)	(205)
(Increase) decrease in other current assets	340	(26)
(Increase) decrease in deposits	(2)	(2)
Increase (decrease) in accounts payable, accrued expenses and other liabilities	672	7
NET CASH USED IN OPERATING ACTIVITIES	(1,054)	(1,488)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(125)	(500)
NET CASH USED IN INVESTING ACTIVITIES	(125)	(500)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from capital lease obligations	—	147
Advances on credit facility	377	2,405
Repayment of capital leases and loans	(753)	(634)
Decrease in restricted cash	—	500
Issuance of common stock, net of transaction costs	3,090	116
NET CASH PROVIDED BY FINANCING ACTIVITIES	2,714	2,534
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,535	546
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	1,097	1,631
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 2,632	$ 2,177
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	$ 344	$ 313
Income taxes paid	$ —	$ 6
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Equipment leased under capital leases	$ 523	$ 1,103

See notes to unaudited condensed consolidated financial statements.

NEOGENOMICS, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2011

NOTE A — NATURE OF BUSINESS AND BASIS OF FINANCIAL STATEMENT PRESENTATION

Nature of Business

NeoGenomics, Inc., a Nevada corporation (the "Parent"), 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"), operates as 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 condensed consolidated financial statements include the accounts of the Parent and the Subsidiary. All significant intercompany accounts and balances have been eliminated in consolidation.

The accompanying condensed consolidated financial statements of the Company are unaudited and include all adjustments, in the opinion of management, which are necessary to make the financial statements not misleading. Except as otherwise disclosed, all such adjustments are of a normal recurring nature. Interim results are not necessarily indicative of results for a full year.

The interim condensed consolidated financial statements and notes are presented in accordance with the rules and regulations of the Securities and Exchange Commission and do not contain certain information included in the Company's Annual Report on Form 10-K for the year ended December 31, 2010. Therefore, the interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2010, as filed with the SEC on February 23, 2011.

Use of Estimates

The Company prepares its condensed 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 condensed consolidated financial statements. Actual results and outcomes may differ from management's estimates, judgments and assumptions. Significant estimates, judgments and assumptions used in these condensed 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 assets, income and other 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 condensed consolidated financial statements prospectively from the date of the change in estimate.

Research and Development

Research and development costs are expensed as incurred and are included in our general and administrative expenses. Research and development expenses consist of compensation and benefits for research and development personnel, license fees, related supplies, inventory and payment for samples to complete validation studies. These expenses were incurred to develop our melanoma test (MelanoSITE), new FISH assays and to develop other new molecular tests.

Net Income (Loss) Per Share

We compute net income (loss) per share in accordance with FASB ASC Topic 260, Earnings per Share. Under the provisions of ASC 260, basic net income (loss) per share is computed by dividing the net income (loss) available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted net income (loss) per share is computed by dividing the net income (loss) for the period by the weighted average number of common and common equivalent shares outstanding, using the treasury stock method, during the period. Equivalent shares consist of employee stock options and certain warrants issued to consultants and other providers of financing to the Company that are in-the-money based on the weighted average closing share price for the period. Under the treasury stock method, the number of in-the-money shares that are considered outstanding for this calculation is reduced by the number of common shares that theoretically could have been re-purchased by the Company with the aggregate exercise proceeds of such warrant and option exercises if such shares were re-purchased at the weighted average market price for the period.

There were no common equivalent shares included in the calculation of diluted earnings per share for the three and six month periods ended June 30, 2011 and 2010 because the Company had a net loss for such periods and therefore such common equivalent shares were anti-dilutive.

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 payors 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. The Company continues to focus its sales efforts to decrease the dependency on any given source of revenue and decrease its credit risk from any one large client or payor type, and these efforts may decrease our credit risk. For the three and six months ended June 30, 2011, one client with multiple locations represented 9.1% and 5.5% of revenue. For the same periods in the previous year no customer accounted for more than 5% of our revenue. There have been no significant changes in payor type mix since the Annual Report on Form 10-K was filed with the SEC on February 23, 2011.

The Company orders the majority of its FISH probes from one vendor and as a result of such vendor's dominance of that marketplace and the absence of any competitive alternatives, if they were to have a disruption in the supply of these probes and we did not have inventory available, it could have a material effect on our business. This risk cannot be completely offset due to the fact the vendor has patent protection which limits other vendors from supplying these probes.

NOTE B — CRITICAL ACCOUNTING POLICIES

Revenue Recognition

The Company recognizes revenues in accordance with the Securities and Exchange Commission's Staff Accounting Bulletin Topic 13.A.1 and FASB ASC 605-10-S99-1, when (a) the price is fixed or determinable, (b) persuasive evidence of an arrangement exists, (c) the service is performed and (d) collectability of the resulting receivable is reasonably assured.

The Company's specialized diagnostic services are performed based on a written test requisition form and revenues are recognized once the diagnostic services have been performed, the results have been delivered to the ordering physician, the payor has been identified and eligibility and insurance have been verified. These diagnostic services are billed to various payors, including Medicare, commercial insurance companies, other directly billed healthcare institutions such as hospitals and clinics, and individuals. The Company reports revenues from contracted payors, including Medicare, certain insurance companies and certain healthcare institutions, based on the contractual rate, or in the case of Medicare, published fee schedules. The Company reports revenues from non-contracted payors, including certain insurance companies and individuals, based on the amount expected to be collected. The difference between the amount billed and the amount expected to be collected from non-contracted payors is recorded as a contractual allowance to arrive at the reported net revenues. The expected revenues from non-contracted payors are based on the historical collection experience of each payor or payor group, as appropriate. In each reporting period, the Company reviews its historical collection experience for non-contracted payors and adjusts its expected revenues for current and subsequent periods accordingly.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are reported, net of an allowance for doubtful accounts, which is estimated and recorded in the same period the related revenue is recorded based on the historical collection experience for each type of payor. In addition, the allowance is adjusted periodically, based upon an evaluation of historical collection experience with specific payors, payor types, and 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.

Stock-Based Compensation

The Company accounts for stock-based compensation in accordance with FASB ASC Topic 718 Compensation – Stock Compensation. ASC 718 requires recognizing compensation costs for all share-based payment awards made to employees and directors based upon the awards' grant-date fair value. The standard covers employee stock options, restricted stock, and other equity awards.

For stock options, the Company uses a trinomial lattice option-pricing model to estimate the grant-date fair value of stock option awards, and recognizes compensation cost on a straight-line basis over the awards' vesting periods. The Company estimates an expected forfeiture rate, which is factored into the determination of the Company's periodic expense.

Reclassification

One amount in the December 31, 2010 statement of cash flows was reclassified to conform to the presentation in the current year statement of cash flows.

NOTE C — REVOLVING CREDIT FACILITY

On February 1, 2008, we entered into a revolving credit facility with CapitalSource, which allowed us to borrow up to $3,000,000 based on a formula tied to our eligible accounts receivable that are aged less than 150 days. On April 26, 2010, the Parent Company, NeoGenomics Laboratories, Inc., the wholly-owned subsidiary of the Parent Company ("Borrower"), and CapitalSource entered into an Amended and Restated Revolving Credit and Security Agreement (the "Amended and Restated Credit Agreement" or the "Credit Facility"). The Amended and Restated Credit Agreement amended and restated the 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 Amended and Restated Credit Agreement and the Original Credit Agreement are substantially similar except that the Amended and Restated Credit Agreement, among other things, (i) increased the maximum principal amount of the revolving credit facility from $3,000,000 to $5,000,000, (ii) provided that the term of the Amended and Restated Credit Agreement shall end on February 1, 2013, (iii) increased the amount of the collateral management fee and unused line fees paid by Borrower to CapitalSource, (iv) modified the definitions of "Minimum Termination Fee" and "Permitted Indebtedness", (v) provided that the Borrower must maintain a minimum outstanding principal balance under the revolving facility of at least $2,000,000, (vi) increased the interest rate to LIBOR plus 4.25% (provided that LIBOR shall not be less than 2.0%) and (vii) revised certain covenants and representations and warranties. The Amended and Restated Credit Agreement also made permanent a previously enacted temporary change to the methodology for calculating the Fixed Charge Coverage Ratio covenant, which permits us to add amounts of unrestricted cash and cash equivalents and unused availability under the Credit Facility to Adjusted EBITDA for the purposes of calculating this covenant. We paid CapitalSource a commitment fee of $33,500 in connection with the execution of the Amended and Restated Credit Agreement. In addition, CapitalSource credited $25,000 of an amendment fee previously paid by us towards this commitment fee.

Interest on outstanding advances under the Credit Facility are payable monthly in arrears on the first day of each calendar month. At June 30, 2011, the effective rate of interest was 6.25%. On June 30, 2011, the available credit under the Credit Facility was approximately $0.9 million and the outstanding borrowing was $3.8 million after netting compensating cash on hand.

NOTE D — CAPITAL LEASE TRANSACTIONS

On July 28, 2010 NeoGenomics Laboratories and Leasing Technologies, Inc. (LTI) agreed on the terms and conditions of a new $1.0 million lease line of credit. The new line has the same terms and conditions of our November 5, 2008 Master Lease Agreement with LTI. Advances under the lease line may be made for one year by executing equipment schedules for each advance. The lease term of any equipment schedules issued under the lease line will be for 36 months. The lease rate factor applicable for each equipment schedule is 0.0327/month. If the Subsidiary makes use of the entire lease line, the monthly rent would be $32,700. Monthly rent for the leased equipment is payable in advance on the first day of each month. The obligations of the Subsidiary are guaranteed by the Parent Company. At the end of the term of each equipment schedule the Subsidiary may: (a) renew the lease with respect to such equipment for an additional 12 months at fair market value; (b) purchase the equipment at fair market value, which price will not be less than 10% of cost nor more than 14% of cost; (c) extend the term for an additional six months at 35% of the monthly rent paid by the lessee during the initial term, after which the equipment may be purchased for the lesser of fair market value or 8% of cost; or (d) return the equipment subject to a remarketing charge equal to 6% of cost.

During the second quarter 2011, we entered into additional schedules under our lease facility with LTI of approximately $363,000 to purchase laboratory equipment.

On June 30, 2011 we had approximately $142,000 of availability on the line.

On July 21, 2011, subsequent to the end of the second quarter, NeoGenomics Laboratories and LTI agreed on the terms and conditions of a new $1.0 million lease line of credit. The terms and conditions are the same as described above and advances under the lease line may be made for a period of one year.

During the second quarter 2011, we entered into three leases for the purchase of a total of approximately $40,000 in computer equipment. These were capital leases with 36-month terms and an option to buy the equipment at the end of the lease term for $1. The interest rates of the leases were between 13% and 15%.

NOTE E — EQUITY

Warrant Exercises

During January 2011, Aspen Select Healthcare, LP, Steven C. Jones, Dr. Michael T. Dent, SKL Limited Family Partnership ("SKL"), Larry Kuhnert and John Elliott, who previously received warrants for a) participating in our private equity offering in 2006, b) modifying a debt arrangement with us, or c) waiving certain rights they had with respect to the 2006 offering exercised 1,600,000 warrants at an exercise price of $0.26 per share in a cashless exercise. In order to settle these exercises, we issued 1,326,633 shares of common stock.

On January 21, 2011, Aspen Select Healthcare, LP exercised 2,500,000 warrants to purchase common stock at an exercise price of $0.31 per share in a cashless transaction. The Company issued 1,991,391 unrestricted shares of common stock to settle this transaction. These warrants were originally issued as part of the March 23, 2005 loan facility with Aspen Select Healthcare, LP.

On January 31, 2011, Hawk & Associates exercised 35,000 warrants to purchase common stock at an exercise price of $0.30 per share in a cashless transaction. Hawk and Associates also exercised 35,000 warrants to purchase common stock at an exercise price of $0.68 per share in a cashless transaction in February 2011. The Company issued a combined total of 47,185 unrestricted shares of common stock to settle these exercises.

January 2011 Private Equity Offering

Between January 10, 2011 and January 12, 2011 the Company entered into subscription agreements with certain investors (the "Investors") pursuant to which the Company sold 2,001,667 shares of common stock at a price of $1.50 per share, which resulted in gross proceeds to the Company of approximately $3.0 million. In connection with this Common Stock Financing, the Company entered in registration rights agreements with the Investors which entitle them to certain demand and piggyback registration rights.

The investors included officers and directors of the Company or an affiliate of officers and directors of the Company.

NOTE F — RESTRICTED STOCK AWARDS

On April 27, 2011, the Company granted 24,000 shares of restricted stock to each of the five non-officer directors of the Company for a total of 120,000 restricted shares. These directors were elected by the shareholders and the stock award is for service on the board of directors only. Such restricted shares vest a rate of 2,000 shares per quarter on the last day of each calendar quarter beginning on June 30, 2011 and ending on March 31, 2014 so long as each director remains a member of the Board of Directors. The fair market value of each grant of restricted stock on award date was deemed to be $34,560 or $1.44 per share, which was the closing price of the Company's common stock on the day before the grant as approved by the board of directors. The company has also agreed to reimburse each director $12,000 over the next six months to offset the income taxes due on such restricted stock awards, again provided they remain a Director of the Company.

NOTE G — RELATED PARTY TRANSACTIONS

Consulting Agreements

During the three and six months ended June 30, 2011 Steven C. Jones, a director of the Company, earned approximately $50,000 and $101,000, respectively, for various consulting work performed in connection with his duties as Executive Vice President of Finance. Mr. Jones earned approximately $53,000 and $115,000, respectively for the three and six months ended June 30, 2010.

During May 2010 Mr. Jones received 450,000 warrants as described in more detail in Note L of our Annual Report on Form 10-K as filed with the Securities and Exchange Commission on February 23, 2011 and as such we recorded $13,000 and $24,000, respectively, in stock compensation expense for these warrants for the three and six months ended June 30, 2011. During the three and six months ended June 30, 2010 we recorded $77,000 of stock compensation expense for these warrants.

END OF FINANCIAL STATEMENTS.

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 listed on the OTC Bulletin Board under the symbol "NGNM."

Introduction

The following discussion and analysis should be read in conjunction with the unaudited condensed 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, are forward-looking statements subject to certain risks and uncertainties that could cause actual results to differ materially from those anticipated in the 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

NeoGenomics operates a network of cancer-focused testing laboratories whose mission is to improve patient care through exceptional cancer genetic diagnostic, prognostic and predictive 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's laboratory network currently offers the following types of testing services:

a) cytogenetics testing, which analyzes human chromosomes to identify changes from patterns seen in normal chromosomes;

b) Fluorescence In-Situ Hybridization ("FISH") testing, which analyzes abnormalities at the chromosomal and gene levels and is used to help identify a number of gene alterations, such as amplification, deletions and translocations;

c) flow cytometry testing, which analyzes gene expression of specific markers inside cells and on cell surfaces and is used in diagnosing a wide variety of leukemia and lymphoma neoplasms;

d) hisotology which is the study of microscopic tissues; where a NeoGenomics physician, or one under contract with the Company attempts to determine the diagnosis of disease;

e) immunohistochemistry testing (IHC), which analyzes the distribution of tumor antigens in specific cell and tissue types, and

f) molecular testing which involves analysis of DNA and RNA to diagnose and predict the clinical significance of various genetic sequence disorders.

All of these testing services are widely utilized in the diagnosis, prognosis, and prediction for response to therapy of various types of cancers.

Our Focus

NeoGenomics' primary focus is to provide high complexity laboratory testing for hospitals and community-based pathology practices throughout the United States. The high complexity cancer testing services we offer to community-based pathologists and hospitals are designed to be a natural extension of, and complementary to, the services that our pathologist clients perform within their own practices. We currently perform analyses of bone marrow and/or peripheral blood for the diagnosis of blood and lymphoid tumors (leukemias and lymphomas) and archival tissue referred for analysis of solid tumors such as breast, lung and colon cancer.

We believe our relationship as a non-competitive partner to the community-based pathologist empowers these pathologists 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.

In geographic areas where we do not provide services to the community based pathology practice, we may call directly on community based oncology, dermatology and urology practices. We serve community-based urologists by providing a FISH-based genetic test for the diagnosis of bladder cancer and early detection of recurrent disease. We serve community based dermatologists by providing a FISH-based genetic test for the diagnosis of malignant melanoma. We also believe that we can provide a competitive choice to those larger oncology practices that prefer to have a direct relationship with a laboratory for cancer genetic testing services. Our regionalized approach allows us strong interactions with clients and our innovative Genetic Pathology Solutions ("GPS") report summarizes all relevant case data on one summary report.

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, 2010, and there have been no material changes in the three and six months ended June 30, 2011.

Results of Operations for the Three and Six Months Ended June 30, 2011 as Compared to the Three and Six Months Ended June 30, 2010

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

	For the three months ended June 30.		For the six months ended June 30,	
	2011	2010	2011	2010
NET REVENUE	100.0%	100.0%	100.0%	100.0%
COST OF REVENUE	55.5%	53.9%	55.8%	52.8%
GROSS PROFIT	44.5%	46.1%	44.2%	47.2%
OPERATING EXPENSES:				
General and administrative	29.5%	32.6%	30.7%	33.6%
Sales and marketing	16.1%	22.9%	17.8%	21.9%
TOTAL OPERATING EXPENSES	45.6%	55.5%	48.5%	55.5%
LOSS FROM OPERATIONS	(1.1)%	(9.4)%	(4.3)%	(8.3)%
INTEREST AND OTHER INCOME (EXPENSE) - NET	(1.7)%	(2.1)%	(1.9)%	(2.0)%
NET LOSS	(2.8)%	(11.5)%	(6.2)%	(10.2)%

Revenue

The Company's specialized testing services are performed based on a written test requisition form and revenues are recognized once the testing services have been performed, the results have been delivered to the ordering physician, the payor has been identified and eligibility and insurance have been verified. Our testing services are billed to various payors, including Medicare, commercial insurance companies, other directly billed healthcare institutions such as hospitals and clinics, and individuals. We report revenues from contracted payors, including Medicare, certain insurance companies and certain healthcare institutions, based on the contractual rate, or in the case of Medicare, published fee schedules. We report revenues from non-contracted payors, including certain insurance companies and individuals, based on the amount expected to be collected. The difference between the amount billed and the amount expected to be collected from non-contracted payors is recorded as an allowance to arrive at the reported net revenues. The expected revenues from non-contracted payors are based on the historical collection experience of each payor or payor group, as appropriate. In each reporting period, we review our historical collection experience for non-contracted payors and adjust our expected revenues for current and subsequent periods accordingly.

Our revenue, requisition and test metrics for the three and six months ended June 30, 2011 and 2010 are as follows:

Supplemental Information on Customer Requisitions Received and Tests Performed
(in thousands, except test and requisition amount)

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

We saw a large quarterly and yearly increase in revenue in 2011 as the result of the addition of several new clients and the result of our increasing sales-force productivity. The current quarter did include approximately $300,000 of revenue from overflow testing on behalf of one customer that was re-organizing their laboratory operations during the quarter. This customer has re-assumed such testing, and as a result, we don't expect to recognize this revenue in coming quarters.

Revenues per test are a function of both the type of the test (e.g. FISH, cytogenetics, flow cytometry, etc.) and the payer (e.g., Medicare, Medicaid, third party insurer, institutional client etc.). Average revenue per test is primarily driven by our test type mix and our payer mix. The decrease in average revenue per test for the three and six months ended June 30, 2011 and 2010 is the result of: a) going on contract with Aetna and Blue Cross Blue shield in July 2010 at rates below previous averages, b) a 50% decrease in the average reimbursement for bladder cancer FISH testing as a result of Medicare and several insurance carriers reducing reimbursement beginning in January 2011, and c) a 1.75% decrease in reimbursement with all Medicare tests covered under the clinical lab fee schedule which affected all our Cytogenetics and Molecular tests. In addition, one of the Company's larger Medicare carriers reduced the maximum allowable number of markers reimbursable for flow cytometry testing in late 2010.

We have established a reserve for uncollectible amounts based on estimates of what we will collect from: a) third-party payers with whom we do not have a contractual arrangement or sufficient experience to accurately estimate the amount of reimbursement we will receive, b) payments directly from patients, and c) those procedures that are not covered by insurance or other third party payers. Also we take significant discounts to gross revenue on all patient pay and Medicaid tests to arrive at net revenues.

The following table represents our allowance balances at each balance sheet date presented and that allowance as a percentage of gross accounts receivable:

	June 30,		
	2011	2010	Change
Allowance for doubtful accounts	$1,843,000	$933,000	$910,000
As a % of gross accounts receivable	20.5%	14.8%	

The increase in allowance for doubtful accounts at June 30, 2011 is the result of a decision to leave claims open for a longer period of time to pursue payment before writing such claims off.

Bad debt expense as a percentage of revenue which is described in more detail under general and administrative expenses was 4.9% and 5.8% for the three and six month periods ended June 30, 2011, respectively, and was 7.3% and 6.9% of revenue for the three and six month periods ended June 30, 2010.

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 June 30.			For the six months ended June 30,		
	2011	2010	Change	2011	2010	Change
Cost of revenue	$5,810,000	4,575,000	1,235,000	$10,750,000	$8,918,000	1,832,000
As a % of revenue	55.5%	53.9%		55.8%	52.8%	

The increase in cost of revenue as a percentage of revenue was primarily related to a decline in our average revenue per test in the three and six months ended June 30, 2011 versus the comparable periods last year. The dollar increase in cost of revenue in the three and six months ended June 30, 2011 was primarily attributable to increases in all areas of costs of revenue as the Company scaled its operations in order to meet increasing demand.

As a result of the above gross profit for the interim period is as follows:

	For the three months ended June 30.			For the six months ended June 30,		
	2011	2010	Change	2011	2010	Change
Gross Profit	$4,656,000	3,915,000	$741,000	$8,521,000	$7,990,000	531,000
Gross Margin as a % of revenue	44.5%	46.1%		44.2%	47.2%	

Revenue, Cost of Revenue and Gross Profit per Test

The following table is a summary of our per test data on revenue, cost of sales and gross profit. The decrease in gross margin was driven largely by the decline in our average revenue per test in the three and six months ended June 30, 2011 versus the comparable periods last year:

	For the three months ended June 30.			For the six months ended June 30,		
	2011	2010	Change	2011	2010	Change
Revenue per Test	$ 570.12	$ 586.98	$(16.86)	$570.92	$593.15	$(22.23)
Cost of Revenue per Test	$ 316.49	$ 316.28	$ (0.21)	$318.41	$312.84	$ (5.57)
Gross Profit per Test	$ 253.63	$ 270.70	$(17.07)	$252.51	$280.31	$(27.80)
Gross Margin % per Test	44.5%	46.1%		44.2%	47.3%	

Sales and Marketing

Sales and marketing expenses relate primarily to the employee related costs of our sales management, sales representatives, sales and marketing consultants, marketing, and customer service personnel.

	For the three months ended June 30.			For the six months ended June 30,		
	2011	2010	Change	2011	2010	Change
Sales and marketing	$1,684,000	$1,943,000	(259,000)	$3,437,000	$3,706,000	(269,000)
As a % of revenue	16.1%	22.9%		17.8%	21.9%	(7.3)%

The decline in sales and marketing expenses for the three and six months ended June 30, 2011 as compared to the same period in 2010 was driven primarily by reductions in headcount. The reduction in sales and marketing as a percentage of revenue is the result of increases in sales-force productivity which resulted in strong revenue growth with reduced headcount.

We expect our sales and marketing expenses to increase modestly with increased volume, however to remain flat 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 June 30.			For the six months ended June 30,		
	2011	2010	Change	2011	2010	Change
General and administrative	$3,086,000	$2,769,000	317,000	$5,909,000	$5,671,000	238,000
As a % of revenue	29.5%	32.6%		30.7%	33.6%	

The increase in general and administrative expenses for the three and six months ended June 30, 2011 as compared to the comparable period in 2010 is primarily a result of increases in payroll, recruiting, information technology, and research and development expenses. As a percentage of revenue, general and administrative expenses have declined as a result of increased operating leverage in our selling, general and administrative expenses.

Bad debt expense decreased by approximately 18%, or $112,000 to $514,000 for the three months ended June 30, 2011 as compared to $626,000 for the three months ended June 30, 2010. Bad debt expense as a percentage of revenue for the three months ended June 30, 2011 was 4.9% as compared to 7.3% for the three months ended June 30, 2010.

Bad debt expense decreased by approximately 5%, or $58,000 to $1,109,000 for the six months ended June 30, 2011 as compared to $1,166,000 for the six months ended June 30, 2010. Bad debt expense as a percentage of revenue for the six months ended June 30, 2011 was 5.8% as compared to 6.9% for the six months ended June 30, 2010.

The decrease in bad debt expense as a percentage of revenue is the result of having contracts in place with Blue Cross and Blue Shield and Aetna which were consummated in July 2010, both of which eliminated a substantial amount of uncertainty with respect to the amount of payments we receive from these payers.

We expect our general and administrative expenses to increase modestly as we increase our billing and collections activities and incur additional bad debt expense associated with incremental revenue. In addition, we expect to incur additional expenses associated with the expansion of our facilities to support our anticipated growth and make additional investments to further bring up new tests for our clients and strengthen the capabilities of our Laboratory Information System over coming quarters. These initiatives will result in higher general and administrative costs in the short term, but we expect they will help open up additional growth opportunities and increase our lab productivity over time. However, we expect general and administrative expenses as a percentage of revenue to remain around the same or decline as our case volumes increase and we develop more operating leverage in our business.

Selling, General and Administrative Expenses

The following table summarizes our total Selling, General and Administrative expenses for the three and six month periods ended June 30, 2011 and 2010:

	For the three months ended June 30.			For the six months ended June 30,		
	2011	2010	Change	2011	2010	Change
Selling, general and administrative	$4,770,000	$4,712,000	58,000	$9,346,000	$9,377,000	(31,000)
As a % of revenue	45.6%	55.5%		48.5%	55.5%	

Interest Expense, net and Other Expense

Interest expense net, represents the interest expense we incur on our borrowing arrangements offset by the interest income we earn on cash deposits. Interest expense, net increased approximately 2%, or $3,000 to $178,000 for the three months ended June 30, 2011 as compared to $175,000 for the three months ended June 30, 2010.

For the six months ended June 30, 2011, interest expense, net increased approximately 8%, or $26,000 to $360,000 as compared to $334,000 for the six months ended June 30, 2010.

Interest expense is primarily related to the amount of our capital leases outstanding and to a lesser extent to the amount we have outstanding at any given time under our Credit Facility with CapitalSource. Interest expense increased slightly over the comparable periods in 2010 primarily as a result of the higher capital lease and Credit Facility balances.

Other expense was minimal for the three and six months ended June 30, 2011 and 2010.

Net Loss

As a result of the foregoing, we reported a net loss of $293,000 or $(0.01)/share, for the three months ended June 30, 2011 as compared to a net loss of $978,000, or $(0.03)/share, for the three months ended June 30, 2010. We reported a net loss of $1,186,000 or $(0.03) per share, for the six months ended June 30, 2011 as compared to a net loss of approximately $1,728,000, or $(0.05) per share, for the six months ended June 30, 2010.

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. NeoGenomics believes that Adjusted EBITDA provides a more consistent measurement of operating performance and trends across reporting periods by excluding these cash and non-cash items of expense not directly related to ongoing operations from income. Adjusted EBITDA also assists investors in performing analysis that is consistent with financial models developed by research analysts.

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

EBITDA for the three and six months ended June 30, 2011 was $360,000 and $137,000, respectively as compared to $(374,000) and $(549,000) for the corresponding periods in 2010. Adjusted EBITDA for the three and six months ended June 30, 2011 was $483,000 and $386,000, respectively as compared to $(149,000) and $(196,000) for the corresponding period in 2010. The following is a reconciliation of GAAP net loss to Non-GAAP EBITDA and Adjusted EBITDA for the corresponding periods:

	For the Three-Months Ended June 30,		For the Six-Months Ended June 30,	
	2011	2010	2011	2010
Net loss (Per GAAP)	$(293,000)	$(978,000)	$(1,186,000)	$(1,728,000)
Adjustments to Net Loss:				
Interest expense (income), net	178,000	175,000	360,000	335,000
Income tax expense	—	6,000	—	6,000
Depreciation and amortization	475,000	423,000	963,000	838,000
EBITDA	360,000	(374,000)	137,000	(549,000)
Further Adjustments to EBITDA:				
Non-cash stock-based compensation	123,000	225,000	249,000	353,000
Adjusted EBITDA (non-GAAP)	$ 483,000	$(149,000)	$ 386,000	$ (196,000)

Liquidity and Capital Resources

The following table presents a summary of our cash flows provided by (used in) operating, investing and finance activities for the six months ended June 30, 2011 and 2010 as well as the period ending cash and cash equivalents and working capital.

	For the six months ended June 30,	
	2011	2010
Net cash provided by (used in):		
Operating activities	$(1,054,000)	$(1,488,000)
Investing activities	(125,000)	(500,000)
Financing activities	2,714,000	2,534,000
Net increase in cash and cash equivalents	1,535,000	546,000
Cash and cash equivalents, beginning of period (1)	1,097,000	1,631,000
Cash and cash equivalents, end of period (1)	$ 2,632,000	$ 2,177,000
Working Capital (2), end of period	$ 1,911,000	$ 690,000

(1) This excludes restricted cash of $500,000
(2) Defined as current assets - current liabilities.

The decrease in cash used in operations for the six months ended June 30, 2011 as compared to the comparable period in 2010 is primarily the result of reduced operating losses and increases in accounts payable and other liabilities partially offset by increases in our accounts receivable from increased revenues. As of June 30, 2011 we had $1.9 million in working capital.

The decrease in cash used in investing activities was primarily the result of paying less cash for various leasehold improvements, capitalizable costs of our new Laboratory Information System and certain equipment upgrades, none of which could be lease financed, in the six months ended June 30, 2011 as compared to the comparable period in 2010.

The increase in net cash flow provided by financing activities was primarily the result of our $3.0 million private equity raise in January 2011, and increases in funding from our Credit Facility with Capital Source. This funding was partially offset by payments on our capital lease facilities.

On February 1, 2008, we entered into a revolving credit facility with CapitalSource, which allowed us to borrow up to $3,000,000 based on a formula tied to our eligible accounts receivable that are aged less than 150 days. On April 26, 2010, the Parent Company, NeoGenomics Laboratories, Inc., the wholly-owned subsidiary of the Parent Company ("Borrower"), and CapitalSource entered into an Amended and Restated Revolving Credit and Security Agreement (the "Amended and Restated Credit Agreement" or the "Credit Facility"). The Amended and Restated Credit Agreement amended and restated the 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 Amended and Restated Credit Agreement and the Original Credit Agreement are substantially similar except that the Amended and Restated Credit Agreement, among other things, (i) increased the maximum principal amount of the revolving credit facility from $3,000,000 to $5,000,000, (ii) provided that the term of the Amended and Restated Credit Agreement shall end on February 1, 2013, (iii) increased the amount of the collateral management fee and unused line fees paid by Borrower to CapitalSource, (iv) modified the definitions of "Minimum Termination Fee" and "Permitted Indebtedness", (v) provided that the Borrower must maintain a minimum outstanding principal balance under the revolving facility of at least $2,000,000, (vi) increased the interest rate to LIBOR plus 4.25% (provided that LIBOR shall not be less than 2.0%) and (vii) revised certain covenants and representations and warranties. The Amended and Restated Credit Agreement also made permanent a previously enacted temporary change to the methodology for calculating the Fixed Charge Coverage Ratio covenant, which permits us to add amounts of unrestricted cash and cash equivalents and unused availability under the Credit Facility to Adjusted EBITDA for the purposes of calculating this covenant. A full description of the covenants in the Amended and Restated Credit Agreement can be found in our Annual Report on Form 10-K for the year ended December 31, 2010, which was filed with the SEC on February 23, 2011. We paid CapitalSource a commitment fee of $33,500 in connection with the execution of the Amended and Restated Credit Agreement. In addition, CapitalSource credited $25,000 of an amendment fee previously paid by us towards this commitment fee.

Interest on outstanding advances under the Credit Facility are payable monthly in arrears on the first day of each calendar month. At June 30, 2011, the effective rate of interest was 6.25%. On June 30, 2011, the available credit under the Credit Facility was approximately $0.9 million and the outstanding borrowing was $3.8 million after netting compensating cash on hand. We were in compliance with all covenants contained in the Credit Facility as of June 30, 2011.

On July 28, 2010 NeoGenomics Laboratories, Inc., the primary operating subsidiary of the Parent Company (the "Operating Company"), and Leasing Technologies, Inc. ("LTI") agreed on the terms and conditions of an additional $1.0 million lease line of credit with a draw down period of one year. The new line has the same terms and conditions as our November 5, 2008 Master Lease Agreement with LTI. Advances under the lease line may be made for one year by executing equipment schedules for each advance. The lease term of any equipment schedules issued under the lease line will be for 36 months. The lease rate factor applicable for each equipment schedule is 0.0327/month. If the Operating Company makes use of the entire lease line, the monthly rent would be $32,700. Monthly rent for the leased equipment is payable in advance on the first day of each month. The obligations of the Operating Company are guaranteed by the Parent Company. At the end of the term of each equipment schedule, the Operating Company may: (a) renew the lease with respect to such equipment for an additional 12 months at fair market value; (b) purchase the equipment at fair market value, which price will not be less than 10% of cost nor more than 14% of cost; (c) extend the term for an additional six months at 35% of the monthly rent paid by the lessee during the initial term, after which the equipment may be purchased for the lesser of fair market value or 8% of cost; or (d) return the equipment subject to a remarketing charge equal to 6% of cost. As of June 30, 2011 we had made draws of approximately $858,000 on the LTI lease line of credit and we had $142,000 of remaining availability on such line.

On July 21, 2011, subsequent to the end of the second quarter, NeoGenomics Laboratories and LTI agreed on terms and conditions of a new $1.0 million lease line of credit. The terms and conditions are the same as described above and advances under the lease line may be made for a period of one year.

As of June 30, 2011, we had approximately $2.6 million in unrestricted cash on hand, up to $0.9 million of availability under our Credit Facility with Capital Source. We believe we have adequate capital resources to meet our operating commitments over the next twelve months from our cash on hand and availability under our Credit Facility. As such, our consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should we be unable to continue as a going concern. In the event that the Company grows at a rate that is different from what we currently anticipate or we engage in strategic transactions or acquisitions and our cash on hand and availability under our Credit Facility is not adequate, we may need to raise additional debt or equity capital from other sources. In such event, the Company may not be able to obtain such funding on attractive terms or at all and the Company may be required to curtail its operations.

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 $3.0 million to $4.0 million of additional capital equipment during the next twelve months. We plan to fund these expenditures with draws under our $1.0 million lease line with LTI, through bank loan facilities, and through capital lease financing arrangements. If we are unable to obtain such funding, we will need to pay cash for these items, raise additional debt or equity capital from other sources, and/or curtail our equipment purchases (which may have an impact on our ability to continue to grow our revenues).

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 report. 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 June 30, 2011 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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PART II — OTHER INFORMATION

ITEM 1 — LEGAL PROCEEDINGS

From time to time the Company is engaged in legal proceeding 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. Certain risks relating to the Company as described in more detail in Section 1A of our Annual Report on Form 10K as filed with the Securities and Exchange Commission on February 23, 2011 may include but are not limited to the following:

- We May Not Be Able To Implement Our Business Strategies Which Could Impair Our Ability To Continue Operations
- We May Be Unsuccessful In Managing Our Growth
- We May Incur Greater Costs Than Anticipated
- We Rely On A Limited Number Of Third Parties For Manufacture And Supply Of Certain Of Our Critical Laboratory Instruments And Materials, And We May Not Be Able To Find Replacement Suppliers Or Manufacturers In A Timely Manner In The Event Of Any Disruption Which Could Adversely Affect Our Business
- We May Face Fluctuations In Results Of Operations Which Could Negatively Affect Our Business Operations And We Are Subject To Seasonality In Our Business
- We Substantially Depend Upon Third Parties For Payment Of Services
- Our Business Is Subject To Rapid Scientific Change
- The Market For Our Services Is Highly Competitive
- We Face The Risk of Capacity Constraints
- We May Fail To Protect Our Facilities
- The Steps Taken By The Company To Protect Its Proprietary Rights May Not Be Adequate
- We Are Dependent On Key Personnel And Need To Hire Additional Qualified Personnel In Order For Our Business To Succeed
- We may Fail To Obtain Necessary Additional Capital To Finance Growth And Capital Requirements
- Proposed Government Regulation Of Laboratory Developed Tests (“LDT’s”) May Result In Delays To Certain Laboratory Tests and Increase Our Costs To Implement New Tests
- Healthcare Reform Programs May Impact Our Business And The Pricing We Receive For Our Services
- Our Net Revenue Will Be Diminished If Payors Do Not Adequately Cover Or Reimburse Our Services
- Third Party Billing Is Extremely Complicated And Will Result In Significant Additional Costs To Us
- Our Operations Are Subject To Strict Laws Prohibiting Fraudulent Billing And Other Abuse, And Our Failure To Comply With Such Laws Could Result In Substantial Penalties
- The Failure To Comply With Significant Government Regulation And Laboratory Operations May Subject The Company To Liability, Penalties Or Limitation Of Operations
- Our Failure To Comply With Governmental Payor Regulations Could Result In Our Being Excluded From Participation In Medicare, Medicaid Or Other Governmental Payor Programs

- Our Business Could Be Harmed By Future Interpretations Of Clinical Laboratory Mark-Up Prohibitions
- Failure To Comply With The HIPAA Security And Privacy Regulations May Increase Our Operational Costs
- Changes In Regulations, Payor Policies Or Contracting Arrangements With Payors Or Changes In Other Laws, Regulations Or Policies May Adversely Affect Coverage Or Reimbursement For Our Specialized Diagnostic Services
- We Are Subject To Security Risks Which Could Harm Our Operations
- We Must Hire And Retain Qualified Sales Representatives To Grow Our Sales
- Performance Issues, Service Interruptions Or Price Increases By Our Shipping Carrier Could Adversely Affect Our Business, Results Of Operations And Financial Condition, And Harm Our Reputation And Ability To Provide Our Specialized Diagnostic Services On A Timely Basis
- We Use Biological And Hazardous Materials That Require Considerable Expertise And Expense For Handling, Storage Or Disposal And May Result In Claims Against Us
- Our Ability To Comply With The Financial Covenants In Our Credit Agreements Depends Primarily On Our Ability To Generate Substantial Operating Cash Flow
- We Have Potential Conflicts Of Interest Relating To Our Related Party Transactions Which Could Harm Our Business
- We Are Effectively Controlled By Existing Stockholders And Therefore Other Stockholders Will Not Be Able To Direct The Company
- No Foreseeable Dividends
- There May Not Be A Viable Market For Our Common Stock
- We May Become Involved In Securities Class Action Litigation That Could Divert Management's Attention And Harm Our Business
- If Penny Stock Regulations Impose Restrictions On The Marketability Of Our Common Stock, The Ability Of Our Stockholders To Sell Shares Of Our Stock Could Be Impaired

ITEM 2 — UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

On April 27, 2011, the Company granted 24,000 shares of restricted stock to each of the five non-officer directors of the Company for a total of 120,000 restricted shares. These directors were elected by the shareholders and the stock award is for service on the board of directors only. Such restricted shares vest a rate of 2,000 shares per quarter on the last day of each calendar quarter beginning on June 30, 2011 and ending on March 31, 2014 so long as each director remains a member of the Board of Directors. The fair market value of each grant of restricted stock on award date was deemed to be $34,560 or $1.44 per share, which was the closing price of the Company's common stock on the day before the grant as approved by the Board of Directors. The Company has also agreed to reimburse each director $12,000 over the next six months to offset the income taxes due on such restricted stock awards, again provided they remain a Director of the Company. Exemption from registration under the Securities Act of 1933, as amended (the "Securities Act") for the issuance of the shares was based on Section 4(2) of the Securities Act.

ITEM 3 — DEFAULTS UPON SENIOR SECURITIES

Not Applicable

ITEM 4 — REMOVED AND RESERVED

Not Applicable

ITEM 5 — OTHER INFORMATION

On July 14, 2011, the Board of Directors of the Company approved a new Code of Business Conduct and Ethics.

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ITEM 6 — EXHIBITS

EXHIBIT NO.	DESCRIPTION
14.1	NeoGenomics Code of Business Conduct and Ethics as approved by the Board of Directors on July 14, 2011 as incorporated by reference from the Current Report on Form 8-K filed by the Company with the Securities and Exchange Commission on July 20, 2011.
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

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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: July 26, 2011

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/ Jerome J. Dvonch*
Name: Jerome J. Dvonch
Title: Director of Finance and Principal Accounting Officer

Exhibit 31.1

CERTIFICATIONS

I, Douglas M. VanOort, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the three months ended June 30, 2011 of NeoGenomics, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

July 26, 2011

/s/ Douglas M. VanOort

Douglas M. VanOort
Chairman and Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, George Cardoza, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the three months ended June 30, 2011 of NeoGenomics, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

July 26, 2011

/s/ George Cardoza

George Cardoza
Chief Financial Officer

Exhibit 31.3

CERTIFICATIONS

I, Jerome J. Dvonch, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the three months ended June 30, 2011 of NeoGenomics, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

July 26, 2011

/s/ Jerome J. Dvonch

Jerome J. Dvonch
Director of Finance and Principal Accounting Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of NeoGenomics, Inc. (the "Company") on Form 10-Q for the three months ended June 30, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned, in the capacities and on the dates indicated below, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 26, 2011

/s/ Douglas M. VanOort
Douglas M. VanOort
Chairman and Chief Executive Officer

Date: July 26, 2011

/s/ George Cardoza
George Cardoza
Chief Financial Officer

Date: July 26, 2011

/s/ Jerome J. Dvonch
Jerome J. Dvonch
Director of Finance and Principal Accounting Officer

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing. A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.