NEOGENOMICS INC
Form 10QSB
November 19, 2007

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

FORM 10-QSB

(X) Quarterly report pursuant to Section 13 or 15(d) of the Securities and Exchange Act of 1934.

For the quarterly period ended September 30, 2007

( ) Transition report pursuant to Section 13 or 15(d) of the Exchange Act for the transition period from _____ _____ to _____.

Commission File Number: 333-72097

NeoGenomics, Inc.
(Exact name of registrant as specified in 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, FL 33913

(Address of principal executive offices)

(239) 768-0600

(Registrant's Telephone Number, Including Area Code)

Check whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES (X) NO ( )

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act)

___Yes<u>X No</u>

State the number of shares outstanding of each of the issuer's classes of common equity, as of November 16, 2007

31,368,085

Transitional Small Business Disclosure Format: **YES ( ) NO (X)**

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NeoGenomics, Inc.

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PART I

FORWARD-LOOKING STATEMENTS

This Form 10-QSB 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 the “Company” or “NeoGenomics” in this Form 10-QSB), which 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-QSB that are not statements of historical fact are forward-looking statements. Without limiting the generality of the foregoing, words such as “may”, “anticipation”, “intend”, “could”, “estimate” or “continue” or the negative or other comparable terminology are intended to identify forward-looking statements. These statements by their nature involve substantial risks and uncertainties, such as credit losses, dependence on management and key personnel, variability of quarterly results, and the ability of the Company to continue its growth strategy and competition, 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.

NeoGenomics, Inc.

CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 30, 2007
(Unaudited)

ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents	$ 809,934
Accounts receivable (net of allowance for doubtful accounts of $174,975)	2,809,106
Inventories	416,631
Other current assets	260,027
Total current assets	4,295,698
PROPERTY AND EQUIPMENT (net of accumulated depreciation of $705,867)	1,776,513
OTHER ASSETS	250,828
TOTAL ASSETS	$ 6,323,039
LIABILITIES AND STOCKHOLDERS' EQUITY	
CURRENT LIABILITIES:	
Accounts payable	$ 988,847
Accrued and other liabilities	573,492
Short-term portion of equipment leases	185,429
Total current liabilities	1,747,768
LONG TERM LIABILITIES:	
Long-term portion of equipment leases	712,758
TOTAL LIABILITIES	2,460,526
STOCKHOLDERS' EQUITY:	
Common stock, $.001 par value, 100,000,000 shares authorized;	
31,360,743 shares issued and outstanding	31,360
Additional paid-in capital	16,987,362
Deferred stock compensation	(221,839)
Accumulated deficit	(12,934,370)
Total stockholders' equity	3,862,513
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 6,323,039

See notes to consolidated financial statements.

NeoGenomics, Inc.

CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	For the Nine-Months Ended September 30, 2007	For the Nine-Months Ended September 30, 2006	For the Three-Months Ended September 30, 2007	For the Three-Months Ended September 30, 2006
REVENUE	$ 7,709,408	$ 4,713,172	$ 3,122,714	$ 1,601,880
COST OF REVENUE	3,623,860	2,023,479	1,521,313	720,866
GROSS PROFIT	4,085,548	2,689,693	1,601,401	881,014
OTHER OPERATING EXPENSES:				
Selling, general and administrative	5,664,053	2,158,471	2,178,339	765,687
Interest expense, net	205,806	231,638	14,325	83,432
Total other operating expenses	5,869,859	2,390,109	2,192,664	849,119
NET INCOME (LOSS)	$ (1,784,311)	$ 299,584	$ (591,263)	$ 31,895
NET INCOME (LOSS) PER SHARE				
Basic	$ (0.06)	$ 0.01	$ (0.02)	$ 0.00
Diluted	$ (0.06)	$ 0.01	$ (0.02)	$ 0.00
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING				
Basic	29,221,778	25,891,331	31,309,353	26,599,981
Diluted	29,221,778	29,318,402	31,309,353	31,172,953

See notes to consolidated financial statements.

NeoGenomics, Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Nine-Months Ended September 30, 2007	For the Nine-Months Ended September 30, 2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ (1,784,311)	$ 299,584
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation	295,297	158,879
Impairment of fixed assets	2,235	-
Equity-based compensation	325,729	77,250
Provision for bad debts	506,286	212,058
Amortization of debt issue costs	15,615	16,076
Amortization of lease cap costs	2,516	362
Amortization of relocation costs	15,450	38,488
Amortization of credit facility discounts	39,285	-
Changes in assets and liabilities, net:		
Accounts receivables, net of write-offs	(1,765,635)	(797,294)
Inventory	(299,269)	579
Pre-paid expenses	(191,434)	(92,495)
Other current assets	-	(48,441)
Deposits	(16,925)	(31,463)
Accounts payable and other liabilities	665,998	(135,022)
NET CASH USED IN OPERATING ACTIVITIES	(2,189,163)	(301,439)
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Purchases of property and equipment	(406,747)	(271,500)
Purchase of convertible debenture	(200,000)	-
NET CASH USED IN INVESTING ACTIVITIES	(606,747)	(271,500)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Advances from (Repayments to) affiliates, net	(1,675,000)	125,000
Issuance or (repayment) of notes payable	(2,000)	2,000
Repayment of capital leases	(110,000)	(36,499)
Issuances of common stock, net of transaction expenses	5,266,578	883,107
NET CASH PROVIDED BY FINANCING ACTIVITIES	3,479,578	973,608
NET INCREASE IN CASH AND CASH EQUIVALENTS	683,668	400,669
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	126,266	10,944
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 809,934	$ 411,613

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Interest paid	$ 169,320	$ 195,286
Income taxes paid	$ -	$ -
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Equipment leased under capital lease	$ 464,811	$ 481,175

See notes to consolidated financial statements.

NeoGenomics, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE A –FORMATION AND OPERATIONS OF THE COMPANY

NeoGenomics, Inc. (“NEO”) was incorporated under the laws of the State of Florida on June 1, 2001 and on November 14, 2001 agreed to be acquired by American Communications Enterprises, Inc. (“ACE”) in a reverse merger transaction. ACE was formed in 1998 and succeeded to NEO’s name on January 3, 2002 (NEO and ACE are collectively referred to as “we”, “us”, “our” or the “Company”).

Basis of Presentation

Our accompanying unaudited consolidated condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and pursuant to the instructions to Form 10-QSB and Article 10 of Regulation S-X of the Securities and Exchange Commission ("SEC"). Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In our opinion all adjustments (consisting of normal recurring adjustments) considered necessary for a fair statement of the results for the fiscal period have been included. Operating results for the three and nine months period ended September 30, 2007 are not necessarily indicative of the results that may be expected for the year ending December 31, 2007, or for any future period. These financial statements and notes should be read in conjunction with our audited consolidated financial statements and notes thereto for the year ended December 31, 2006 included in our Annual Report on Form 10-KSB.

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

Liquidity

Our consolidated financial statements are prepared using accounting principles generally accepted in the United States of America applicable to a going concern, which contemplate the realization of assets and liquidation of liabilities in the normal course of business. Our operations have historically been funded primarily through equity and debt capital. During the nine month period ended September 30, 2007, we secured net proceeds of approximately $5.4 million through sales of common stock and we paid off a $1.7 million line of credit. As a result of continued losses and the need to finance substantial increases in accounts receivable, we had a cash balance of approximately $810,000 as of September 30, 2007. Because of our historical ability to raise capital when necessary, and because we believe that our results of operations will reflect significant improvement in the next fiscal year, we believe that we will have adequate cash resources to fund our normal and recurring operating commitments in the next twelve months. However, we have incurred significant losses and negative cash flows from operations since our inception, and as a result no assurance can be given that our operations will generate adequate cash to meet our commitments and/or that we will be successful in attaining profitable operations. Furthermore, we expect to require short-term debt or equity financing to fund our working capital as a result of our projected growth in receivables and continued operating losses. Although we have entered into a Commitment Letter for a $3.0 million credit facility based on our accounts receivable (see Note F below) which we expect to close on shortly, there can be no assurance that we will be able to close on this credit facility or that we can generate adequate proceeds from any such financings or that such financings will be available on terms suitable to us. These factors, among others, indicate that we may be unable to continue as a going concern for a reasonable period of time. 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.

From time to time we borrow short term working capital from Mr. Steven Jones, a director of the Company and our acting Principal Financial Officer. Such borrowings are generally made in connection with large expenditures or the satisfaction of large obligations as a way to help mange and smooth our core cash outflows for working capital and are generally repaid within 30 days. Our Board of Directors has authorized the payment of interest on any advances outstanding at a rate of 10% per annum. As of November 19, 2007, there were no outstanding amounts owed to Mr. Jones.

Accounts Receivable

We record accounts receivable net of contractual discounts. We provide for accounts receivable that could become uncollectible in the future by establishing an allowance to reduce the carrying value of such receivables to their estimated net realizable value. We estimate this allowance based on the aging of our accounts receivable and our historical collection experience for each type of payer. Receivables are charged off to the allowance account at the time they are deemed uncollectible.

Net Income (Loss) Per Common Share

We compute net income (loss) per share in accordance with Statement of Financial Accounting Standard (“SFAS”) No. 128 “Earnings per Share” (“SFAS 128”) and SEC Staff Accounting Bulletin No. 98 (“SAB 98”). Under the provisions of SFAS No. 128 and SAB 98, 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 earnings per share are calculated by dividing net income by weighted average common shares outstanding including potentially dilutive common shares, which include stock options and warrants.

Net loss per share is calculated by dividing net loss by the weighted average number of common shares outstanding during the period. The effect of conversion of dilutive securities, such as stock options and warrants, is not considered when a net loss is reported as the inclusion of such securities would be anti-dilutive. As a result, basic loss per share is the same as diluted loss per share.

NOTE B – EQUITY AND DEBT FINANCING TRANSACTIONS

On January 18, 2006, the Company entered into a borrowing agreement (the "Aspen Agreement") with Aspen Select Healthcare, LP, (“Aspen”). Up until June 7, 2007, Aspen had been the Company’s largest creditor. On June 7, 2007, the Company repaid in its entirety all of the outstanding indebtedness under the Aspen Agreement.

On January 21, 2006 the Company entered into a subscription agreement (the "Subscription") with SKL Family Limited Partnership, LP, a New Jersey limited partnership, whereby SKL purchased 2.0 million shares (the "Subscription Shares") of the Company's common stock at a purchase price of $0.20 per share for $400,000. Under the terms of the Subscription, the Subscription Shares are restricted for a period of 24 months and then carry piggyback registration rights to the extent that exemptions under Rule 144 are not available to SKL. In connection with the Subscription, the Company also issued a five year warrant to purchase 900,000 shares of the Company's common stock at an exercise price of $0.26 per share. SKL had no previous affiliation with the Company.

On June 6, 2005, we entered into a Standby Equity Distribution Agreement (“SEDA”) with Cornell Capital Partners pursuant to which the Company had the right, at its discretion, periodically sell to Cornell shares of its Common Stock for a total purchase price of up to $5.0 million. Since the inception of the SEDA through June 30, 2007, we sold to Cornell an aggregate of 1,786,669 shares of our common stock for aggregate gross proceeds of $1,978,000. No sales were made under the SEDA during the quarter ended September 30, 2007. The SEDA expired on August 1, 2007 and we elected not to renew it.

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During the period from May 31, 2007 through June 6, 2007, we sold 2,666,667 shares of our Common Stock to ten unaffiliated accredited investors (the "Investors") at a price of $1.50 per share in a Private Placement of our Common Stock (the "Private Placement"). The Private Placement generated gross proceeds to the Company of $4.0 million, and after estimated transaction costs, the Company received net cash proceeds of approximately $3.8 million. The Company also issued warrants to purchase 98,417 shares of our Common Stock to Noble International Investments, Inc. ("Noble"), in consideration for its services as a placement agent for the Private Placement. Additionally, the Company issued to Aspen Capital Advisors, LLC ("ACA") warrants to purchase 250,000 shares at $1.50 per share in consideration for ACA's services to the Company in connection with the Private Placement. The Private Placement involved the issuance of the aforementioned unregistered securities in transactions that we believed were exempt from registration under Rule 506 promulgated under the Securities Act. All of the aforementioned stockholders received registration rights ("Registration Rights") for the Private Placement shares so purchased and we filed a registration statement on Form SB-2 on July 12, 2007 to register these shares (the "Registration Statement"). Certain of the Investors also purchased 1,500,000 shares and 500,000 warrants from Aspen Select Healthcare, LP in a separate transaction that occurred simultaneously with the Private Placement and the Company agreed to an assignment of Aspen's registration rights for such shares and warrants, and those shares and warrants were included in the Registration Statement. As of November 16, 2007, the Registration Statement had not yet been declared effective.

On June 6, 2007, the Company issued to Lewis Asset Management ("LAM") 500,000 shares of Common Stock at a purchase price of $0.26 per share and received gross proceeds of $130,000 upon the exercise by LAM of 500,000 warrants which were purchased by LAM from Aspen Select Healthcare, LP on that day.

On June 7, 2007, we used part of the net proceeds of the Private Placement to pay off the $1.7 million principal balance of the Aspen Credit Facility.

On August 15, 2007 our Board of Directors voted to issue warrants to purchase 533,334 shares of our Common Stock to the investors who purchased shares in the Private Placement. Such warrants have an exercise price of $1.50 per share and are exercisable for a period of two years. Such warrants also have a provision for piggyback registration rights in the first year and demand registration rights in the second year.

NOTE C – OTHER RELATED PARTY TRANSACTIONS

During the three and nine months ended September 30, 2007, we paid Steven Jones, a director of the Company and our acting Principal Financial Officer, $18,000 and $50,000, respectively, for work performed in connection with acting as our Principal Financial Officer. During the three and nine months ended September 30, 2006, we paid Mr. Jones $18,000 and $41,000, respectively, for work performed in connection with acting as the Principal Financial Officer.

During the three and nine months ended September 30, 2007, we paid George O'Leary, a director of the Company, $0 and $9,500, respectively, for general consulting work. During the three and nine months ended September 30, 2006, we did not pay Mr. O'Leary for any such consulting work.

NOTE D –COMMITMENTS AND CONTINGINCIES

On October 26, 2006, Accupath Diagnostics Laboratories, Inc. d/b/a US Labs, a California corporation ("US Labs") filed a complaint in the Superior Court of the State of California for the County of Los Angeles (the "Court") against the Company and Robert Gasparini, as an individual, and certain other employees and non-employees of NeoGenomics with respect to claims arising from discussions with current and former employees of US Labs. US labs alleges, among other things, that NeoGenomics engaged in unfair competition because it was provided with access to certain salary information of four recently hired sales personnel prior to the time of hire. We believe that US Labs' claims against NeoGenomics lack merit, and that there are well-established laws that affirm the rights of employees to seek

employment with any company they desire and employers to offer

such employment to anyone they desire. US Labs seeks unspecified monetary relief. As part of the complaint, US Labs also sought preliminary injunctive relief against NeoGenomics, and requested that the Court bar NeoGenomics from, among other things: (a) inducing any US labs' employees to resign employment with US Labs; (b) soliciting, interviewing or employing US Labs' employees for employment; (c) directly or indirectly soliciting US Labs' customers with whom the four new employees of NeoGenomics did business while employed at US Labs; and (d) soliciting, initiating and/or maintaining economic relationships with US Labs' customers that are under contract with US Labs.

On November 15, 2006 the Court heard arguments on US Labs' request for a preliminary injunction and denied the majority of US Labs' request on the grounds that US Labs had not demonstrated a likelihood of success on the merits of their claims. The Court did, however, issue a much narrower preliminary injunction that prevents NeoGenomics from "soliciting" the US Labs' customers of such new sales personnel until the issues are resolved at the trial. The preliminary injunction is limited only to the "soliciting" of the US Labs' customers of the sales personnel in question, and does not in any way prohibit NeoGenomics from doing business with any such customers to the extent they have sought or seek a business relationship with NeoGenomics on their own initiative. Furthermore, NeoGenomics is not enjoined from recruiting any additional personnel from US Labs through any lawful means. We believe that US labs' claims will not be affirmed at the trial; however, even if they were, NeoGenomics does not believe such claims would result in a material impact to our business.

Discovery commenced in December 2006 and discovery and motion filing is ongoing. A trial is tentatively set for February 2008. While the Company received unsolicited and inaccurate salary information for three individuals that were ultimately hired, no evidence of misappropriation of trade secrets has been adduced by either side. As such, the Company filed a motion for Summary Judgment in early November to end the case before it even goes to trial. Arguments for the Motion for Summary Judgment are scheduled for mid January 2008.

The Company is also a defendant in one lawsuit from a former employee relating to compensation related claims. The Company does not believe this lawsuit is material to its operations or financial results and intends to vigorously pursue its defense of the matter.

Operating Leases

On April 5, 2007, we entered into a lease for 8,195 square feet of laboratory space in Irvine, California. The lease is a five year lease and results in total payments by the Company of approximately $771,000 including estimated operating and maintenance expenses and property taxes. This lease will expire on April 30, 2012.

On June 1, 2007, we entered into a lease for 9,000 square feet of office space in Fort Myers, Florida. The lease is a seven month lease and results in total payments by the Company of approximately $45,000 including estimated operating and maintenance expenses and property taxes. This lease will expire on December 31, 2007 and is subject to a sub-lease option period January 2008 through December 2010. As of September 30, 2007 the Company did not exercise their option on this sub-lease.

Capital Leases

During 2007, we entered into the following capital leases:

Date	Type	Months	Cost	Monthly Payment	Obligation at September 30, 2007
Feb 2007	Computer Hardware	36	$ 3,554	$ 122	$ 2,745
Feb 2007	Computer Hardware	36	6,245	219	5,039
Feb 2007	Lab Equipment	48	80,015	2,289	67,786
Mar 2007	Lab Equipment	60	136,118	2,792	130,591
Mar 2007	Computer Software	36	15,783	533	12,427
April 2007	Computer Hardware	36	10,570	354	8,620
May 2007	Furniture	60	19,820	441	17,816
August 2007	Lab Equipment	60	134,461	3,090	126,605
August 2007	Lab Equipment	60	58,245	1,392	54,784
Totals			**$ 464,811**	**$ 11,232**	**$ 426,413**

Ongoing SEC Review of our Form 10-KSB for the year ended December 31, 2006

On August 23, 2007 we received a comment letter from the Accounting Staff of the SEC regarding certain disclosure and accounting questions with respect to our FY 2006 annual report filed on Form 10-KSB. On September 11, 2007, we responded to the SEC Staff and filed an amended Form 10-KSB/A that responded to the matters raised by the SEC. On October 9, 2007, we received a second comment letter from the Staff that continued to question certain accounting practices we use in connection with accounting for non-cash employee stock-based compensation under the newly adopted SFAS 123(r), which became effective for small business issuers beginning with FY 2006. We continue to believe that how we accounted for this expense was in accordance with the standard and are hopeful to resolve any open questions with the SEC before the end of FY 2007.

NOTE E – POWER 3 MEDICAL PRODUCTS, INC.

On April 2, 2007, we concluded an agreement (the "Letter Agreement") with Power3 Medical Products, Inc., a New York Corporation ("Power3") regarding the formation of a joint venture Contract Research Organization ("CRO") and the issuance of convertible debentures and related securities by Power3 to us. Power3 is an early stage company engaged in the discovery, development, and commercialization of protein biomarkers. Under the terms of the agreement, NeoGenomics and Power3 agreed to enter into a joint venture agreement pursuant to which the parties will jointly own a CRO and begin commercializing Power3's intellectual property portfolio of seventeen patents pending by developing diagnostic tests and other services around one or more of the 534 differentially expressed protein biomarkers that Power3 believes it has discovered to date. Power3 has agreed to license all of its intellectual property on a non-exclusive basis to the CRO for selected commercial applications as well as provide certain management personnel. We will provide access to cancer samples, management and sales & marketing personnel, laboratory facilities and working capital. Subject to final negotiation, we will own a minimum of 60% and up to 80% of the new CRO venture which is anticipated to be launched in the first quarter of fiscal year 2008.

As part of the agreement, we provided $200,000 of working capital to Power3 by purchasing a convertible debenture on April 17, 2007 pursuant to a Securities Purchase Agreement (the "Purchase Agreement") between us and Power3. The debenture has a term of two years and a 6% per annum interest rate which is payable quarterly on the last calendar day of each quarter. We were also granted two (2) options to increase our stake in Power3 to up to 60%

of Power3's fully diluted shares. The first option (the "First Option") is a fixed option to

purchase convertible preferred stock of Power3 that is convertible into such number of shares of Power3 Common Stock, in one or more transactions, up to 20% of Power3's voting Common Stock at a purchase price per share, which will also equal the initial conversion price per share, equal to the lesser of (a) $0.20 per share, or (b) $20,000,000 divided by the fully-diluted shares outstanding on the date of the exercise of the First Option. This First Option is exercisable for a period starting on the date of purchase of the convertible debenture by NeoGenomics and extending until the day which is the later of (y) November 16, 2007 or (z) the date that certain milestones specified in the agreement have been achieved. The First Option is exercisable in cash or NeoGenomics Common Stock at our option, provided, however, that we must include at least $1.0 million of cash in the consideration if we elect to exercise this First Option. In addition to purchasing convertible preferred stock as part of the First Option, we are also entitled to receive such number of warrants to purchase Power3 Common Stock that will permit us to maintain our ownership percentage in Power3 on a fully diluted basis. Such warrants will have a purchase price equal to the initial conversion price of the convertible preferred stock that was purchased pursuant to the First Option and will have a five year term.

The second option (the "Second Option"), which is only exercisable to the extent that we have exercised the First Option, provides that we will have the option to increase our stake in Power3 to up to 60% of fully diluted shares of Power3 over the twelve month period beginning on the expiration date of the First Option in one or a series of transactions by purchasing additional convertible preferred stock of Power3 that is convertible into voting Common Stock and the right to receive additional warrants. The purchase price per share, and the initial conversion price of the Second Option convertible preferred stock will, to the extent such Second Option is exercised within six months of exercise of the First Option, be the lesser of (a) $0.40 per share or (b) $40,000,000 divided by the fully diluted shares outstanding on the date of exercise of the Second Option. The purchase price per share, and the initial conversion price of the Second Option convertible preferred stock will, to the extent such Second Option is exercised after six months, but within twelve months of exercise of the First Option, be the lesser of (y) $0.50 per share or (z) an equity price per share equal to $50,000,000 divided by the fully diluted shares outstanding on the date of any purchase. The exercise price of the Second Option may be paid in cash or in any combination of cash and our Common Stock at our option. In addition to purchasing convertible preferred stock as part of the Second Option, we are also entitled to receive such number of warrants to purchase Power3 Common Stock that will permit us to maintain our ownership percentage in Power3 on a fully diluted basis. Such warrants will have an exercise price equal to the initial conversion price of the convertible preferred stock being purchased on that date and will have a five year term.

The purchase agreement granted us (1) a right of first refusal with respect to future issuances of Power3 capital stock and (2) the right to appoint a member of the Power3 board of directors so long as we own ten percent (10%) or more of Power3's outstanding voting securities.

As of November 16, 2007, the parties were engaged in good faith negotiations to clarify and amend certain terms of the original Letter Agreement. As these negotiations have not yet been concluded the parties have agreed to extend any deadlines in the Original Agreement until such time as they reach an agreement on a more comprehensive amendment to the original Letter Agreement or otherwise conclude that they are unable to do so.

The convertible debenture, since it is convertible into restricted shares of stock, is recorded under the fair value method at its initial cost of $200,000 if the stock price of Power3 is less than $0.20 per share or at fair value if the stock price of Power3 is greater than $0.20 per share. As of September 30, 2007, the stock price of Power3 was less than $0.20 per share so the convertible debenture is reflected at cost.

NOTE F - SUBSEQUENT EVENTS

Operating Leases

On November 1, 2007, we entered into a lease for 16,125 square feet of office space in Fort Myers, Florida. The lease is a thirty two month lease and results in total payments by the Company of approximately $778,000 including

estimated operating and maintenance expenses and property taxes. This lease will expire on June 30, 2010. As a result of this lease, the Company did not exercise their option to extend the lease of 9,000 square feet as stated in note D.

Registration Rights

The Registration Rights granted in connection with the June 2007 Private Placement contained a provision that if the Registration Statement was not declared effective within 120 days of the Private Placement, we would be responsible for partial relief of the damages resulting from a holder's inability to sell the shares covered by the Registration Statement. As of November 16, 2007, the Company had still not been able to go effective on the Registration Statement as a result of the ongoing SEC review of our Form 10-KSB for the year ended December 31, 2006. Beginning after 120 days from the date that the Private Placement was consummated, the Company is obligated to pay as liquidated damages to each holder of shares covered by the Registration Statement ("Registered Securities") an amount equal to one half percent (0.5%) of the purchase price of the Registered Securities for each thirty (30) day period after the scheduled effective date specified in the Registration Statement. Such liquidated damages may be paid, at the holder's option, either in cash or shares of our Common Stock, after demand therefore has been made. On October 31, 2007, the first 30 day period lapsed under this provision. On November 16, 2007 we incurred approximately $29,000 in penalties. We are currently not able to predict when the SEC review of our 2006 Form 10-KSB will be finalized or the date on which our Registration Statement will be declared effective.

Commitment for Accounts Receivable Financing

On November 16, 2007 we entered into a Commitment Letter with CapitalSource Finance LLC ("CapitalSource") for a three year, $3.0 million working capital facility secured by all of our accounts receivable (the "AR Facility"). Under the terms of the Commitment Letter, we will be able to borrow up to 85% of the net collectible value, as determined by CapitalSource, of our accounts receivable that have not aged beyond 150 days. Interest on the AR Facility will be set at LIBOR + 3.25%, subject to a floor on the LIBOR rate as of the date of the closing. Availability of under the AR Facility will be subject to our meeting or maintaining certain covenants regarding minimum liquidity, cash collections, and a fixed charge coverage ratio. The closing of the AR Facility is subject to reaching mutually acceptable transaction documentation and other customary closing conditions for transactions of this nature. Notwithstanding the foregoing, we currently expect that definitive agreements will be executed in the next 2-4 weeks.

End of Financial Statements

Item 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (including cautionary statement)

Introduction

The following discussion and analysis should be read in conjunction with the financial statements for the three and nine months ended September 30, 2007, included with this Form 10-QSB. Readers are also referred to the cautionary statement, which addresses forward-looking statements made by us. As used in this report, the terms "we", "us", "our", "NeoGenomics", and the "Company" mean NeoGenomics, Inc. and subsidiaries unless otherwise indicated.

Overview

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-QSB) is the registrant for Securities and Exchange ("SEC") reporting purposes. Our common stock is listed on the NASDAQ Over-The-Counter Bulletin Board (the "OTCBB") under the symbol "NGNM."

NeoGenomics operates cancer-focused testing laboratories that specifically target the rapidly growing genetic and molecular testing segment of the medical laboratory industry. Headquartered in Fort Myers, Florida, the Company's growing network of laboratories currently offers the following types of testing services to pathologists, oncologists, urologists, hospitals, and other laboratories throughout the United States:

a) cytogenetics testing, which analyzes human chromosomes;
b) Fluorescence In-Situ Hybridization ("FISH") testing, which analyzes abnormalities at the chromosomal and gene levels;
c) flow cytometry testing, which analyzes gene expression of specific markers inside cells and on cell surfaces; and
d) 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 and prognosis of various types of cancer.

We believe the genetic and molecular testing segment of the medical laboratory industry is the most rapidly growing niche of the market. Approximately six years ago, the World Health Organization reclassified cancers as genetic anomalies. This growing awareness of the genetic root behind most cancers combined with advances in technology and genetic research, including the complete sequencing of the human genome, have made possible a whole new set of tools to diagnose and treat diseases. We believe this has opened up a vast opportunity for laboratory companies that are positioned to address this growing market segment.

The medical testing laboratory market can be broken down into three primary segments:

- clinical lab testing,
- anatomic pathology testing, and
- genetic and molecular testing.

Clinical laboratories are typically engaged in high volume, highly automated, lower complexity tests on easily procured specimens such as blood and urine. Clinical lab tests often involve testing of a less urgent nature, for example, cholesterol testing and testing associated with routine physical exams. This type of testing yields relatively low average revenue per test. Anatomic pathology ("AP") testing involves evaluation of tissue, as in surgical pathology, or cells as in cytopathology. The most widely performed AP procedures include the preparation and interpretation of pap smears, skin biopsies, and tissue biopsies. The higher complexity AP tests typically involve more labor and are

more technology intensive than clinical lab tests. Thus AP tests generally result in higher average revenue per test than clinical lab tests.

Genetic and molecular testing typically involves analyzing chromosomes, genes or base pairs of DNA or RNA for abnormalities. Genetic and molecular testing have become important and highly accurate diagnostic tools over the last five years. New tests are being developed at an accelerated pace, thus this market niche continues to expand rapidly. Genetic and molecular testing requires highly specialized equipment and credentialed individuals (typically MD or PhD level) to certify results and typically yields the highest average revenue per test of the three market segments. The following chart shows the differences between the genetic and molecular niche and other segments of the medical laboratory industry. Up until approximately five years ago, the genetic and molecular testing niche was considered to be part of the AP segment, but given its rapid growth, it is now more routinely broken out and accounted for as its own segment.

COMPARISON OF THE MEDICAL LABORATORY MARKET SEGMENTS (1)

Attributes	Clinical	Anatomic Pathology	Genetic/Molecular
Testing Performed On	Blood, Urine	Tissue/Cells	Chromosomes/Genes/DNA
Testing Volume	High	Low	Low
Physician Involvement	Low	High - Pathologist	Low - Medium
Malpractice Ins. Required	Low	High	Low
Other Professionals Req.	None	None	Cyto/Molecular geneticist
Level of Automation	High	Low-Moderate	Moderate
Diagnostic in Nature	Usually Not	Yes	Yes
Types of Diseases Tested	Many Possible	Primarily to Rule out Cancer	Rapidly Growing
Typical per Price Per Test	$5 - $35 Per Test	$25 - $500 Per Test	$200 - $1,000 Per Test
Estimated Size of Market	$25 - $30 Billion	$10 - $12 Billion	$4 - $5 Billion (2)
Estimated Annual Growth Rate	4% -5%	6% – 7%	25+%
Established Competitors	Quest Diagnostics LabCorp Bio Reference Labs DSI Laboratories Hospital Labs Regional Labs	Quest Diagnostics LabCorp Genzyme Genetics Ameripath Local Pathologists	Genzyme Genetics Quest Diagnostics LabCorp Major Universities

(1) Derived from industry analyst reports
(2) Includes flow cytometry testing, which historically has been classified under anatomic pathology.

NeoGenomics' primary focus is to provide high complexity laboratory testing for the community-based pathology and oncology markets. Within these key market segments, we currently provide our services to pathologists and oncologists in the United States that perform bone marrow and/or peripheral blood sampling for the diagnosis of liquid tumors (leukemias and lymphomas) and archival tissue referral for analysis of solid tumors such as breast cancer. We also target community-based urologists, due to the availability of UroVysion®, a FISH-based test for the initial diagnosis of bladder cancer and early detection of recurrent disease. We focus on community-based practitioners for two reasons: First, academic pathologists and associated clinicians tend to have their testing needs met within the confines of their university affiliation. Secondly, most of the cancer care in the United States is administered by community based practitioners, not in academic centers, due to ease of local access. Moreover, within the community-based pathologist segment it is not our intent to willingly compete with our customers for testing services that they may seek to perform themselves. Fee-for-service pathologists for example, derive a significant portion of their annual revenue from the interpretation of biopsy specimens. Unlike other larger laboratories, which strive to perform 100% of such testing services themselves, we do not intend to compete with our

customers for such specimens. Rather, our high complexity cancer testing focus is a natural extension of and complementary to many of the services that our community-based customers often perform within their own practices. As such, we believe our relationship as a non-competitive consultant, empowers these physicians to expand their testing breadth and provide a menu of services that matches or exceeds the level of service found in academic centers of excellence around the country.

We continue to make progress growing our testing volumes and revenue beyond our historically focused activities in Florida due to our expanding field sales footprint. As of September 30, 2007, NeoGenomics' sales organization totaled 8 individuals. Recent, key hires included our Vice President of Sales & Marketing, and various sales managers and representatives in the Northeastern, Southeastern, and Western states. We intend to continue adding sales representatives on a quarterly basis throughout the year. As more sales representatives are added, we believe the base of our business outside of Florida will continue to grow and ultimately eclipse that which is generated within the state.

We are successfully competing in the marketplace based on the quality and comprehensiveness of our test results, and our innovative flexible levels of service, industry-leading turn-around times, regionalization of laboratory operations and ability to provide after-test support to those physicians requesting consultation. 2006 saw the introduction of our Genetic Pathology Solutions ("GPS") product that provides summary interpretation of multiple testing platforms all in one consolidated report. Responses from our clients have been favorable and GPS provides another option for those customers that require a higher degree of customized service.

Another important service was initiated in December 2006 when we became the first laboratory to offer technical-component only ("tech-only") FISH testing to the key community-based pathologist market segment. NeoFISH™ has been enthusiastically received and has provided our sales team with another differentiating product to meet the needs of our target community-based pathologists. With NeoFISH™ these customers are able to retain a portion of the overall testing revenue from such FISH specimens themselves, which serves to much better align their interests with those of NeoGenomics than what might otherwise be possible with larger laboratory competitors.

We believe NeoGenomics average 3-5 day turn-around time for our cytogenetics services remains an industry-leading benchmark. The timeliness of results continues to increase the usage patterns of cytogenetics and act as a driver for other add-on testing requests by our referring physicians. Based on anecdotal information, we believe that typical cytogenetics labs have 7-14 day turn-around times on average with some labs running as high as 21 days. Traditionally, longer turn-around times for cytogenetics tests have resulted in fewer tests being ordered since there is an increased chance that the test results will not be returned within an acceptable diagnostic window when other adjunctive diagnostic test results are available. We believe our turn-around times result in our referring physicians requesting more of our testing services in order to augment or confirm other diagnostic tests, thereby we believe giving us a significant competitive advantage in marketing our services against those of other competing laboratories.

In 2006 we began an aggressive campaign to form new laboratories around the country that will allow us to regionalize our operations to be closer to our customers. High complexity laboratories within the cancer testing niche have frequently operated a core facility on one or both coasts to service the needs of their customers around the country. Informal surveys of customers and prospects uncovered a desire to do business with a laboratory with national breadth but with a more local presence. In such a scenario, specimen integrity, turnaround-time of results, client service support, and interaction with our medical staff are all enhanced. In 2006, NeoGenomics achieved the milestone of opening two other laboratories to complement our headquarters in Fort Myers, Florida. NeoGenomics' facilities in Nashville, Tennessee and Irvine, California received the appropriate state and CLIA-certified clinical laboratory licensure and are now receiving live specimens. As situations dictate and opportunities arise, we intend to continue to develop and open new laboratories, which are linked together by our optimized Laboratory Information System ("LIS"), to better meet the regionalized needs of our customers.

Fiscal year 2006 also saw the initial establishment of the NeoGenomics Contract Research Organization ("CRO") division based at our Irvine, CA facility. This division was created to take advantage of our core competencies in genetic and molecular high complexity testing and act as a vehicle to compete for research projects and clinical trial support contracts in the biotechnology and pharmaceutical industries. The CRO division will also act as a development conduit for the validation of new tests which can then be transferred to our clinical laboratories and be offered to our clients. We envision the CRO as a way to infuse intellectual property into the mix of our services and in time create a more "vertically integrated" laboratory that can potentially offer additional clinical services of a more proprietary nature. Our agreement with Power3 further expanded the scope of this entity and provides us with joint venture partner. We anticipate launching this venture in the first quarter of 2008.

As NeoGenomics grows, we anticipate offering additional tests that broaden our focus from genetic and molecular testing to more traditional types of AP testing that are complementary to our current test offerings. At no time do we expect to intentionally compete with fee-for-service pathologists for services of this type and our sales efforts will operate under a strict "right of first refusal" philosophy that supports rather than undercuts the practice of community-based pathology. We believe that by adding additional types of tests to our product offering we will be able to capture increases in our testing volumes through our existing customer base as well as more easily attract new customers via the ability to package our testing services more appropriately to the needs of the market.

Historically, the above approach has borne out well for the Company. For most of FY 2004, we only performed one type of test in-house, cytogenetics, which resulted in only one test being performed per customer requisition for most of the year and average revenue per requisition of approximately $490. With the subsequent addition of FISH testing in FY 2005 and flow cytometry to our pre-existing cytogenetics testing in FY 2006, the number of tests we performed per requisition increased, which in turn drove an increase in our average revenue per requisition by 29% in FY 2005 to approximately $632 and by a further 7% in FY 2006 to approximately $677 per requisition. The following is a summary of our key operating metrics for the three and nine months ended September 30, 2007 and September 30, 2006, respectively:

	For the Nine-Months Ended September 30, 2007	For the Nine-Months Ended September 30, 2006	% Inc (Dec)	For the Three-Months Ended September 30, 2007	For the Three-Months Ended September 30, 2006	% Inc (Dec)
Requisitions Received (cases)	11,123	6,818	63.1%	4,572	2,398	90.7%
Number of Tests Performed	14,332	9,448	51.7%	5,654	3,309	70.9%
Avg. # of Tests Requisition	1.29	1.38	(6.5)%	1.24	1.38	(10.1)%
Total Testing Revenue	$ 7,709,408	$ 4,713,172	63.6%	$ 3,122,714	$ 1,601,880	94.9%
Avg. Revenue Per Requisition	$ 693.11	$ 691.28	0.3%	$ 683.01	$ 668.01	2.2%
Avg. Revenue Per Test	$ 534.19	$ 498.85	7.1%	$ 552.30	$ 484.10	14.1%

We believe this bundled approach to testing represents a clinically sound practice and that with focused sales and marketing efforts and the recent launch of GPS™ reporting, NeoFISH™ tech-only FISH services NeoFLOW™ tech-only FLOW, and the future addition of additional testing platforms. As the average number of tests performed per requisition increases, this should drive large increases in our revenue and afford the Company significant synergies and efficiencies in our operations and sales and marketing activities. For instance, initial testing for many hematologic cancers may yield total revenue ranging from approximately $1,800 - $3,600 per requisition and is generally comprised of a combination of some or all of the following tests: cytogenetics, fluorescence in-situ hybridization (FISH), flow cytometry and, per client request, morphology testing.

Whereas in FY 2004, we only addressed approximately $500 of this potential revenue per requisition; in FY 2005 we addressed approximately $1,200 - $1,900 of this potential revenue per requisition; and in FY 2006, we began addressing this entire revenue stream (see below), dependent on medical necessity criteria and guidelines:

	Average Revenue per Test
Cytogenetics	$ 400-$500
Fluorescence In Situ Hybridization (FISH)	
Technical component	$ 300-$1,000
Professional component	$ 200-$500
Flow cytometry	
Technical component	$ 400-$700
Professional component	$ 100-$200
Morphology	$ 400-$700
Total	$ 1,800-$3,600

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with United States generally accepted accounting principles requires our management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Our management routinely makes judgments and estimates about the effects of matters that are inherently uncertain.

Our critical accounting policies and estimates are those where we have made difficult, subjective or complex judgments in making estimates, and/or where these estimates can significantly impact our financial results under different assumptions and conditions. Our critical accounting policies and estimates are:

- Revenue Recognition
- Accounts Receivable

Revenue Recognition

Net revenues are recognized in the period when tests are performed and consist primarily of net patient revenues that are recorded based on established billing rates less estimated discounts for contractual allowances principally for patients covered by Medicare, Medicaid and managed care and other health plans. These revenues also are subject to review and possible audit by the payers. We believe that adequate provision has been made for any adjustments that may result from final determination of amounts earned under all the above arrangements. There are no known material claims, disputes or unsettled matters with any payers that are not adequately provided for in the accompanying consolidated financial statements.

Accounts Receivable

We record accounts receivable net of estimated and contractual discounts. We provide for accounts receivable that could become uncollectible in the future by establishing an allowance to reduce the carrying value of such receivables to their estimated net realizable value. We estimate this allowance based on the aging of our accounts receivable and our historical collection experience for each type of payer. Bad debts are charged off to the allowance account at the time they are deemed uncollectible.

Results of Operations for the Three and Nine Months Ended September 30, 2007 as Compared to the Three and Nine Months Ended September 30, 2006

Revenue

For the three months ended September 30, 2007 our revenues increased 95% to approximately $3,123,000 from approximately $1,602,000 for the comparable period in 2006. This was the result of a 71% increase in testing volume and a 14% increase in average revenue per test. For the nine months ended September 30, 2007 our revenues increased 64% to approximately $7,709,000 from approximately $4,713,000 for the comparable period in 2006. This was the result of an increase in testing volume of 52% and a 7% increase in average revenue per test. The testing volume increases are the result of wide acceptance of our innovative products and our industry leading turnaround times, which has resulted in substantial numbers of new customers this year. The increases in average revenue per test are a result of our revenue mix continuing to evolve toward higher priced FISH and flow cytometry tests over time.

Cost of Revenue

For the three months ended September 30, 2007 our cost of revenue increased 111% to approximately $1,521,000 from approximately $721,000 in 2006. This increase was driven primarily by the increase in testing volumes for the period and to a lesser extent changes in product mix and resulted in the following:

- Increase of approximately 69% in employee and benefit related costs
- Increase of approximately 188% in facility costs;
- Increase of approximately 169% in supply costs; and
- Increase of approximately 224% in postage and delivery costs.

For the nine months ended September 30, 2007 our cost of revenue increased 79% to approximately $3,624,000 from approximately $2,023,000 for the comparable period in 2006. This increase was driven primarily by the increase in testing volumes for the period and to a lesser extent changes in product mix and resulted in the following:

- Increase of approximately 78% in employee labor and benefit related costs
- Increase of approximately 301% in facility costs;
- Increase of approximately 103% in supply costs; and
- Increase of approximately 176% in postage and delivery costs

Gross Profit

Our gross profit percentage for the three months ended September 30, 2007 decreased to approximately 51% from approximately 55% for the three months ended September 30, 2006, primarily as a result of greater facilities, supplies and postage and delivery costs as well as an increase in our product mix of lower margin tests. Our gross profit percentage for the nine months ended September 30, 2007 decreased for similar reasons to approximately 53% from approximately 57% for the nine months ended September 30, 2006.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased in the third quarter by approximately 184% to $2.18 million from $766,000 in 3Q 06. This increase was largely a result of increased headcount, professional and consulting fees, and bad debt reserves related to higher revenues. In addition, during Q3 07 we incurred approximately $274,000 of litigation-related legal fees that were not present in Q3 06.

Interest Expense, Net

Net interest expense for the three months ended September 30, 2007 decreased approximately 83% to approximately $14,000 from approximately $83,000 for the comparable period in 2006. Interest expense for the nine months ended September 30, 2007 decreased approximately 11% to approximately $206,000 from approximately $232,000 for the comparable period in 2006. Interest expense decreased primarily as a result of retiring the Aspen Agreement from Aspen on June 7, 2007.

Net Income/Loss

As a result of the foregoing, our net loss for the three months ended September 30, 2007 expanded to approximately $591,000 or $0.02/share from net income of approximately $32,000 or $0.00/share for the three months ended September 30, 2006. For the nine months ended September 30, 2007 net loss expanded to approximately $1,784,000 from net income of approximately $300,000 during the nine months ended September 30, 2006. This increase in net loss on a year over year basis is a direct result of our decision earlier in the year to begin preparing the Company to scale revenue at a faster rate in 2008, which has resulted in a significant expansion of our headcount and facilities expense since the beginning of the year. On a sequential quarterly basis, however, our net loss position improved substantially as net losses for Q3 07 decreased by approximately $382,000 or 39% from Q2 07.

COMMITTMENTS

Operating Leases

On April 5, 2007, we entered into a lease for 8,195 square feet of laboratory space in Irvine, California. The lease is a five year lease and results in total payments by the Company of approximately $771,000 including estimated operating and maintenance expenses and property taxes. This lease will expire on April 30, 2012.

On June 1, 2007, we entered into a lease for 9,000 square feet of office space in Fort Myers, Florida. The lease is a seven month lease and results in total payments by the Company of approximately $45,000 including estimated operating and maintenance expenses and property taxes. This lease will expire on December 31, 2007. As of September 30, 2007 the Company did not exercise their option on this sub-lease.

Capital Leases

During 2007, we entered into the following capital leases:

Date	Type	Months	Cost	Monthly Payment	Obligation at September 30, 2007
Feb 2007	Computer Hardware	36	$ 3,554	$ 122	$ 2,745
Feb 2007	Computer Hardware	36	6,245	219	5,039
Feb 2007	Lab Equipment	48	80,015	2,289	67,786
Mar 2007	Lab Equipment	60	136,118	2,792	130,591
Mar 2007	Computer Software	36	15,783	533	12,427
April 2007	Computer Hardware	36	10,570	354	8,620
May 2007	Furniture	60	19,820	441	17,816
August 2007	Lab Equipment	60	134,461	3,090	126,605
August 2007	Lab Equipment	60	58,245	1,392	54,784
Totals			**$ 464,811**	**$ 11,232**	**$ 426,413**

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Power3 Medical Products, Inc.

On April 2, 2007, we concluded an agreement with Power3 Medical Products, Inc., a New York Corporation ("Power3") regarding the formation of a joint venture Contract Research Organization ("CRO") and the issuance of convertible debentures and related securities by Power3 to us. Power3 is an early stage company engaged in the discovery, development, and commercialization of protein biomarkers. Under the terms of the agreement, NeoGenomics and Power3 agreed to enter into a joint venture agreement pursuant to which the parties will jointly own a CRO and begin commercializing Power3's intellectual property portfolio of seventeen patents pending by developing diagnostic tests and other services around one or more of the 534 differentially expressed protein biomarkers that Power3 believes it has discovered to date. Power3 has agreed to license all of its intellectual property on a non-exclusive basis to the CRO for selected commercial applications as well as provide certain management personnel. We will provide access to cancer samples, management and sales & marketing personnel, laboratory facilities and working capital. Subject to final negotiation, we will own a minimum of 60% and up to 80% of the new CRO venture which is anticipated to be launched in the first quarter of fiscal year 2008.

As part of the agreement, we provided $200,000 of working capital to Power3 by purchasing a convertible debenture on April 17, 2007 pursuant to a Securities Purchase Agreement (the "Purchase Agreement") between us and Power3. The debenture has a term of two years and a 6% per annum interest rate which is payable quarterly on the last calendar day of each quarter. We were also granted two (2) options to increase our stake in Power3 to up to 60% of Power3's fully diluted shares. The first option (the "First Option") is a fixed option to purchase convertible preferred stock of Power3 that is convertible into such number of shares of Power3 Common Stock, in one or more transactions, up to 20% of Power3's voting Common Stock at a purchase price per share, which will also equal the initial conversion price per share, equal to the lesser of (a) $0.20 per share, or (b) $20,000,000 divided by the fully-diluted shares outstanding on the date of the exercise of the First Option. This First Option is exercisable for a period starting on the date of purchase of the convertible debenture by NeoGenomics and extending until the day which is the later of (y) November 16, 2007 or (z) the date that certain milestones specified in the agreement have been achieved. The First Option is exercisable in cash or NeoGenomics Common Stock at our option, provided, however, that we must include at least $1.0 million of cash in the consideration if we elect to exercise this First Option. In addition to purchasing convertible preferred stock as part of the First Option, we are also entitled to receive such number of warrants to purchase Power3 Common Stock that will permit us to maintain our ownership percentage in Power3 on a fully diluted basis. Such warrants will have a purchase price equal to the initial conversion price of the convertible preferred stock that was purchased pursuant to the First Option and will have a five year term.

The second option (the "Second Option"), which is only exercisable to the extent that we have exercised the First Option, provides that we will have the option to increase our stake in Power3 to up to 60% of fully diluted shares of Power3 over the twelve month period beginning on the expiration date of the First Option in one or a series of transactions by purchasing additional convertible preferred stock of Power3 that is convertible into voting Common Stock and the right to receive additional warrants. The purchase price per share, and the initial conversion price of the Second Option convertible preferred stock will, to the extent such Second Option is exercised within six months of exercise of the First Option, be the lesser of (a) $0.40 per share or (b) $40,000,000 divided by the fully diluted shares outstanding on the date of exercise of the Second Option. The purchase price per share, and the initial conversion price of the Second Option convertible preferred stock will, to the extent such Second Option is exercised after six months, but within twelve months of exercise of the First Option, be the lesser of (y) $0.50 per share or (z) an equity price per share equal to $50,000,000 divided by the fully diluted shares outstanding on the date of any purchase. The exercise price of the Second Option may be paid in cash or in any combination of cash and our Common Stock at our option. In addition to purchasing convertible preferred stock as part of the Second Option, we are also entitled to receive such number of warrants to purchase Power3 Common Stock that will permit us to maintain our ownership percentage in Power3 on a fully diluted basis. Such warrants will have an exercise price equal to the initial conversion price of the convertible preferred stock being purchased on that date and will have a five year term. The purchase agreement granted us (1) a right of first refusal with respect to future issuances of Power3 capital stock and (2) the right to appoint a member of the Power3 board of directors so long as we own ten percent (10%) or more of Power3's outstanding voting securities.

As of November 16, 2007, the parties were engaged in good faith negotiations to clarify and amend certain terms of the original Letter Agreement. As these negotiations have not yet been concluded the parties have agreed to extend any deadlines in the Original Agreement until such time as they reach an agreement on a more comprehensive amendment to the original Letter Agreement or otherwise conclude that they are unable to do so.

The convertible debenture, since it is convertible into restricted shares of stock, is recorded under the fair value method at its initial cost of $200,000 if the stock price of Power3 is less than $0.20 per share or at fair value if the stock price of Power3 is greater than $0.20 per share. As of September 30, 2007, the stock price of Power3 was less than $0.20 per share so the convertible debenture is reflected at cost.

Legal Contingency

On October 26, 2006, Accupath Diagnostics Laboratories, Inc. d/b/a US Labs, a California corporation ("US Labs") filed a complaint in the Superior Court of the State of California for the County of Los Angeles (the "Court") against the Company and Robert Gasparini, as an individual, and certain other employees and non-employees of NeoGenomics with respect to claims arising from discussions with current and former employees of US Labs. US labs alleges, among other things, that NeoGenomics engaged in unfair competition because it was provided with access to certain salary information of four recently hired sales personnel prior to the time of hire. We believe that US Labs' claims against NeoGenomics lack merit, and that there are well-established laws that affirm the rights of employees to seek employment with any company they desire and employers to offer such employment to anyone they desire. US Labs seeks unspecified monetary relief. As part of the complaint, US Labs also sought preliminary injunctive relief against NeoGenomics, and requested that the Court bar NeoGenomics from, among other things: (a) inducing any US labs' employees to resign employment with US Labs; (b) soliciting, interviewing or employing US Labs' employees for employment; (c) directly or indirectly soliciting US Labs' customers with whom the four new employees of NeoGenomics did business while employed at US Labs; and (d) soliciting, initiating and/or maintaining economic relationships with US Labs' customers that are under contract with US Labs.

On November 15, 2006 the Court heard arguments on US Labs' request for a preliminary injunction and denied the majority of US Labs' request on the grounds that US Labs had not demonstrated a likelihood of success on the merits of their claims. The Court did, however, issue a much narrower preliminary injunction that prevents NeoGenomics from "soliciting" the US Labs' customers of such new sales personnel until the issues are resolved at the trial. The preliminary injunction is limited only to the "soliciting" of the US Labs' customers of the sales personnel in question, and does not in any way prohibit NeoGenomics from doing business with any such customers to the extent they have sought or seek a business relationship with NeoGenomics on their own initiative. Furthermore, NeoGenomics is not enjoined from recruiting any additional personnel from US Labs through any lawful means. We believe that US labs' claims will not be affirmed at the trial; however, even if they were, NeoGenomics does not believe such claims would result in a material impact to our business.

Discovery commenced in December 2006 and discovery and motion filing is ongoing. A trial is tentatively set for February 2008. While the Company received unsolicited and inaccurate salary information for three individuals that were ultimately hired, no evidence of misappropriation of trade secrets has been adduced by either side. As such, the Company filed a motion for Summary Judgment in early November to end the case before it even goes to trial. Arguments for the Motion for Summary Judgment are scheduled for mid January 2008.

The Company expects none of the aforementioned claims to be affirmed at trial; however, even if they were, NeoGenomics does not believe such claims would result in a material impact to our business. At this time we cannot accurately predict our legal fees but if these cases were to proceed to trial, we estimate that our total legal fees since inception could be as much as $750,000 to $1,000,000 before these cases are finalized.

The Company is also a defendant in one lawsuit from a former employee relating to compensation related claims. The Company does not believe this lawsuit is material to its operations or financial results and intends to vigorously pursue its defense of the matter.

Liquidity and Capital Resources

During the nine months ended September 30, 2007, our operating activities used approximately $2,189,000 in cash compared with cash used of approximately $301,000 for the nine months ended September 30, 2006. This amount primarily resulted from a $1,784,000 net loss and the need to fund a significant increase in accounts receivable in the nine months ended September 30, 2007 compared to having net income of approximately $300,000 and the need to fund a much smaller increase in accounts receivable during the nine months ended September 30, 2006. Cash used in investing activities primarily increased as a result of our purchase of a convertible debenture for $200,000 during the nine months ended September 30, 2007. We also used cash of approximately $407,000 to purchase new equipment for the nine months ended September 30, 2007 compared to approximately $271,000 for the nine months ended September 30, 2006. Our financing activities provided approximately $3,480,000 of cash for the nine month period ended September 30, 2007 compared to approximately $974,000 for the nine month period ended September 30, 2006.

During the period from May 31, 2007 through June 6, 2007, we sold 2,666,667 shares of our Common Stock to ten unaffiliated accredited investors (the "Investors") at a price of $1.50 per share in a Private Placement of our Common Stock (the "Private Placement"). The Private Placement generated gross proceeds to the Company of $4.0 million, and after estimated transaction costs, the Company received net cash proceeds of approximately $3.8 million. The Company also issued warrants to purchase 98,417 shares of our Common Stock to Noble International Investments, Inc. ("Noble"), in consideration for its services as a placement agent for the Private Placement. Additionally, the Company issued to Aspen Capital Advisors, LLC ("ACA") warrants to purchase 250,000 shares at $1.50 per share in consideration for ACA's services to the Company in connection with the Private Placement. The Private Placement involved the issuance of the aforementioned unregistered securities in transactions that we believed were exempt from registration under Rule 506 promulgated under the Securities Act. All of the aforementioned stockholders received

registration rights ("Registration Rights") for the Private Placement shares so purchased and we filed a registration statement on Form SB-2 on July 12, 2007 to register these shares (the "Registration Statement"). Certain of the Investors also purchased 1,500,000 shares and 500,000 warrants from Aspen Select Healthcare, LP in a separate transaction that occurred simultaneously with the Private Placement and the Company agreed to an assignment of Aspen's registration rights for such shares and warrants, and thus were included in the Registration Statement. As of November 16, 2007, the Registration Statement had not yet been declared effective.

On June 6, 2007, the Company issued to Lewis Asset Management ("LAM") 500,000 shares of Common Stock at a purchase price of $0.26 per share and received gross proceeds equal to $130,000 upon the exercise by LAM of 500,000 warrants which were purchased by LAM from Aspen Select Healthcare, LP on that day.

On June 7, 2007, the used part of the net proceeds of the Private Placement to pay off the $1.7 million principal balance of the Aspen Credit Facility.

On August 15, 2007 our Board of Directors voted to issue warrants to purchase 533,334 shares of our Common Stock to the investors who purchased shares in the Private Placement. Such warrants have an exercise price of $1.50 per share and are exercisable for a period of two years. Such warrants also have a provision for piggyback registration rights in the first year and demand registration rights in the second year.

On November 16, 2007 we entered into a Commitment Letter with CapitalSource Finance LLC ("CapitalSource") for a three year, $3.0 million working capital facility secured by all of our accounts receivable (the "AR Facility"). Under the terms of the Commitment Letter, we will be able to borrow up to 85% of the net collectible value, as determined by CapitalSource, of our accounts receivable that have not aged beyond 150 days. Interest on the AR Facility will be set at LIBOR + 3.25%, subject to a floor on the LIBOR rate as of the date of the closing. Availability of under the AR Facility will be subject to our meeting or maintaining certain covenants regarding minimum liquidity, cash collections, and a fixed charge coverage ratio. The closing of the AR Facility is subject to reaching mutually acceptable transaction documentation and other customary closing conditions for transactions of this nature. Notwithstanding the foregoing, we currently expect that definitive agreements will be executed in the next 2-4 weeks.

At the present time, we anticipate that based on our current business plan and our ongoing operations we will need approximately $1 - $2 million of additional working capital over the next 12 months. We plan to raise this additional money by accessing the contemplated CapitalSource AR Facility and/or through issuing a combination of other debt and equity securities. In addition, we also rely on equipment lessors to fund our purchases of capital equipment from time to time. This estimate of our cash needs does not include any additional funding which may be required for growth in our business beyond that which is planned, strategic transactions or acquisitions. In the event that the Company grows faster than we currently anticipate or we engage in strategic transactions or acquisitions, or we do not close on the CapitalSource AR Facility, or we are unable to obtain equipment financing from equipment lessors in an amount sufficient to cover our planned capital expenditures, and our cash on hand is not sufficient to meet our financing needs, we may need to raise additional capital from other resources. 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. On November 16, 2007 we had approximately $100,000 in cash on hand.

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 $1.5 million to $2.0 million of additional capital equipment during the next twelve months. We plan to fund these expenditures though capital lease financing arrangements. If we are unable to obtain such funding, we will need to pay cash for these items or we will be required to curtail our equipment purchases, which may have an impact on our ability to continue to grow our revenues.

Staffing

As of September 30, 2007, we had seventy four full-time employees. During the remainder of fiscal year 2007, we plan to add additional laboratory technologists and laboratory assistants to assist us in handling a greater volume of tests and to perform contract research projects. In addition, we intend to continue building our sales force in an effort to sustain our sales growth, as well as add personnel in management, accounting, and administrative functions. The number of such additional personnel and their salaries will be determined by the volume of business we are generating and the availability of adequate financial resources to pay the salaries of such personnel.

Risks Related To Our Business

We are subject to various risks that may materially harm our business, financial condition and results of operations. An investor should carefully consider the risks and uncertainties described below and the other information in this filing before deciding to purchase our common stock. If any of these risks or uncertainties actually occurs, our business, financial condition or operating results could be materially harmed. In that case, the trading price of our common stock could decline or we may be forced to cease operations.

The Failure to Obtain Necessary Additional Capital to Finance Growth and Capital Requirements, Could Adversely Affect The Company's Business, Financial Condition and Results of Operations

The Company may seek to exploit business opportunities that require more capital than what is currently planned. The Company may not be able to raise such capital on favorable terms or at all. If the Company is unable to obtain such additional capital, the Company may be required to reduce the scope of its anticipated expansion, which could adversely affect the Company's business, financial condition and results of operations.

We Have A Limited Operating History Upon Which You Can Evaluate Our Business

The Company commenced revenue operations in 2002 and is just beginning to generate meaningful revenue. Accordingly, the Company has a limited operating history upon which an evaluation of the Company and its prospects can be based. The Company and its prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in the rapidly evolving market for healthcare and medical laboratory services. To address these risks, the Company must, among other things, respond to competitive developments, attract, retain and motivate qualified personnel, implement and successfully execute its sales strategy, develop and market additional services, and upgrade its technological and physical infrastructure in order to scale its revenues. The Company may not be successful in addressing such risks. The limited operating history of the Company makes the prediction of future results of operations difficult or impossible.

We May Not Be Able To Implement The Company's Business Strategies Which Could Impair Our Ability to Continue Operations

Implementation of the Company's business strategies will depend in large part on the Company's ability to (i) attract and maintain a significant number of customers; (ii) effectively provide acceptable products and services to the Company's customers; (iii) obtain adequate financing on favorable terms to fund the Company's business strategies; (iv) maintain appropriate procedures, policies, and systems; (v) hire, train, and retain skilled employees; (vi) continue to operate with increasing competition in the medical laboratory industry; (vii) establish, develop and maintain name recognition; and (viii) establish and maintain beneficial relationships with third-party insurance providers and other third party payers. The Company's inability to obtain or maintain any or all these factors could impair its ability to implement its business strategies successfully, which could have material adverse effects on its results of operations and financial condition, and could force us to curtail our business operations.

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We May Be Unsuccessful In Managing Our Growth Which Could Prevent the Company From Becoming Profitable

The Company's recent growth has placed, and is expected to continue to place, a significant strain on its managerial, operational and financial resources. To manage its potential growth, the Company must continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The Company may not be able to effectively manage the expansion of its operations and the Company's systems, procedures or controls may not be adequate to support the Company's operations. The Company's management may not be able to achieve the rapid execution necessary to fully exploit the market opportunity for the Company's products and services. Any inability to manage growth could have a material adverse effect on the Company's business, results of operations, potential profitability and financial condition, and could force us to curtail our business operations.

Part of the Company's business strategy may be to acquire assets or other companies that will complement the Company's existing business. The Company is unable to predict whether or when any material transaction will be completed should negotiations commence. If the Company proceeds with any such transaction, the Company may not effectively integrate the acquired operations with the Company's own operations. The Company may also seek to finance any such acquisition by debt financings or issuances of equity securities and such financing may not be available on acceptable terms or at all. If any of these things happen the company could be forced to curtail our business operations.

We May Incur Greater Costs Than Anticipated, Which Could Result in Sustained Losses

The Company has used reasonable efforts to assess and predict the expenses necessary to pursue its business plan. However, implementing the Company's business plan may require more employees, capital equipment, supplies or other expenditure items than management has predicted. Similarly, the cost of compensating additional management, employees and consultants or other operating costs may be more than the Company estimates, which could result in sustained losses.

Significant Costs May Be Incurred in Excess of Our Business Plan with Regard to Sarbanes-Oxley Compliance That the Government is Mandating for Small Businesses

On July 25, 2007, the Securities and Exchange Commission ("SEC") approved the proposed Public Company Accounting Oversight Board ("PCAOB") Auditing Standard 5 (AS 5), which requires non-accelerated filers to be in compliance with the internal control requirements of Section 404 of the Sarbanes Oxley Act of 2002. The Company must conduct an assessment of its internal controls over financial reporting as of December 31, 2007, and report its findings in the Company's annual report for 2007. Although AS 5 was designed to reduce certain costs of compliance, the Company could incur significant increased external and internal compliance costs, as this is the Company's first year of mandated compliance with the Act.

We May Face Fluctuations in Results of Operations Which Could Negatively Affect Our Business Operations and We are Subject to Seasonality in our Business

As a result of the Company's limited operating history and the relatively limited information available on the Company's competitors, the Company may not have sufficient internal or industry-based historical financial data upon which to calculate anticipated operating expenses. Management expects that the Company's results of operations may also fluctuate significantly in the future as a result of a variety of factors, including, but not limited to, (i) the continued rate of growth, usage and acceptance of the Company's products and services; (ii) demand for the Company's products and services; (iii) the introduction and acceptance of new or enhanced products or services by us or by competitors; (iv) the Company's ability to anticipate and effectively adapt to developing markets and to rapidly changing technologies; (v) the Company's ability to attract, retain and motivate qualified personnel; (vi) the initiation,

renewal or expiration of significant contracts with the Company's major clients; (vii) pricing changes by us, our suppliers or our competitors; (viii) seasonality; and

(ix) general economic conditions and other factors. Accordingly, future sales and operating results are difficult to forecast. The Company's expenses are based in part on the Company's expectations as to future revenues and to a significant extent are relatively fixed, at least in the short-term. The Company may not be able to adjust spending in a timely manner to compensate for any unexpected revenue shortfall. Accordingly, any significant shortfall in relation to the Company's expectations would have an immediate adverse impact on the Company's business, results of operations and financial condition, and could force us to curtail our business operations. In addition, the Company may determine from time to time to make certain pricing or marketing decisions or acquisitions that could have a short-term material adverse effect on the Company's business, results of operations and financial condition and may not result in the long-term benefits intended. Furthermore, in Florida, currently a primary referral market for our lab testing services, a meaningful percentage of the population returns to homes in the Northern U.S. to avoid the hot summer months. This may result in seasonality in our business. Because of all of the foregoing factors, the Company's operating results could be less than the expectations of investors in future periods.

We Substantially Depend Upon Third Parties for Payment of Services, Which Could Have A Material Adverse Affect On Our Cash Flows And Results Of Operations

The Company is a clinical medical laboratory that provides medical testing services to doctors, hospitals, and other laboratories on patient specimens that are sent to the Company. In the case of most specimen referrals that are received for patients that are not in-patients at a hospital or institution or otherwise sent by another reference laboratory, the Company generally has to bill the patient's insurance company or a government program for its services. As such we rely on the cooperation of numerous third party payers, including but not limited to Medicare, Medicaid and various insurance companies, in order to get paid for performing services on behalf of the Company's clients. Wherever possible, the amount of such third party payments is governed by contractual relationships in cases where the Company is a participating provider for a specified insurance company or by established government reimbursement rates in cases where the Company is an approved provider for a government program such as Medicare. However, the Company does not have a contractual relationship with many of the insurance companies with whom it deals, nor is it necessarily able to become an approved provider for all government programs. In such cases, the Company is deemed to be a non-participating provider and there is no contractual assurance that the Company is able to collect the amounts billed to such insurance companies or government programs. Currently, the Company is not a participating provider with the majority of the insurance companies it bills for its services. Until such time as the Company becomes a participating provider with such insurance companies, there can be no contractual assurance that the Company will be paid for the services it bills to such insurance companies, and such third parties may change their reimbursement policies for non-participating providers in a manner that may have a material adverse affect on the Company's cash flow or results of operations, and could force us to curtail our business operations.

Our Business Is Subject To Rapid Scientific Change, Which Could Have A Material Adverse Affect On Our Business, Results of Operations And Financial Condition

The market for genetic and molecular testing services is characterized by rapid scientific developments, evolving industry standards and customer demands, and frequent new product introductions and enhancements. The Company's future success will depend in significant part on its ability to continually improve its offerings in response to both evolving demands of the marketplace and competitive service offerings. If the Company is not successful in improving it offerings, we could be forced to curtail our business operations.

The Market For Our Services Is Highly Competitive, Which Could Have A Material Adverse Affect On Our Business, Results Of Operations And Financial Condition

The market for genetic and molecular testing services is highly competitive and competition is expected to continue to increase. The Company competes with other commercial medical laboratories in addition to the in-house laboratories of many major hospitals. Many of the Company's existing competitors have significantly greater financial, human, technical and marketing resources than the Company. The Company's competitors may develop products and services that are superior to those of the Company or that achieve greater market acceptance than the Company's offerings. The Company may not be able to compete successfully against current and future sources of competition and in such case; this may have a material adverse effect on the Company's business, results of operations and financial condition, and could force us to curtail our business operations.

We Face The Risk of Capacity Constraints, Which Could Have A Material Adverse Affect On Our Business, Results Of Operations And Financial Condition

We compete in the market place primarily on three factors: a) the quality and accuracy of our test results; b) the speed or turn-around times of our testing services; and c) our ability to provide after-test support to those physicians requesting consultation. Any unforeseen increase in the volume of customers could strain the capacity of our personnel and systems, which could lead to inaccurate test results, unacceptable turn-around times, or customer service failures. In addition, as the number of customers and cases increases, the Company's products, services, and infrastructure may not be able to scale accordingly. Any failure to handle higher volume of requests for the Company's products and services could lead to the loss of established customers and have a material adverse effect on the Company's business, results of operations and financial condition, and could force us to curtail our business operations.

If we produce inaccurate test results, our customers may choose not to use us in the future. This could severely harm our business, results of operations and financial condition. In addition, based on the importance of the subject matter of our tests, inaccurate results could result in improper treatment of patients, and potential liability for the Company.

We May Fail to Protect Our Facilities, Which Could Have A Material Adverse Affect On Our Business, Results Of Operations And Financial Condition

The Company's operations are dependent in part upon its ability to protect its laboratory operations against physical damage from fire, floods, hurricanes, power loss, telecommunications failures, break-ins and similar events. The Company does not presently have emergency back-up generators in place at its Fort Myers, Fl, Nashville, TN and Irvine, CA laboratory locations that could mitigate, to some extent, the effects of a prolonged power outage. The occurrence of any of these events could result in interruptions, delays or cessations in service to customers, which could have a material adverse effect on the Company's business, results of operations and financial condition, and could force us to curtail our business operations.

The Steps Taken By The Company To Protect Its Proprietary Rights May Not Be Adequate

The Company regards its copyrights, trademarks, trade secrets and similar intellectual property as critical to its success, and the Company relies upon trademark and copyright law, trade secret protection and confidentiality and/or license agreements with its employees, customers, partners and others to protect its proprietary rights. The steps taken by the Company to protect its proprietary rights may not be adequate or third parties may infringe or misappropriate the Company's copyrights, trademarks, trade secrets and similar proprietary rights. In addition, other parties may assert infringement claims against the Company. If third parties infringe on our proprietary rights or if we have an infringement claim presented against us it could force us to curtail our business operations.

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We are Dependent on Key Personnel and Need to Hire Additional Qualified Personnel

The Company's performance is substantially dependent on the performance of its senior management and key technical personnel. In particular, the Company's success depends substantially on the continued efforts of its senior management team, which currently is composed of a small number of individuals. The Company does not carry key person life insurance on any of its senior management personnel, other than its President and Chief Scientific Officer. The loss of the services of any of its executive officers, its laboratory director or other key employees could have a material adverse effect on the business, results of operations and financial condition of the Company.

The Company's future success also depends on its continuing ability to attract and retain highly qualified technical and managerial personnel. Competition for such personnel is intense and the Company may not be able to retain its key managerial and technical employees or may not be able to attract and retain additional highly qualified technical and managerial personnel in the future. The inability to attract and retain the necessary technical and managerial personnel could have a material adverse effect upon the Company's business, results of operations and financial condition.

Failure of our information systems could affect our business operations.

The Company's success depends, in part, on the performance of our information technology systems. These systems are used extensively in virtually all aspects of our business, including among others, laboratory testing, billing, customer service, medical data and analysis of test results.

The Company's information technology systems are at risk from a variety of sources including among other failures, malicious human acts and natural disasters. Despite reasonable security measures we have implemented, some of our information technology systems are at risk to physical or electronic break-ins, computer viruses in similar disruptive events, in part because we conduct operations on the internet and because some of these systems are located at third party web hosting providers and we cannot control the maintenance and operation of these providers. Despite the precautions we have taken, unanticipated problems affecting our systems could cause interruptions in our information technology systems, leading to lost revenue, deterioration of customer confidence, or significant business disruption.

Our Net Revenue will be Diminished If Payers do not Adequately Cover or Reimburse our Services.

There has been and will continue to be significant efforts by both federal and state agencies to reduce costs in government healthcare programs and otherwise implement government control of healthcare costs. In addition, increasing emphasis on managed care in the U.S. may continue to put pressure on the pricing of healthcare services. Uncertainty exists as to the coverage and reimbursement status of new applications or services. Third party payers, including governmental payers such as Medicare and private payers, are scrutinizing new medical products and services and may not cover or may limit coverage and the level of reimbursement for our services. Third party insurance coverage may not be available to patients for any of our existing assays or assays we discover and develop. However, a substantial portion of the testing for which we bill our hospital and laboratory clients is ultimately paid by third party payers. Any pricing pressure exerted by these third party payers on our customers may, in turn, be exerted by our customers on us. If government and other third party payers do not provide adequate coverage and reimbursement for our assays, our operating results, cash flows or financial condition may decline.

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.

Of particular importance to our operations are federal and state laws prohibiting fraudulent billing and providing for the recovery of non-fraudulent overpayments, as a large number of laboratories have been forced by the federal and state governments, as well as by private payers, to enter into substantial settlements under

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these laws. In particular, if an entity is determined to have violated the federal False Claims Act, it may be required to pay up to three times the actual damages sustained by the government, plus civil penalties of between $5,500 to $11,000 for each separate false claim. There are many potential bases for liability under the federal False Claims Act. Liability arises, primarily, when an entity knowingly submits, or causes another to submit, a false claim for reimbursement to the federal government. Submitting a claim with reckless disregard or deliberate ignorance of its truth or falsity could result in substantial civil liability. A trend affecting the healthcare industry is the increased use of the federal False Claims Act and, in particular, actions under the False Claims Act's "whistleblower" or "qui tam" provisions to challenge providers and suppliers. Those provisions allow a private individual to bring actions on behalf of the government alleging that the defendant has submitted a fraudulent claim for payment to the federal government. The government must decide whether to intervene in the lawsuit and to become the primary prosecutor. If it declines to do so, the individual may choose to pursue the case alone, although the government must be kept apprised of the progress of the lawsuit. Whether or not the federal government intervenes in the case, it will receive the majority of any recovery. In addition, various states have enacted laws modeled after the federal False Claims Act.

Government investigations of clinical laboratories have been ongoing for a number of years and are expected to continue in the future. Written "corporate compliance" programs to actively monitor compliance with fraud laws and other regulatory requirements are recommended by the Department of Health and Human Services' Office of the Inspector General. Such deficiencies, if found, could have a material adverse effect on the Company's business, results of operations and financial condition and subject us to liability.

The Failure to Comply With Significant Government Regulation and Laboratory Operations May Subject the Company to Liability, Penalties or Limitation of Operations

As discussed in the Government Regulation section of our business description in our Form 10-K, the Company is subject to extensive state and federal regulatory oversight. Our laboratory locations may not pass inspections conducted to ensure compliance with CLIA `88 or with any other applicable licensure or certification laws. The sanctions for failure to comply with CLIA `88 or state licensure requirements might include the inability to perform services for compensation or the suspension, revocation or limitation of the laboratory location's CLIA `88 certificate or state license, as well as civil and/or criminal penalties. In addition, any new legislation or regulation or the application of existing laws and regulations in ways that we have not anticipated could have a material adverse effect on the Company's business, results of operations and financial condition.

Existing federal and state laws governing Medicare and Medicaid, as well as some other state and federal laws, also regulate certain aspects of the relationship between healthcare providers, including clinical and anatomic laboratories, and their referral sources, including physicians, hospitals and other laboratories. Certain provisions of these laws, known as the "anti-kickback law" and the "Stark Laws", contain extremely broad proscriptions. Violation of these laws may result in criminal penalties, exclusion from Medicare and Medicaid, and significant civil monetary penalties. We will seek to structure our arrangements with physicians and other customers to be in compliance with the anti-kickback, Stark and state laws, and to keep up-to-date on developments concerning their application by various means, including consultation with legal counsel. However, we are unable to predict how these laws will be applied in the future and the arrangements into which we enter may become subject to scrutiny thereunder.

Furthermore, the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") and other state laws contains provisions that affect the handling of claims and other patient information that are, or have been, transmitted electronically and regulate the general disclosure of patient records and patient health information. These provisions, which address security and confidentiality of patient information as well as the administrative aspects of claims handling, have very broad applicability and they specifically apply to healthcare providers, which include physicians and clinical laboratories. Although we believe we have complied with the Standards, Security and Privacy rules under HIPAA and state laws, an audit of our procedures and systems could find deficiencies.

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We Are Subject to Security Risks Which Could Harm Our Operations

Despite the implementation of various security measures by the Company, the Company's infrastructure is vulnerable to computer viruses, break-ins and similar disruptive problems caused by its customers or others. Computer viruses, break-ins or other security problems could lead to interruption, delays or cessation in service to the Company's customers. Further, such break-ins whether electronic or physical could also potentially jeopardize the security of confidential information stored in the computer systems of the Company's customers and other parties connected through the Company, which may deter potential customers and give rise to uncertain liability to parties whose security or privacy has been infringed. A significant security breach could result in loss of customers, damage to the Company's reputation, direct damages, costs of repair and detection, and other expenses. The occurrence of any of the foregoing events could have a material adverse effect on the Company's business, results of operations and financial condition.

The Company Is Controlled by Existing Shareholders Therefore Other Shareholders Will Not Be Able to Direct The Company

The majority of our shares and thus voting control of the Company is held by a relatively small group of stockholders. Because of such ownership, those stockholders will effectively retain control of our Board of Directors and determine all of our corporate actions. In addition, the Company and stockholders owning 9,247,779 shares, or approximately 30% of our voting Common Stock outstanding as of September 30, 2007, have executed a Shareholders' Agreement that, among other provisions, gives Aspen, our largest stockholder, the right to designate three out of the seven Directors authorized for our Board of Directors, and to nominate one mutually acceptable independent Director. Accordingly, it is anticipated that Aspen and other parties to the Shareholders' Agreement will continue to have the ability to elect a controlling number of the members of our Board of Directors and the minority stockholders of the Company may not be able to elect a representative to our Board of Directors. Such concentration of ownership may also have the effect of delaying or preventing a change in control

No Foreseeable Dividends

The Company does not anticipate paying dividends on its common shares in the foreseeable future. Rather, the Company plans to retain earnings, if any, for the operation and expansion of Company business.

Item 3 - CONTROLS AND PROCEDURES

(A) Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's Principal Executive Officer and Principal Accounting Officer of the effectiveness of the design and operation of the Company's disclosure controls and procedures. The Company's disclosure controls and procedures are designed to provide a reasonable level of assurance of achieving the Company's disclosure control objectives. The Company's Acting Principal Financial Officer, Principal Executive Officer and Principal Accounting Officer have concluded that the Company's disclosure controls and procedures are, in fact, effective at this reasonable assurance level as of the period covered. In addition, the Company reviewed its internal controls, and there have been no significant changes in its internal controls or in other factors that could significantly affect those controls subsequent to the date of their last evaluation or from the end of the reporting period to the date of this Form 10-QSB.

(B) Changes in Internal Controls over Financial Reporting

In connection with the evaluation of the Company's internal controls during the nine months ended September 30, 2007, the Company's Principal Executive Officer, Principal Accounting Officer and Acting Principal Financial Officer have determined that there are no changes to the Company's internal controls over financial reporting that has materially affected, or is reasonably likely to materially effect, the Company's internal controls over financial reporting.

PART II - OTHER INFORMATION

Item 1 Legal Proceedings

On October 26, 2006, Accupath Diagnostics Laboratories, Inc. d/b/a US Labs, a California corporation ("US Labs") filed a complaint in the Superior Court of the State of California for the County of Los Angeles (the "court") against the Company and Robert Gasparini, as an individual, and certain other employees and non-employees of NeoGenomics with respect to claims arising from discussions with current and former employees of US Labs. US labs alleges, among other things, that NeoGenomics engaged in unfair competition because it was provided with access to certain salary information of four recently hired sales personnel prior to the time of hire. We believe that US Labs' claims against NeoGenomics lack merit, and that there are well-established laws that affirm the rights of employees to seek employment with any company they desire and employers to offer such employment to anyone they desire. US Labs seeks unspecified monetary relief. As part of the complaint, US Labs also sought preliminary injunctive relief against NeoGenomics, and requested that the Court bar NeoGenomics from, among other things: (a) inducing any US labs' employees to resign employment with US Labs; (b) soliciting, interviewing or employing US Labs' employees for employment; (c) directly or indirectly soliciting US Labs' customers with whom the four new employees of NeoGenomics did business while employed at US Labs; and (d) soliciting, initiating and/or maintaining economic relationships with US Labs' customers that are under contract with US Labs.

On November 15, 2006 the Court heard arguments on US Labs' request for a preliminary injunction and denied the majority of US Labs' request on the grounds that US Labs had not demonstrated a likelihood of success on the merits of their claims. The Court did, however, issue a much narrower preliminary injunction that prevents NeoGenomics from "soliciting" the US Labs' customers of such new sales personnel until the issues are resolved at the trial. The preliminary injunction is limited only to the "soliciting" of the US Labs' customers of the sales personnel in question, and does not in any way prohibit NeoGenomics from doing business with any such customers to the extent they have sought or seek a business relationship with NeoGenomics on their own initiative. Furthermore, NeoGenomics is not enjoined from recruiting any additional personnel from US Labs through any lawful means. We believe that US labs' claims will not be affirmed at the trial; however, even if they were, NeoGenomics does not believe such claims would result in a material impact to our business.

Discovery commenced in December 2006 and discovery and motion filing is ongoing. A trial is tentatively set for February 2008. While the Company received unsolicited and inaccurate salary information for three individuals that were ultimately hired, no evidence of misappropriation of trade secrets has been adduced by either side. As such, the Company filed a motion for Summary Judgment in early November to end the case before it even goes to trial. Arguments for the Motion for Summary Judgment are scheduled for mid January 2008.

The Company expects none of the aforementioned claims to be affirmed at trial; however, even if they were, NeoGenomics does not believe such claims would result in a material impact to our business. At this time we cannot accurately predict our legal fees but if these cases were to proceed to trial, we estimate that our total legal fees since inception could be as much as $750,000 to $1,000,000 before these cases are finalized.

The Company is also a defendant in one lawsuit from a former employee relating to compensation related claims. The Company does not believe this lawsuit is material to its operations or financial results and intends to vigorously pursue its defense of the matter.

Item 2 Change in Securities

On August 15, 2007 our Board of Directors voted to issue warrants to purchase 533,334 shares of our Common Stock to the investors who purchased shares in the Placement. Such warrants have an exercise price of $1.50 per share and are exercisable for a period of two years. Such warrants also have a provision for piggyback registration rights in the

first year and demand registration rights in the second year.

Item 3 Defaults upon senior securities

NONE

Item 4 Submission of Matters to a Vote of Securities Holders

NONE

Item 5 Other Information

NONE

Item 6 Exhibits and Reports on Form 8-K

(a) Exhibits - The following exhibits are filed as part of this Form 10-QSB.

EXHIBIT NO.	DESCRIPTION	FILING REFERENCE
3.1	Articles of Incorporation, as amended	(i)
3.2	Amendment to Articles of Incorporation filed with the Nevada Secretary of State on January 3, 2003.	(ii)
3.3	Amendment to Articles of Incorporation filed with the Nevada Secretary of State on April 11, 2003.	(ii)
3.4	Amended and Restated Bylaws, dated April 15, 2003.	(ii)
10.1	Amended and Restated Loan Agreement between NeoGenomics, Inc. and Aspen Select Healthcare, L.P., dated March 30, 2006	(iii)
10.2	Amended and Restated Registration Rights Agreement between NeoGenomics, Inc. and Aspen Select Healthcare, L.P. and individuals dated March 23, 2005	(iv)
10.3	Guaranty of NeoGenomics, Inc., dated March 23, 2005	(iv)
10.4	Stock Pledge Agreement between NeoGenomics, Inc. and Aspen Select Healthcare, L.P., dated March 23, 2005	(iv)
10.5	Warrants issued to Aspen Select Healthcare, L.P., dated March 23, 2005	(iv)
10.6	Securities Equity Distribution Agreement with Cornell Capital Partners, L.P. dated June 6, 2005	(iv)
10.7	Employment Agreement, dated December 14, 2005, between Mr. Robert P. Gasparini and the Company	(v)
10.8	Standby Equity Distribution Agreement with Cornell Capital Partners, L.P. dated June 6, 2005	(vi)
10.9	Registration Rights Agreement with Cornell Capital partners, L.P. related to the Standby Equity Distribution dated June 6, 2005	(vi)
10.10	Placement Agent with Spartan Securities Group, Ltd., related to the Standby Equity Distribution dated June 6, 2005	(vi)
10.11	Amended and restated Loan Agreement between NeoGenomics, Inc. and Aspen Select Healthcare, L.P., dated March 30, 2006	(iii)
10.12	Amended and Restated Warrant Agreement between NeoGenomics, Inc. and Aspen Select Healthcare, L.P., dated January 21, 2006	(iii)
10.13	Amended and Restated Security Agreement between NeoGenomics, Inc. and Aspen Select Healthcare, L.P., dated March 30, 2006	(iii)
10.14	Registration Rights Agreement between NeoGenomics, Inc. and Aspen Select Healthcare, L.P., dated March 30, 2006	(iii)
10.15	Warrant Agreement between NeoGenomics, Inc. and SKL Family Limited Partnership, L.P. issued January 23, 2006	(iii)
10.16	Warrant Agreement between NeoGenomics, Inc. and Aspen Select Healthcare, L.P. issued March 14, 2006	(iii)
10.17	Warrant Agreement between NeoGenomics, Inc. and Aspen Select Healthcare, L.P. issued March 30, 2006	(iii)
10.18	Agreement with Power3 Medical Products, Inc regarding the Formation of Joint Venture & Issuance of Convertible Debenture and Related Securities	(vii)
10.19	Securities Purchase Agreement by and between NeoGenomics, Inc. and Power3 Medical Products, Inc.	(viii)

10.20	Power3 Medical Products, Inc. Convertible Debenture	(viii)
10.21	Agreement between NeoGenomics and Noble International Investments, Inc.	(xiv)
10.22	Subscription Document	(xiv)
10.23	Investor Registration Rights Agreement	(xiv)
31.1	Certification by Principal Executive Officer pursuant to 15 U.S.C. Section 7241, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	(viii)
31.2	Certification by Principal Financial Officer pursuant to 15 U.S.C. Section 7241, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	(viii)
31.3	Certification by Principal Accounting Officer pursuant to 15 U.S.C. Section 7241, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	(viii)
32.1	Certification by Principal Executive Office, 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	(viii)

Footnotes

(i)	Incorporated by reference to the Company's Registration Statement on Form SB-2, filed February 10, 1999.
(ii)	Incorporated by reference to the Company's Annual Report on Form 10-KSB for the year ended December 31, 2002, filed May 20, 2003.
(iii)	Incorporated by reference to the Company's Annual Report on Form 10-KSB for the year ended December 31, 2005, filed April 3, 2006.
(iv)	Incorporated by reference to the Company's Report on Form 8-K, filed March 30, 2005.
(v)	Incorporated by reference to the Company's Annual Report on Form 10-KSB for the year ended December 31, 2004, filed April 15, 2005.
(vi)	Incorporated by reference to the Company's Report on Form 8-K for the SEC filed June 8, 2005.
(vii)	Incorporated by reference to the Company's Annual Report on Form 10-KSB for the year ended December 31, 2006, filed April 2, 2007.
(viii)	Incorporated by reference to the Company's Quarterly Report on Form 10-KSB for the quarter ended March 31, 2007, filed May 15, 2007.
(xiv)	Incorporated by reference to the Company's Registration statement on Form SB-2 filed July 6, 2007.

(b) Reports on Form 8-K.

NONE

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NEOGENOMICS, INC.

Date: November 19, 2007 /s/ Robert P. Gasparini
Name: Robert P. Gasparini
Title: President and
Principal Executive Officer

Date: November 19, 2007 /s/ Steven C. Jones
Name: Steven C. Jones
Title: Acting Principal Financial Officer

Date: November 19, 2007 /s/ Jerome J. Dvonch
Name: Jerome J. Dvonch
Title: Principal Accounting Officer

EXHIBIT 31.1

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert P. Gasparini, Principal Executive Officer, certify that:

1. I have reviewed this quarterly report on Form 10-QSB 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 quarterly 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 small business issuer as of, and for, the periods presented in this report;

4. The small business issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the small business issuer 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 small business issuer, 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) Omitted;

(c) Evaluated the effectiveness of the small business issuer'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 small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5. The small business issuer's other certifying officer(s) and I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer'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 small business issuer'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 small business issuer's internal control over financial reporting.

Date: November 19, 2007

By: */s/ Robert P. Gasparini*
Name: Robert P. Gasparini
Title: President and Principal Executive Officer

*The introductory portion of paragraph 4 of the Section 302 certification that refers to the certifying officers' responsibility for establishing and maintaining internal control over financial reporting for the company, as well as paragraph 4(b), have been omitted in accordance with Release Nos. 33-8618 and 34-52492 (September 22, 2005) because the compliance period has been extended for small business issuers until the first fiscal year ending on or after July 15, 2007.

EXHIBIT 31.2

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Steven C. Jones, Principal Financial Officer, certify that:

1. I have reviewed this quarterly report on Form 10-QSB 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 quarterly 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 small business issuer as of, and for, the periods presented in this report;

4. The small business issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the small business issuer 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 small business issuer, 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) Omitted;

(c) Evaluated the effectiveness of the small business issuer'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 small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5. The small business issuer's other certifying officer(s) and I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer'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 small business issuer'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 small business issuer's internal control over financial reporting.

Date: November 19, 2007 By: */s/ Steven C. Jones*
Name: Steven C. Jones
Title: Acting Principal Financial Officer

*The introductory portion of paragraph 4 of the Section 302 certification that refers to the certifying officers' responsibility for establishing and maintaining internal control over financial reporting for the company, as well as paragraph 4(b), have been omitted in accordance with Release Nos. 33-8618 and 34-52492 (September 22, 2005) because the compliance period has been extended for small business issuers until the first fiscal year ending on or after July 15, 2007.

EXHIBIT 31.3

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Jerome J. Dvonch, Principal Accounting Officer, certify that:

1. I have reviewed this quarterly report on Form 10-QSB 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 quarterly 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 small business issuer as of, and for, the periods presented in this report;

4. The small business issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the small business issuer 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 small business issuer, 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) Omitted;

(c) Evaluated the effectiveness of the small business issuer'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 small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5. The small business issuer's other certifying officer(s) and I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer'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 small business issuer'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 small business issuer's internal control over financial reporting.

Date: November 19, 2007

By: */s/ Jerome J. Dvonch*
Name: Jerome J. Dvonch
Title: Principal Accounting Officer

*The introductory portion of paragraph 4 of the Section 302 certification that refers to the certifying officers' responsibility for establishing and maintaining internal control over financial reporting for the company, as well as paragraph 4(b), have been omitted in accordance with Release Nos. 33-8618 and 34-52492 (September 22, 2005) because the compliance period has been extended for small business issuers until the first fiscal year ending on or after July 15, 2007.

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-QSB for the three and nine months ended September 30, 2007 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, in the capacities and on the dates indicated below, hereby certifies 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: November 19, 2007 /s/ *Robert P. Gasparini*
Robert P. Gasparini
President and
Principal Executive Officer

Date: November 19, 2007 /s/ *Steven C. Jones*
Steven C. Jones
Acting Principal Financial Officer

Date: November 19, 2007 /s/ *Jerome J. Dvonch*
Jerome J. Dvonch
Principal Accounting Officer

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.

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