NEOGENOMICS INC
Form POS AM
April 28, 2009
As filed with the U.S. Securities and Exchange Commission on April 28 , 2009

Registration No. 333-155784

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

POST EFFECTIVE
AMENDMENT NO. 1
TO
FORM S-1

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

NeoGenomics, Inc.
(Name of Registrant in Our Charter)

Nevada		74-2897368
(State or Other Jurisdiction of Incorporation or Organization)		(I.R.S. Employer Identification No.)
12701 Commonwealth Drive, Suite 9 Fort Myers, Florida 33913 (239) 768-0600 (Address and Telephone Number of Principal Executive Offices and Principal Place of Business)	8731 (Primary Standard Industrial Classification Code Number)	Robert P. Gasparini 12701 Commonwealth Drive, Suite 9 Fort Myers, Florida 33913 (239) 768-0600 (Name, Address and Telephone Number of Agent for Service)

With copies to:
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Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, as amended, check the following box. x

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer”, “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer o	Accelerated filer o
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company x

EXPLANATORY NOTE

The Registrant's Registration Statement on Form S-1 (File No. 333-155784) originally filed with the Securities and Exchange Commission on November 28, 2008 was declared effective on February 5, 2009 (the "Original Registration Statement"). The Registrant is filing this Post-Effective Amendment No. 1 to the Original Registration Statement in order to update the Original Registration Statement to include, among other things, the Registrant's consolidated financial statements for the fiscal year ended December 31, 2008 and other updated information about the Registrant.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

SUBJECT TO COMPLETION, DATED APRIL 28, 2009 .

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and we are not soliciting offers to buy these securities in any state where the offer or sale is not permitted.

PROSPECTUS
NEOGENOMICS, INC.
6,500,000 Shares of Common Stock

This prospectus relates to the sale of up to 6,500,000 shares of the common stock, par value $0.001 per share, of NeoGenomics, Inc., a Nevada corporation, by the selling stockholders named in this prospectus in the section “Selling Stockholders”. In this prospectus we refer to NeoGenomics, Inc., a Nevada corporation, individually as the “Parent Company” and collectively with all of its subsidiaries as "Company," "we," "us," "our" and "NeoGenomics".

The Company is not selling any shares of common stock in this offering and therefore will not receive any proceeds from this offering. All costs associated with this registration will be borne by the Company. The prices at which the selling stockholders may sell the shares will be determined by the prevailing market price for the shares or in negotiated transactions.

Our common stock is quoted on the Over-The-Counter Bulletin Board under the symbol “NGNM.OB”. On April 17, 2009, the last reported sale price of our common stock on the Over-The-Counter Bulletin Board was $1.00 per share.

One of the selling stockholders, Fusion Capital Fund II, LLC, is an "underwriter" within the meaning of the Securities Act of 1933, as amended (the “Securities Act”).

These securities are speculative and involve a high degree of risk. Please refer to “Risk Factors” beginning on page 10 for a discussion of these risks.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is _____, 2009.

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PROSPECTUS SUMMARY

The following is only a summary of the information, financial statements and the notes thereto included in this prospectus. You should read the entire prospectus carefully, including "Risk Factors" and our consolidated financial statements and the notes thereto before making any investment decision.

Our Company

NeoGenomics operates a network of cancer-focused testing laboratories whose mission is to provide high quality testing services to pathologists, oncologists, urologists, hospitals, and other laboratories throughout the United States under the mantra "When time matters and results count". The Company's laboratory network currently offers the following types of testing services:

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;

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

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

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

Market Opportunity

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.

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.

Genetic and molecular testing typically involves analyzing chromosomes, genes or DNA/RNA sequences for abnormalities. 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 reimbursement levels of the three market

segments.

The market for cancer testing is growing rapidly. Key factors influencing this growth are: (i) cancer is primarily a disease of the elderly and now that the baby boomer generation has started to turn sixty, the U.S. is experiencing a significant increase in the number of senior citizens, (ii) The American Cancer Society estimates that one in four senior citizens will develop some form of cancer during the rest of their lifetime, and (iii) every year more and more genes are discovered to have a specific link to cancer, which then enables a genetic or molecular test to be developed. We estimate that the Company addresses a $5-6 billion total market opportunity, about half of which is derived from genetic and molecular testing with the other half derived from more traditional anatomic pathology testing services that are complementary to and often ordered with the genetic testing services we offer.

Our Focus

NeoGenomics' primary focus is to provide high complexity laboratory testing for community-based pathology, oncology and urology markets in the United States. 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 due to ease of local access. We currently provide our services to pathologists and oncologists that perform bone marrow and/or peripheral blood sampling for the diagnosis of blood and lymphoid tumors (leukemias and lymphomas) and archival tissue referred for analysis of solid tumors such as breast cancer. We also serve community-based urologists by providing a FISH-based genetic test for the diagnosis of bladder cancer and early detection of recurrent disease.

The high complexity cancer testing services we offer to community-based pathologists are designed to be a natural extension of and complementary to the services that our pathologist clients perform within their own practices. Since fee-for-service pathologists derive a significant portion of their annual revenue from the interpretation of cancer biopsy specimens, they represent an important market segment to us. We believe our relationship as a non-competitive partner to the community-based pathologist empowers these pathologists 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 also believe that we can provide a competitive choice to those larger oncology practices that prefer to have a direct relationship with a laboratory for cancer genetic testing services. Our regionalized approach allows us strong interactions with clients and our innovative Genetic Pathology Solutions ("GPS TM") report summarizes all relevant case data on one page.

Competitive Strengths

Turnaround Times

At NeoGenomics we strive to provide industry leading turnaround times to our clients nationwide and to provide information so that patients can get the correct treatment quickly.

We believe our average 4-5 day turn-around time for our cytogenetics testing services and our average 3-4 day turn-around time for FISH testing services continue to be industry-leading benchmarks for national laboratories. The consistent timeliness of results is a competitive strength in cytogenetics and FISH testing and a driver of additional testing requests by our referring physicians. Quick turn-around times for cytogenetics and FISH tests allow for the performance of other tests to augment or confirm results and improve patient care. Without rapid turnaround times 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 required. We believe our turn-around times result in our referring physicians requesting more of our testing services and give us a significant competitive advantage in marketing our services against those of other competing laboratories.

National Direct Sales Force

NeoGenomics has assembled a strong direct sales force. Our sales representatives ("Territory Business Managers") are organized into three regions (Northeast, Southeast and West). These sales representatives are trained extensively in cancer genetic testing and consultative selling skills. As of March 31, 2009, we had 17 Territory Business Managers and three Regional Managers.

Client Care

NeoGenomics Client Care Specialists ("CCS") are organized by region into territories that service not only our external clients, but also work very closely with and support our sales team. A client receives personalized assistance when dealing with their dedicated CCS because each CCS understands their clients' specific needs. CCS's handle everything from arranging specimen pickup to delivering the results to fulfill NeoGenomics' objective of delivering exceptional services to our clients.

Geographic Locations

In 2008, we continued an aggressive campaign to regionalize our laboratory operations around the country to be closer to our clients. Many 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. We believe that our clients and prospects desire to do business with a laboratory with national breadth and a local presence. NeoGenomics' three laboratory locations in Fort Myers, Florida; Irvine, California; and Nashville Tennessee each have the appropriate state, Clinical Laboratory Improvement Act, as amended ("CLIA"), and College of American Pathologists ("CAP") licenses and accreditations and are currently receiving specimens. As situations dictate and opportunities arise, we will continue to develop and open new laboratories, linked together by our optimized Laboratory Information System ("LIS"), to better meet the regionalized needs of our clients.

Laboratory Information System

NeoGenomics has a state of the art LIS that interconnects our locations and provides flexible reporting options to clients. This system allows us to deliver uniform test results throughout our network, regardless of where the lab that performs any specific test is located. This allows us to move specimens between locations to better balance our workload. Our LIS also allows us to offer highly specialized services to certain sub-segments of our client base. For instance, our tech-only NeoFISHTM and NeoFLOWTM applications allow our community-based pathologist clients to tailor individual reports to their own customizable report templates. This feature has been extremely well-received by our tech-only clients.

Scientific Pipeline

The field of cancer genetics is rapidly evolving, and we are committed to developing and offering new tests to meet the needs of the market place based on the latest scientific discoveries. During 2008, the Company made significant strides in broadening our product line-up by developing the capability to perform molecular diagnostic testing and immunohistochemistry testing in-house. We believe that by adding additional types of tests to our product offering, we will be able to increase our testing volumes through our existing client base as well as more easily attract new clients via the ability to package our testing services more appropriately to the needs of the market.

Competition

We operate in segments of the medical testing laboratory industry that are highly competitive. Competitive factors in the genetic and molecular testing business generally include the reputation of the laboratory, range of services offered, pricing, convenience of sample collection and pick-up, quality of analysis and reporting, timeliness of delivery of completed reports (i.e. turnaround times) and post-reporting follow-up for clients.

Our competitors in the United States are numerous and include major medical testing laboratories and biotechnology research companies. Many of these competitors have greater financial resources and production capabilities. These companies may succeed in developing service offerings that are more effective than any that we have or may develop, and may also prove to be more successful than we are in marketing such services. In addition, technological advances or different approaches developed by one or more of our competitors may render our products obsolete, less effective or uneconomical.

We estimate that the United States market for genetic and molecular testing is divided among approximately 300 laboratories. Approximately 80% of these laboratories are attached to academic institutions and primarily provide clinical services to their affiliate university hospitals. We believe that the remaining 20% is quite fragmented and that less than 20 laboratories market their services nationally. We estimate that the top 20 laboratories account for approximately 50% of market revenues for genetic and molecular testing.

We intend to continue to gain market share by offering industry-leading turnaround times, a broad service menu, high-quality test reports, and enhanced post-test consultation services through our direct sales force. In addition, we have a fully integrated and interactive internet-enabled LIS that enables us to report real time results to clients in a secure environment.

Global Products

We offer a full set of global services to meet the needs of our clients to improve patient care. In our global service offerings, our lab performs the technical component of tests, and our M.D.s and Ph.D.'s interpret the test results for our clients. This product line provides a comprehensive testing service to those clients who are not credentialed and trained in interpreting genetic and molecular tests. Global products also allow NeoGenomics to derive a higher level of reimbursement than would otherwise be possible with a tech-only test.

We increased our professional level staffing for global requisitions requiring interpretation in 2008. Importantly, in April 2008 we recruited two well-known hematopathologists to NeoGenomics at our Irvine, California laboratory location, enabling this west coast facility to become the mirror image of our main facility in Fort Myers, Florida. We currently employ three full-time MDs as our medical directors and pathologists, two PhDs as our scientific directors and cytogeneticists, and one part-time MD acting as a consultant and backup pathologist for case sign out purposes. We have plans to hire several more pathologists in 2009 as our product mix continues to expand beyond tech-only services and more sales emphasis is focused on our ability to issue consolidated reporting with case

interpretation under our GPSTM product line.

Tech-Only Products

In 2006, NeoGenomics launched a technical component only ("tech-only") FISH product offering. Tech-only products allow our community-based pathology clients that are properly trained and credentialed to provide services to clinicians based on established and trusted relationships. These pathologist clients perform the professional interpretation of results themselves and bill for such work under the physician fee schedule. For tech-only FISH, NeoGenomics performs the technical component of the test (specimen set-up, staining, sorting and categorization of cells, chromosomes, genes or DNA, etc) and the pathology client performs the professional component. This allows NeoGenomics to partner with its pathology clients and provides for close collaboration in meeting market needs. Prior to the advent of tech-only products, pathologists who did not have a genetic lab would have had to send all of the work out to a reference lab. Utilizing NeoFISHTM, pathologist clients are empowered to extend the outreach efforts of their practices and exert a high level of involvement in the delivery of high quality patient care.

NeoFLOWTM tech-only flow cytometry was launched as a companion service to NeoFISHTM in late 2007. While not a first to market product line for NeoGenomics, the additional service offering allowed our flow cytometry testing services to be the fastest growing segment of our business in 2008. We believe the NeoFLOWTM service offering will continue to be a key growth driver for the Company in 2009. Moreover, the combination of NeoFLOWTM and NeoFISHTM strengthens and differentiates NeoGenomics and allows us to compete more favorably against larger, more entrenched competitors in our testing niche.

Contract Research Organization

Our Contract Research Organization ("CRO") division, based at our Irvine, California facility, was formed in 2007. 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. This division also handles all of our internal research and development and acts as a conduit for the validation of new tests that are developed for our clients. We believe our CRO will allow us to infuse some intellectual property into our mix of our services and help us to create a more "vertically integrated" laboratory that can offer proprietary tests and other product extensions over time. 2008 saw the NeoGenomics' CRO division continue to ramp up. Although CRO revenue in 2008 was modest as a percentage of our total revenue, we believe our CRO will continue to grow in size and scope and it is an important component of our overall business.

Response Genetics

In October 2008, NeoGenomics signed an agreement with Response Genetics, Inc. (NASDAQ: RGDX) to distribute their proprietary molecular tests nationwide. This agreement named NeoGenomics as the exclusive national reference laboratory authorized to offer these predictive tests that can help medical oncologists make optimal treatment decisions for patients with non-small cell lung cancer ("NSCLC") and colorectal cancer ("CRC"). This partnership continues to benefit both companies and has allowed NeoGenomics to establish new accounts, further differentiate our services, and increase our footprint in the expanding field of molecular cancer genetics.

Sales and Marketing

We continue to grow our testing volumes and revenue due to our expanding field sales footprint. As of March 31, 2009, NeoGenomics' sales and marketing team totaled 28 individuals, including 17 Territory Business Managers (sales representatives), 3 Regional Managers, 5 marketing, and 3 senior level positions. This is up from 16 sales and marketing representatives as of March 31, 2008. As of March 31, 2007, NeoGenomics' sales organization totaled nine individuals. Key hires in 2008 included territory business managers in the Northeastern, Southeastern, and Western states, with a disproportionally higher number hired in the Western states as the Company continues to scale our Irvine, California based operations to handle higher testing volumes. We intend to continue to add additional sales and marketing personnel throughout FY 2009. As more sales representatives are added, we believe that the base of our business outside of Florida will continue to grow and ultimately eclipse that generated within the state of Florida, which historically has been our largest market.

As a result of our expanding sales force, we experienced 74% year-over-year revenue growth to $20.0M in 2008 from $11.5M in 2007. Our average revenue/requisition increased 15% to $808 in 2008 from $702 in 2007 due to a higher mix on global products with interpretation and an increase of higher revenue flow cytometry testing as a percentage of our total revenue.

	FY 2008	FY 2007	% Increase
Client Requisitions Received (Cases)	24,780	16,385	51.2%

Number of Tests Performed	32,539	20,998	55.0%
Average Number of Tests/Requisition	1.31	1.28	2.3%
Total Testing Revenue	$ 20,015,319	$ 11,504,725	74.0%
Average Revenue/Requisition	$ 808	$ 702	15.0%
Average Revenue/Test	$ 615	$ 548	12.2%

Within the subspecialty field of hematopathology, our scientific expertise and product offering allows us to be able to perform multiple tests on each specimen received. Many physicians believe that a comprehensive approach to the diagnosis and prognosis of blood and lymph node disease to be the standard of care throughout the country. As the average number of tests performed per requisition increases, we believe this will help to generate significant synergies and efficiencies in our operations and our sales and marketing activities.

Seasonality

The cancer testing markets in general are seasonal and "same customer sales" tend to decline somewhat in the summer months as referring physicians are vacationing. In Florida, this seasonality is further exacerbated because a meaningful percentage of the population returns to homes in the Northern U.S. to avoid the hot summer months. Although, we have made great strides in diversifying our business on a national basis over the last few years, our revenue derived from the state of Florida still represented about 43% of our total revenue in 2008. As a result, our test volumes and sequential growth rates during the second and third quarter of each year have historically been impacted by these seasonality factors.

Distribution Methods

The Company currently performs the vast majority of its testing services at each of its three main clinical laboratory locations: Fort Myers, Florida, Nashville, Tennessee and Irvine, California, and then produces a report for the requesting physician. Services performed in-house include cytogenetics, FISH, flow cytometry, morphology, immunohistochemistry, and some molecular testing. The Company currently outsources approximately half of its molecular testing to third parties, but expects to validate and perform the majority of this testing in-house during 2009 to better meet client demand and quality requirements.

Suppliers

The Company orders its laboratory and research supplies from large national laboratory supply companies such as Abbott Laboratories, Fisher Scientific, Invitrogen, Cardinal Health, Ventana and Beckman Coulter. Other than as discussed below, we do not believe any disruption from any one of these suppliers would have a material effect on its business. The Company orders the majority of its FISH probes from Abbott Laboratories and as a result of their dominance of that marketplace and the absence of any competitive alternatives, if there was a disruption in the supply of these probes, and we did not have inventory available, it could have a material effect on our business. This risk cannot be completely offset due to the fact that Abbott Laboratories has patent protection which limits other vendors from supplying these probes.

Dependence on Major Clients

We currently market our services to pathologists, oncologists, urologists, hospitals and other clinical laboratories. During 2008, we performed 32,539 individual tests. Ongoing sales efforts have decreased dependence on any given source of revenue. Notwithstanding this fact, one key client still accounts for a disproportionately large case volume and revenue total. For the years ended December 31, 2008 and 2007, one client with multiple locations accounted for 22% and 25% respectively, of total revenue. All others were less than 5% of total revenue individually. In the event that we lost this client, the Company would potentially lose a significant percentage of revenues.

Payor Mix

In 2008, approximately 47% of our revenue was derived from Medicare claims, 28% from commercial insurance companies, 21% from clients such as hospitals and other reference laboratories, and 4% from all others including patients. As of December 31, 2008, Medicare and one commercial insurance provider accounted for 22% and 14% of the Company's total accounts receivable balance, respectively. There is no other significant concentration in our payor mix.

About Us

Our principal executive offices are located at 12701 Commonwealth Drive, Suite 5, Fort Myers, Florida 33913. Our telephone number is (239) 768-0600. Our website can be accessed at www.neogenomics.org.

THE OFFERING

This prospectus relates to the offer and sale of up to 6,500,000 shares of our common stock by the selling stockholders described below.

Fusion Capital

On November 5, 2008, the Company and Fusion Capital Fund II, LLC, an Illinois limited liability company ("Fusion Capital"), entered into a Common Stock Purchase Agreement (the "Purchase Agreement"), and a Registration Rights Agreement (the "Registration Rights Agreement"). Under the Purchase Agreement, Fusion Capital is obligated, under certain conditions, to purchase shares from us in an aggregate amount of $8.0 million from time to time over a thirty (30) month period. Under the terms of the Purchase Agreement, Fusion Capital has received a commitment fee consisting of 400,000 shares of our common stock. As of March 31, 2009, there were 33,056,021 shares outstanding (19,879,295 shares held by non-affiliates) excluding the 3,000,000 shares offered by Fusion Capital pursuant to this prospectus which it has not yet purchased from us. If all of such 3,000,000 shares offered hereby were issued and outstanding as of the date hereof, the 3,000,000 shares would represent 8.3% of the total common stock outstanding or 13.1% of the non-affiliates shares outstanding as of the date hereof.

Under the Purchase Agreement and the Registration Rights Agreement we are required to register and have included in the offering pursuant to this prospectus (1) 400,000 shares which have already been issued as a commitment fee, (2) 17,500 shares which we have issued to Fusion Capital as an expense reimbursement and (3) at least 3,000,000 shares which we may sell to Fusion Capital in the future. All 3,417,500 shares, 10.6% of our outstanding on November 5, 2008, the date of the Purchase Agreement, are being offered pursuant to this prospectus. Under the Purchase Agreement, we have the right but not the obligation to sell more than the 3,000,000 shares to Fusion Capital. As of the date hereof, we do not currently have any plans or intent to sell to Fusion Capital any shares beyond the 3,000,000 shares offered hereby. However, if we elect to sell more than the 3,000,000 shares (which we have the right but not the obligation to do), we must first register such additional shares under the Securities Act before we can elect to sell such additional shares to Fusion Capital. In the event we elect to do so, this could cause substantial dilution to our shareholders. The number of shares ultimately offered for sale by Fusion Capital is dependent upon the number of shares purchased by Fusion Capital under the Purchase Agreement.

We do not have the right to commence any sales of our shares to Fusion Capital until the SEC has declared effective the registration statement of which this prospectus is a part. The registration statement was declared effective on February 5, 2009 and the conditions to commence funding were satisfied. Generally, we have the right but not the obligation from time to time to sell our shares to Fusion Capital in amounts between $50,000 and $1.0 million depending on certain conditions. We have the right to control the timing and amount of any sales of our shares to Fusion Capital. The purchase price of the shares will be determined based upon the market price of our shares without any fixed discount at the time of each sale. Fusion Capital shall not have the right nor the obligation to purchase any shares of our common stock on any business day that the price of our common stock is below $0.45. There are no negative covenants, restrictions on future fundings, penalties or liquidated damages in the Purchase Agreement or the Registration Rights Agreement. The Purchase Agreement may be terminated by us at any time at our discretion without any cost to us. The Purchase Agreement provides that neither party has the ability to amend the Purchase Agreement and the obligations of both parties are non-transferable.

Other Selling Stockholders

- Aspen Select Healthcare, LP ("Aspen"), which intends to sell up to 2,130,364 shares of common stock previously issued and sold by the Company to Aspen on April 15, 2003 (the "2003 Aspen Placement"). Aspen received registration rights with respect to these shares and therefore, such shares are being registered hereunder.

- Mary S. Dent, the spouse of Dr. Michael Dent, who is our Chairman of the Board and founder, who intends to sell up to 553,488 shares of common stock previously issued and sold by the Company to Dr. Dent as founder shares. Such shares were subsequently transferred to Mary Dent in February 2007. Dr. Dent received registration rights with respect to these shares and therefore, such shares are being registered hereunder.

- Those shareholders other than Aspen and Mary Dent who are set forth in the section herein entitled "Selling Stockholders" who intend to sell up to an aggregate of 398,648 shares of common stock which they received in a distribution from Aspen in September 2007. All of such shares were originally purchased by Aspen in the 2003 Aspen Placement. Aspen received registration rights with respect to these shares and has assigned such rights to these selling stockholders and therefore, such shares are being registered hereunder.

Please refer to "Selling Stockholders" beginning on page 21.

The Company is not selling any shares of common stock in this offering and therefore will not receive any proceeds from this offering. All costs associated with this registration will be borne by the Company. The prices at which the selling stockholders may sell the shares will be determined by the prevailing market price for the shares or in negotiated transactions.

Our common stock is quoted on the Over-The-Counter Bulletin Board under the symbol "NGNM.OB". On April 17, 2009, the last reported sale price of our common stock on the Over-The-Counter Bulletin Board was $1.00 per share.

Common Stock Offered	6,500,000 shares by selling stockholders
Offering Price	Market price
Common Stock Currently Outstanding	33,056,021 shares as of March 31, 2009
Use of Proceeds	We will not receive any proceeds of the shares offered by the selling stockholders. See "Use of Proceeds".
Risk Factors	The securities offered hereby involve a high degree of risk. See "Risk Factors" beginning on page 10 for a discussion of these risks.
Over-the-Counter Bulletin Board Symbol	NGNM.OB

SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The Summary Consolidated Financial Information set forth below was excerpted from the Company's Annual Reports on Form 10-K for the years ended December 31, 2008 and 2007, as filed with the SEC.

Statement of Operations Data

	For the Years Ended December 31, 2008	2007
Net Revenue	$ 20,015,319	$ 11,504,725
Cost of Revenue	9,353,852	5,522,775
Gross Profit	10,661,467	5,981,950
Other Operating Expense:		
General and administrative	11,545,456	9,122,922
Income / (Loss) from Operations	(883,989)	(3,140,972)
Other Income / (Expense):		
Other income	9,926	24,256
Interest expense	(308,523)	(263,456)
Loss on investment	(200,000)	-
Other income / (expense) – net	(498,597)	(239,200)
Net Loss	$ (1,382,586)	$ (3,380,172)
Net Loss Per Share – Basic and Diluted	$ (0.04)	$ (0.11)
Weighted Average Number of Shares Outstanding – Basic and Diluted	31,506,824	29,764,289

Balance Sheet Data

	As of December 31, 2008	December 31, 2007
Assets:		
Cash and cash equivalents	$ 468,171	$ 210,573
Accounts receivable (net of allowance for doubtful accounts of $358,642 and $414,548, respectively)	2,913,531	3,236,751
Inventories	491,459	304,750
Other current assets	482,408	400,168
Total current assets	4,355,569	4,152,242
Property and equipment (net of accumulated depreciation of $1,602,594 and $862,030 respectively)	2,875,297	2,108,083
Other assets	64,509	260,575
Total Assets	$ 7,295,375	$ 6,520,900
Liabilities & Stockholders' Equity:		
Current Liabilities		
Account payable	$ 1,512,427	$ 1,799,159
Accrued compensation	736,552	370,496
Accrued expenses and other liabilities	358,265	574,084
Legal contingency (Note G)	-	375,000
Short-term portion of equipment capital leases	636,900	242,966
Revolving credit line	1,146,850	-
Total current liabilities	4,390,994	3,361,705
Long-Term Liabilities		
Long-term portion of equipment capital leases	1,403,271	837,081
Total Liabilities:	5,794,265	4,198,786
Commitments and contingencies		
Stockholders' Equity:		
Common Stock, $0.001 par value, (100,000,000 shares authorized; 32,117,008 and 31,391,660 shares issued and outstanding at December 31, 2008 and 2007, respectively)	32,117	31,391
Additional paid-in capital	17,381,810	16,820,954
Accumulated deficit	(15,912,817)	(14,530,231)
Total stockholders' equity	1,501,110	2,322,114
Total Liabilities and Stockholders' Equity	$ 7,295,375	$ 6,520,900

RISK FACTORS

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.

Risks Related To Our Business

We May Not Be Able To Implement Our Business Strategies Which Could Impair Our Ability To Continue Operations

Implementation of our business strategies will depend in large part on our ability to (i) attract and maintain a significant number of clients; (ii) effectively provide acceptable products and services to our clients; (iii) obtain adequate financing on favorable terms to fund our business strategies; (iv) maintain appropriate procedures, policies, and systems; (v) hire, train, and retain skilled employees and management; (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 payors. Our inability to obtain or maintain any or all these factors could impair our ability to implement our business strategies successfully, which could have material adverse effects on our results of operations and financial condition.

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

Our recent growth has placed, and is expected to continue to place, a significant strain on our managerial, operational and financial resources. To manage our potential growth, we must continue to implement and improve our operational and financial systems and to expand, train and manage our employee base. We may not be able to effectively manage the expansion of our operations and our systems and our procedures or controls may not be adequate to support our operations. Our management may not be able to achieve the rapid execution necessary to fully exploit the market opportunity for our products and services. Any inability to manage growth could have a material adverse effect on our business, results of operations, potential profitability and financial condition. Part of our business strategy may be to acquire assets or other companies that will complement our existing business. At this time, we are unable to predict whether or when any material transaction will be completed should negotiations commence. If we proceed with any such transaction, we may not be able to effectively integrate the acquired operations with our own operations. We 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.

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

We used reasonable efforts to assess and predict the expenses necessary to pursue our business plan. However, implementing our 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 we estimate, which could result in sustained losses.

We Rely On A Limited Number Of Third Parties For Manufacture And Supply Of Certain Of Our Critical Laboratory Instruments And Materials, And We May Not Be Able To Find Replacement Suppliers Or Manufacturers In A Timely Manner In The Event Of Any Disruption, Which Could Adversely Affect Our Business.

We rely on third parties for the manufacture and supply of some of our critical laboratory instruments, equipment and materials that we need to perform our specialized diagnostic services, and rely on a limited number of suppliers for certain laboratory materials and some of the laboratory equipment with which we perform our diagnostic services. We do not have long-term contracts with our suppliers and manufacturers that commit them to supply equipment and materials to us. Because we cannot ensure the actual production or manufacture of such critical equipment and materials, or the ability of our suppliers to comply with applicable legal and regulatory requirements, we may be subject to significant delays caused by interruption in production or manufacturing. If any of our third party suppliers or manufacturers were to become unwilling or unable to provide this equipment or these materials in required quantities or on our required timelines, we would need to identify and acquire acceptable replacement sources on a timely basis. While we have developed alternate sourcing strategies for most of the equipment and materials we use, we cannot be certain that these strategies will be effective and even if we were to identify other suppliers and manufacturers for the equipment and materials we need to perform our specialized diagnostic services, there can be no assurance that we will be able to enter into agreements with such suppliers and manufacturers or otherwise obtain such items on a timely basis or on acceptable terms, if at all. In addition, some of the reagents we use to perform certain FISH tests are covered by a patent and thus are only

available from one supplier. If we encounter delays or difficulties in securing necessary laboratory equipment or materials, including consumables, we would face an interruption in our ability to perform our specialized diagnostic services and experience other disruptions that would adversely affect our business, results of operations and financial condition.

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 our limited operating history and the relatively limited information available on our competitors, we may not have sufficient internal or industry-based historical financial data upon which to calculate anticipated operating expenses. Management expects that our 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 our products and services; (ii) demand for our products and services; (iii) the introduction and acceptance of new or enhanced products or services by us or by competitors; (iv) our ability to anticipate and effectively adapt to developing markets and to rapidly changing technologies; (v) our ability to attract, retain and motivate qualified personnel; (vi) the initiation, renewal or expiration of significant contracts with our 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. Our expenses are based in part on our expectations as to future revenues and to a significant extent are relatively fixed, at least in the short-term. We 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 our expectations would have an immediate adverse impact on our business, results of operations and financial condition. In addition, we may determine from time to time to make certain pricing or marketing decisions or acquisitions that could have a short-term material adverse affect on our business, results of operations and financial condition and may not result in the long-term benefits intended. Furthermore, in Florida, currently our primary referral market for lab testing services, a meaningful percentage of the population, returns to homes in the Northern U.S. to avoid the hot summer months. This combined with the usual summer vacation schedules of our clients usually results in seasonality in our business. Because of all of the foregoing factors, our 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 it relies on the cooperation of numerous third party payors, 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 effect on the Company’s cash flow or results of operations.

Our Business Is Subject To Rapid Scientific Chan