

Consolidated Statements of Cash Flows for the six months ended June 30, 2002, the period June 1, 2001 (date of incorporation) to June 30, 2001 and the period June 1, 2001 (date of incorporation) to June 30, 2002..... 6

Notes to Consolidated Financial Statements..... 7

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (including cautionary statement)..... 9

PART II. OTHER INFORMATION

Item 1. Legal Proceedings..... 12
 Item 2. Changes in Securities..... 12
 Item 3. Defaults Upon Senior Securities..... 12
 Item 4. Submission of Matters to a Vote of Securities Holders..... 12
 Item 5. Other Information..... 12
 Item 6. Exhibits and Reports on Form 8-K..... 12

Signatures 13

PART I

FORWARD-LOOKING STATEMENTS

Certain statements contained in this filing are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, such as statements relating to financial results and plans for future business development activities, and are thus prospective. These statements appear in a number of places in this Form 10-QSB and include all statements that are not statements of historical fact regarding intent, belief or our current expectations, with respect to, among other things: (i) our financing plans; (ii) trends affecting our financial condition or results of operations; (iii) our growth strategy and operating strategy; and (iv) the declaration and payment of dividends. The words "may," "would," "could," "will," "expect," "estimate," "anticipate," "believe," "intend," "plan," and similar expressions and variations thereof are intended to identify forward-looking statements.

Investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, many of which are beyond our ability to control. Actual results may differ materially from those projected in the forward-looking statements as a result of various factors. Among the key risks, assumptions and factors that may affect operating results, performance and financial condition are changes in technology, fluctuations in our quarterly results, ability to continue and manage our growth, liquidity and other capital resources issues, competition and the other factors discussed in detail in our filings with the Securities and Exchange Commission.

NeoGenomics, Inc.
(A Development Stage Enterprise)

CONSOLIDATED BALANCE SHEET AS OF
JUNE 30, 2002
(unaudited)

ASSETS

CURRENT ASSETS:

Cash	\$ 35,391
Accounts receivable	7,598
Inventory	20,016
Deposits	<u>50,516</u>
Total current assets	113,521

PROPERTY AND EQUIPMENT (net of accumulated depreciation of \$15,789) 202,958

TOTAL \$ 316,479

LIABILITIES AND STOCKHOLDERS' DEFICIT

CURRENT LIABILITIES:

Accounts payable	\$ 114,567
Accrued expenses	138,704
Accrued payroll	7,845
Due to affiliates	<u>197,493</u>
Total current liabilities	<u>458,609</u>

STOCKHOLDERS' DEFICIT:

Common stock, \$.001 par value, 500,000,000 shares authorized; 414,000,000 shares issued and outstanding	414,000
Additional paid-in capital	11,649,994
Deferred stock compensation	(2,807,070)
Deficit accumulated during the development stage	<u>(9,399,054)</u>
Total stockholders' deficit	<u>(142,130)</u>

TOTAL \$ 316,479

See notes to consolidated financial statements.

5

NeoGenomics, Inc.
(A Development Stage Enterprise)

CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	For the Six- Months Ended June 30, 2002	For the Period June 1, 2001 (date of incorporation) to June 30, 2001	For the Three- Months Ended June 30, 2002	For the Period June 1, 2001 (date of incorporation) to June 30, 2001	For the Period June 1, 2001 (date of incorporation) to June 30, 2002
REVENUE	\$ 8,484	\$ -	\$ 8,484	\$ -	\$ 9,484
COST OF REVENUES	<u>76,769</u>	<u>-</u>	<u>70,894</u>	<u>-</u>	<u>76,769</u>
GROSS (DEFICIT)	<u>(68,285)</u>	<u>-</u>	<u>(62,410)</u>	<u>-</u>	<u>(67,285)</u>
OPERATING EXPENSES:					
Stock based compensation	1,043,832	7,155,000	521,916	7,155,000	8,974,433
General and administrative	186,082	-	134,499	-	334,446
Research and development	19,192	-	17,724	-	19,192
Interest expense	<u>3,698</u>	<u>-</u>	<u>3,698</u>	<u>-</u>	<u>3,698</u>
Total operating expenses	1,252,804	7,155,000	677,837	7,155,000	9,331,769
NET LOSS	<u>\$ (1,321,089)</u>	<u>\$(7,155,000)</u>	<u>\$ (740,247)</u>	<u>\$(7,155,000)</u>	<u>\$(9,399,054)</u>
NET LOSS PER SHARE - Basic and Diluted	<u>\$ (0.003)</u>	<u>\$ (0.03)</u>	<u>\$ (0.002)</u>	<u>\$ (0.03)</u>	
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING - Basic and Diluted	<u>406,193,400</u>	<u>238,500,000</u>	<u>407,373,600</u>	<u>238,500,000</u>	

See notes to consolidated financial statements.

5

NeoGenomics, Inc.
(A Development Stage Enterprise)

CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	For the Period June 1, 2001	For the Period June 1, 2001	
For the Six-Months Ended June 30, 2002	(date of incorporation) to June 30, 2001	(date of incorporation) to June 30, 2002	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	\$ (1,321,089)	\$ (7,155,000)	\$ (9,399,054)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation	15,716	-	15,789
Amortization of deferred stock compensation	983,832	-	1,229,430
Stock based compensation and consulting	-	7,155,000	7,715,000
Non-cash expenses	-	26,500	
Non-cash consulting expenses	60,000	-	60,000
Changes in assets and liabilities, net:			
Increase in deposits	(49,216)	-	(50,516)
Increase in inventory	(20,016)	-	(20,016)
Increase in receivables	(7,598)	-	(7,598)
Increase in accounts payable and other liabilities	<u>77,365</u>	<u>-</u>	<u>92,052</u>
NET CASH USED IN OPERATING ACTIVITIES		<u>(261,006)</u>	<u>-</u> <u>(338,413)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property and equipment	(135,997)	-	(138,897)
Cash acquired in acquisition	<u>-</u>	<u>-</u>	<u>209</u>
NET CASH USED IN INVESTING ACTIVITIES		<u>(135,997)</u>	<u>-</u> <u>(138,688)</u>
CASH FLOWS FROM FINANCING ACTIVITIES-			
Advances from affiliates, net	<u>355,178</u>	<u>-</u>	<u>512,492</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(41,825)	- 35,391
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		<u>77,216</u>	<u>-</u> <u>-</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD		\$ 35,391	\$ - \$ 35,391
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Interest paid	<u>\$ 643</u>	<u>\$ -</u>	<u>\$ 643</u>
Income taxes paid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:			
Stock issued in acquisition of American Communications Enterprises:			
Accounts payable	\$ -	\$ -	\$ 14,216
Advances from stockholder subsequently converted to common stock		<u>-</u>	<u>156,916</u>
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 171,132</u>
Stockholder advances converted to common stock		<u>\$ 300,000</u>	<u>\$ -</u> <u>\$ 300,000</u>
Equipment financed through payables	<u>\$ 79,850</u>	<u>\$ -</u>	<u>\$ 79,850</u>
Deferred compensation on grants of stock options	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,036,500</u>

See notes to consolidated financial statements.

NeoGenomics, Inc.
(A Development Stage Enterprise)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE A - ORGANIZATION AND DESCRIPTION OF BUSINESS

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"). ACE was formed in 1998 and succeeded to NEO's name on January 14, 2002. As a result of this acquisition, the accompanying consolidated financial statements include the accounts of NEO and ACE (collectively referred to as "we", "us", "our"). All significant intercompany accounts and balances have been eliminated in consolidation.

For financial statement purposes, the acquisition has been treated as a reverse acquisition and a recapitalization with NEO being treated as the acquirer. In connection therewith, ACE issued 238,500,000 shares of its common stock to NEO's founder and sole stockholder in exchange for all of NEO's issued and outstanding common shares. The value of these shares, which was based on the number, and fair value of shares issued (\$0.03 per share based on the price at which ACE's shares were trading at that time), has been included in stock based compensation and in the accompanying statement of operations. Immediately before the acquisition, ACE had 131,733,896 shares outstanding and liabilities in excess of assets of approximately \$170,000. Since the transaction was accounted for as a purchase the deficiency of \$170,000 was reflected as an adjustment to stockholders' equity as of the acquisition date.

As a result thereof, all references to the number of shares and par value in the accompanying financial statements and notes thereto have been adjusted to reflect the reverse acquisition, including the authorized number of shares of our common stock and its par value as though all such changes had been completed as of June 1, 2001.

We are considered to be a development stage (as defined in Financial Accounting Standards Board Statement No. 7) biotech company organized for the principal purpose of developing genomic tools for women's diseases, such as ovarian cancer, and the early diagnosis of neonatal illness. We have not yet commenced a significant level of operations, and most of our accounting policies and procedures have not yet been established.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. The reported amounts of revenues and expenses during the reporting period may be affected by the estimates and assumptions we are required to make. Actual results could differ from our estimates.

Basis of Presentation

Our accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and the instructions to Form 10-QSB and Rule 10-1 of Regulation S-X of the Securities and Exchange Commission (the "SEC"). Accordingly, these consolidated financial statements do not include all of the footnotes required by accounting principles generally accepted in the United States of America. In our opinion, all adjustments (consisting of normal and recurring adjustments) considered necessary for a fair presentation have

been included. Operating results for the six months ended June 30, 2002 are not necessarily indicative of the results that may be expected for the year ended December 31, 2002. The accompanying consolidated financial statements and the notes thereto should be read in conjunction with our audited consolidated financial statements as of and for the year ended December 31, 2001 contained in our Form 10-KSB.

NOTE B - GOING CONCERN

Our consolidated financial statements were prepared using accounting principles generally accepted in the United States of America applicable to a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. We have incurred significant losses since our inception, and have experienced and continue to experience negative operating margins and negative cash flows from operations. In addition, we expect to have ongoing requirements for substantial additional capital investment to implement our business plan. We expect to seek additional funding through the issuance of debt or equity securities. However, there can be no assurance that we will be successful in these efforts. These factors, among others, indicate that we may be unable to continue as a going concern.

Our 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.

NOTE C - RELATED PARTY TRANSACTIONS

Advances and Loans

During the second quarter of 2002, we received net advances from Tampa Bay Financial, Inc. ("TBF"), one of our stockholders, of approximately \$262,000. The advances are non-interest bearing, unsecured and due on demand, and will be converted to shares of our common stock at \$0.0333 per share. During June 2002, we converted \$300,000 in advances to 9,000,000 shares of our common stock. At June 30, 2002, we owed TBF approximately \$119,000.

We occasionally borrow funds from the Naples Women's Center ("NWC"), a company owned by our president, to meet our short-term cash needs. These amounts have been advanced to us with a stated interest rate of 8% and are due upon demand. During the second quarter of 2002, we received net advances of approximately \$18,000. At June 30, 2002 we owed NWC approximately \$78,500.

Consulting Agreements

During November 2001, we entered into an agreement with TBF to provide us with consulting services and pay certain of our expenses, including the salary of our chief financial officer and costs incurred in preparing required filings under securities laws. The term of this agreement is one year and may be extended, at the option of TBF, for two additional one-year terms. The fee under this agreement is \$10,000 per month. During the six months ended June 30, 2002, we incurred approximately \$60,000 related to this agreement. Under certain circumstances, these amounts may be repaid with issuances of our common stock. TBF also has a right of first refusal to purchase securities we may offer at 50% of their proposed purchase price. This right expires November 30, 2003.

NOTE D - COMMITMENT

During June 2002, we entered into an agreement to purchase an \$187,000 piece of laboratory equipment. We have paid a \$50,000 deposit towards this equipment.

Item 2.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with the financial statements for the three and six months ended, and the period June 1, 2001 (date of incorporation) to June 30, 2002, included with this Form 10-QSB.

Information related to our predecessor entity, American Communications Enterprises, Inc. ("ACE"), has been omitted. ACE was formed in 1998 for the purpose of operating radio stations and businesses within the communications industry. ACE later changed its focus to genomics, which included acquiring a private company desiring to become public. In November, ACE and NeoGenomics, Inc., a Florida Corporation ("NeoGenomics") entered into a Plan of Exchange pursuant to which ACE acquired NeoGenomics. For financial statement purposes, the merger has been treated as a reverse acquisition with NeoGenomics being treated as the acquirer.

Readers are referred to the cautionary statement, which addresses forward-looking statements made by us.

NeoGenomics, Inc. is considered to be in the development stage as defined in Financial Accounting Standards Board Statement No. 7. It is currently in the process

of developing genomic tools for women's diseases.

Critical Accounting Policies

Our critical accounting policies, including the assumptions and judgments underlying them, are disclosed in the Notes to the Financial Statements for the fiscal year ended December 31, 2001 included in our Form 10-KSB. We have consistently applied these policies in all material respects. At this stage of our development, these policies primarily address matters of expense recognition. Although we anticipate that revenue recognition issues will become critical in future years, the small amount of revenue that we have earned at this stage minimizes the impact of any judgments regarding revenue recognition. Management does not believe that our operations to date have involved uncertainty of accounting treatment, subjective judgment, or estimates, to any significant degree.

Results of Operations for the three months ended June 30, 2002

We commenced operations on June 1, 2001. As a result we have not yet generated any significant revenues.

During the three months ended June 30, 2002, we generated revenues and costs of revenues of approximately \$8,400, and we incurred a net loss of approximately \$740,000, which includes non-cash stock based compensation expense of approximately \$522,000. These expenses consist of the amortization of deferred stock options, which were issued in November 2001 and stock based compensation and consulting. We believe our gross margin will improve if we add additional business. Our general and administrative expenses were approximately \$135,000 and are mainly comprised of administrative services expenses, wages and depreciation. Interest expenses were approximately \$3,700 and are mainly comprised of interest payable on advances from a related party.

During June 2002, we completed six cytogenetic tests. Since that date, we have gained the interest of area laboratories by performing trial tests in order to demonstrate our ability to deliver faster test results than competitive laboratories. After a successful trial test, one such laboratory has agreed to use our laboratory for all their cytogenetic testing. This could result in an additional 30 tests per

month. Since June 30, we have also experienced an increase in the number of physician groups which are using our cytogenetic diagnostic services.

Results of Operations for the six months ended June 30, 2002

During the six months ended June 30, 2002, we generated revenues and costs of revenues of approximately \$8,400 and \$76,800, and we incurred a net loss of approximately \$1,321,000 which includes non-cash stock based compensation expense of approximately \$1,044,000. These expenses consist of the amortization of deferred stock options, which were issued in November 2001, and stock based compensation and consulting. Our negative gross margin reflects costs incurred to obtain certification and is expected to improve as our sales increase. Our general and administrative expenses were approximately \$186,000 and are mainly comprised of administrative services expenses, wages and depreciation. Interest expenses were approximately \$3,700 and are mainly comprised of interest payable on advances from a related party.

Results of Operations for the period from June 1, 2001 to June 30, 2002

During the period from June 1, 2001 to June 30, 2002, we generated revenues of approximately \$9,500, and we incurred a net loss of approximately \$9,399,000. Our net loss included non-cash stock based compensation expense of approximately \$8,974,000. This expense consisted of the amortization of deferred stock options, which were issued in November 2001 and stock based compensation and consulting. Our general and administrative expenses were approximately \$430,000. They were mainly comprised of administrative service expenses, wages and depreciation. Interest expense was approximately \$3,700, and was primarily comprised of interest payable on advances from a related party.

Future Periods

Management expects that research expenses will increase substantially in 2002 and in future years, as we expand our research and development activities. We also expect that our other operating expenses will grow over time in connection with the expansion of our laboratory facility.

Liquidity and Capital Resources

During the six months ended June 30, 2002, our operating activities used approximately \$261,000 in cash. This amount primarily represented cash used to pay general and administrative expenses associated with our operations. We spent approximately \$136,000 on new equipment. We were able to finance operations primarily through net advances of approximately \$355,000 received from a significant shareholder and other affiliates. At June 30, 2002, we had cash and cash equivalents of approximately \$ 35,000.

At the present time, we have very limited cash resources. We do not anticipate that we will generate a significant cash flow from operating activities until the later half of 2002. As a result, we anticipate that we will require at least \$900,000 in additional working capital financing during the next 12 months in order to meet our working capital requirements during this period. We currently plan to finance our operations through the sale of shares of our common stock to Tampa Bay Financial, Inc. In this connection, Tampa Bay Financial has agreed to purchase \$1,100,000 in shares of our common stock over the next 12 months. These shares will be purchased at the price of \$0.0333 per share.

Based upon our current plans and assumptions relating to our business plan, we currently believe that the financing from Tampa Bay Financial will be sufficient to meet our working capital requirements during the next 12 months. However, in the event that Tampa Bay Financial does not provide this funding when scheduled, or if our operating expenses are greater than anticipated, or if our plans change or our assumptions prove to be inaccurate, we would need to obtain working capital from other sources. At the present time, we have no commitments from any other parties to provide such financing and there can be no assurance

10

that such financing would be available. If we are unable to obtain such financing, we may not be able to implement our business plan.

Capital Expenditures

Management currently forecasts capital expenditures for the remainder of this year to be approximately \$375,000. We plan to fund these expenditures through the sale of shares to Tampa Bay Financial.

Staffing

We plan to increase our work force. Currently, we have four full-time employees. We plan to add additional research scientists to assist us in the development of new products. Upon development of these products, we plan to build a sales force to sell to end-users. We also intend to add personnel in the accounting, administrative and investor relations areas. Management has added three employees during 2002, and expects to add further personnel during the balance of 2002. We expect the cost of these additional employees will be in excess of \$200,000 over the next 12 months.

CAUTIONARY STATEMENT

This Form 10-QSB, press releases and certain information provided periodically in writing or orally by our officers or our agents contain statements which constitute forward-looking statements within the meaning of Section 27A of the Securities Act, as amended and Section 21E of the Securities Exchange Act of 1934. The words expect, anticipate, believe, goal, plan, intend, estimate and similar expressions and variations thereof if used are intended to specifically identify forward-looking statements. Those statements appear in a number of places in this Form 10-QSB and in other places, particularly, Management's Discussion and Analysis or Results of Operations, and include statements regarding the intent, belief or current expectations us, our directors or our officers with respect to, among other things: (i) our liquidity and capital resources; (ii) our financing opportunities and plans and (iii) our future performance and operating results. Investors and prospective investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those projected in the forward-looking statements as a result of various factors. The factors that might cause such differences include, among others, the following: (i) any material inability of us to successfully internally develop our products; (ii) any adverse effect or limitations caused by Governmental regulations; (iii) any adverse effect on our positive cash flow and abilities to obtain acceptable financing in connection with our growth plans; (iv) any increased competition in business; (v) any inability of us to successfully conduct our business in new markets; and (vi) other risks including those identified in our filings with the Securities and Exchange Commission. We undertake no obligation to publicly update or revise the forward looking statements made in this Form 10-QSB to reflect events or circumstances after the date of this Form 10-QSB or to reflect the occurrence of

unanticipated events.

11

PART II. - OTHER INFORMATION

Item 1. Legal Proceedings

NONE

Item 2. Changes in Securities

In June 2002, the Company issued 9,000,000 shares of common stock in exchange for the cancellation of \$300,000 in cash advances. The stock was issued to Tampa Bay Financial, Inc., an accredited investor, in a transaction that the Company believes was exempt from registration under Rule 506 promulgated under the Securities Act of 1933.

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

NONE

12

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.

By: /s/Michael T. Dent August 14, 2002
Michael T. Dent, M.D.
(President and Chief Executive Officer)

By: /s/Matthew A. Veal August 14, 2002
Matthew A. Veal
(Chief Accounting Officer)

Certification Required Under Section 906 of the Sarbanes-Oxley Act of 2002

The undersigned hereby certify that this report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 and that the information contained in this report fairly presents in all material respects the financial condition and results of operations of the Registrant as of and for the periods presented in this report.

August 14, 2002 /s/Michael T. Dent
Michael T. Dent, M.D.
(President and Chief Executive Officer)

August 14, 2002 /s/Matthew A. Veal
Matthew A. Veal
(Chief Accounting Officer)

13