

BALANCE SHEET
NANOLOGIX, INC.
(A DEVELOPMENT STAGE COMPANY)
September 30, 2014 and 2013

	September 30	
	2014	2013
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,243	\$ -
Accounts receivable	118,329	111,431
Prepaid expenses	-	5,412
TOTAL CURRENT ASSETS	120,572	116,843
PROPERTY AND EQUIPMENT		
Leashold Improvements	301,828	301,828
Computer equipment	12,216	12,216
Furniture and fixtures	7,816	7,816
Machinery and equipment	433,575	433,575
	755,435	755,435
Less: Accumulated depreciation	413,997	356,231
TOTAL PROPERTY AND EQUIPMENT	341,438	399,204
OTHER ASSETS		
Deposits	1,770	1,770
Patent costs, net of accumulated amortization of \$519,074 in 2014 and \$479,255 in 2013	188,076	227,894
TOTAL OTHER ASSETS	189,846	229,664
TOTAL ASSETS	\$ 651,856	\$ 745,711
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 19,505	\$ 24,294
Accrued taxes payable	715	355
Loans from shareholders	59,625	101,558
TOTAL CURRENT LIABILITES	79,845	126,207
STOCKHOLDERS' EQUITY		
Convertible preferred stock, \$.000001 par value, 50 shares authorized, issued and outstanding one share in 2014 and in 2013	39,600	40,800
Common stock, \$.0001 par value, 200,000,000 shares authorized in 2014 and 2013, issued and outstanding 137,016,219 shares in 2013 and 125,442,489 shares in 2013	13,702	12,544
Additional paid in capital	28,333,946	27,285,486
Deficit accumulated during the development stage	(27,815,237)	(26,719,326)
	572,011	619,504
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 651,856	\$ 745,711

STATEMENT OF STOCKHOLDERS' (DEFICIT)
NANOLOGIX, INC.
(A DEVELOPMENT STAGE COMPANY)
For the Period From Inception June 21, 1989 to September 30, 2013

	Common Stock		Preferred Stock		Additional Paid in Capital	(Deficit) Accumulated During the Development Stage	Total
	Shares	Amount	Shares	Amount			
Beginning Balance	-	\$ -	-	\$ -	\$ -	\$ -	\$ -
Net (loss)	-	-	-	-	-	(98)	(98)
Balance at December 31, 1989 (unaudited)	-	-	-	-	-	(98)	(98)
Net (loss)	-	-	-	-	-	(388)	(388)
Balance at December 31, 1990 (unaudited)	-	-	-	-	-	(486)	(486)
Net (loss)	-	-	-	-	-	(907)	(907)
Balance at December 31, 1991 (unaudited)	-	-	-	-	-	(1,393)	(1,393)
Shares issued for loans payable at \$.01 per share	1,849,300	185	-	-	19,815	-	20,000
Shares issued for research at \$.02 per share	1,811,100	181	-	-	35,628	-	35,810
Shares issued for expenses paid at \$.02 per share	205,000	21	-	-	4,080	-	4,100
Shares issued for services at \$.10 per share	134,600	13	-	-	12,987	-	13,000
Net (loss)	-	-	-	-	-	(67,027)	(67,027)
Balance at December 31, 1992 (unaudited)	4,000,000	400	-	-	72,510	(68,420)	4,490
Net (loss)	-	-	-	-	-	(7,993)	(7,993)
Balance at December 31, 1993 (unaudited)	4,000,000	400	-	-	72,510	(76,413)	(3,503)
Net (loss)	-	-	-	-	-	(14,160)	(14,160)
Balance at December 31, 1994 (unaudited)	4,000,000	400	-	-	72,510	(90,573)	(17,663)
Conversion of debt to capital	-	-	-	-	44,833	-	44,833
Reclassification of paid in capital	-	-	-	-	(7,090)	-	(7,090)
Shares issued for cash at \$.20 per share	500,000	50	-	-	99,950	-	100,000
Shares issued for cash at \$.40 per share	507,500	51	-	-	202,949	-	203,000
Shares issued for cash at \$.80 per share	25,000	2	-	-	19,998	-	20,000
Costs relating to sale of common shares	-	-	-	-	(10,200)	-	(10,200)
Share issued for cash at \$.06 per share	100,000	10	-	-	5,990	-	6,000
Net (loss)	-	-	-	-	-	(43,780)	(43,780)
Balance at December 31, 1995 (unaudited)	5,132,500	513	-	-	428,940	(134,353)	295,100
Cancellation of shares	(15,250)	(2)	-	-	2	-	-
Shares issued for conversion of debt at \$1.20 per share	87,500	9	-	-	104,991	-	105,000
Shares issued for cash at \$1.20 per share	306,000	31	-	-	367,169	-	367,200
Costs relating to sale of common shares	-	-	-	-	(36,000)	-	(36,000)
Net (loss)	-	-	-	-	-	(220,922)	(220,922)
Balance at December 31, 1996 (unaudited)	5,510,750	551	-	-	865,102	(355,275)	510,378
Shares issued for cash at \$1.20 per share	522,450	52	-	-	626,888	-	626,940
Value of stock options issued	-	-	-	-	67,974	-	67,974
Net (loss)	-	-	-	-	-	(346,225)	(346,225)
Balance at December 31, 1997 (unaudited)	6,033,200	603	-	-	1,559,964	(701,500)	859,067
Shares issued for cash at \$1.20 per share	225,000	23	-	-	269,977	-	270,000
Exercise of stock options at \$.01 per share	57,213	6	-	-	566	-	572
Shares issued for services at \$1.30 per share	51,037	5	-	-	66,388	-	66,393
Costs relating to sale of common shares	-	-	-	-	(41,148)	-	(41,148)
Value of stock options issued	-	-	-	-	117,401	-	117,401
Net (loss)	-	-	-	-	-	(546,876)	(546,876)
Balance at December 31, 1998 (unaudited)	6,366,450	637	-	-	1,973,148	(1,248,376)	725,409
Shares issued for cash at \$1.20 per share	111,000	11	-	-	133,189	-	133,200
Shares issued for services at \$1.20 per share	148,280	15	-	-	177,921	-	177,936
Value of stock options issued	-	-	-	-	330,699	-	330,699
Exercise of stock options at \$.01 per share	3,334	-	-	-	34	-	34
Net (loss)	-	-	-	-	-	(820,975)	(820,975)
Balance at December 31, 1999 (unaudited)	6,629,064	663	-	-	2,614,991	(2,069,351)	546,303
Shares issued for cash at \$.40 per share	28,000	3	-	-	11,197	-	11,200
Shares issued for services at \$.40 per share	310,510	31	-	-	124,174	-	124,205
Exercise of stock options at \$.01 per share	200,000	20	-	-	(20)	-	-
Net (loss)	-	-	-	-	-	(789,349)	(789,349)
Balance at December 31, 2000 (unaudited)	7,167,574	717	-	-	2,750,342	(2,858,700)	(107,641)
Shares issued for cash at \$.40 per share	251,625	25	-	-	100,625	-	100,650
Shares issued for services at \$.40 per share	479,938	48	-	-	191,927	-	191,975
Cancellation of shares	(132,625)	(13)	-	-	13	-	-
Value of stock options issued	-	-	-	-	768,000	-	768,000
Contribution of officers salary	-	-	-	-	50,000	-	50,000
Net (loss)	-	-	-	-	-	(1,145,781)	(1,145,781)
Balance at December 31, 2001 (unaudited)	7,766,512	777	-	-	3,860,907	(4,004,481)	(142,797)

Shares issued for cash at \$.40 per share	112,500	11	-	-	44,989	-	45,000
Shares issued for cash at \$.33 per share	80,000	8	-	-	25,992	-	26,000
Shares issued for services at \$.19 to \$.48 per share	393,756	39	-	-	144,042	-	144,081
Value of stock options issued	-	-	-	-	433,012	-	433,012
Contribution of officers salary	-	-	-	-	50,000	-	50,000
Net (loss)	-	-	-	-	-	(155,254)	(155,254)
Balance at December 31, 2002 (unaudited)	8,352,768	835	-	-	4,558,942	(4,159,735)	400,042
Shares issued for cash at \$.056 per share	1,500,000	150	-	-	83,850	-	84,000
Shares issued for services at \$.07 to \$.35 per share	4,819,762	482	-	-	836,847	-	837,329
Exercise of stock options at \$.008 per share	29,000	3	-	-	225	-	228
Exercise of stock options at \$.038 per share	848,000	85	-	-	32,159	-	32,244
Cancellation of shares	(12,500)	(1)	-	-	1	-	-
Contribution of officers salary	-	-	-	-	41,668	-	41,668
Contribution of capital by affiliate - cash	-	-	-	-	15,000	-	15,000
Net (loss)	-	-	-	-	-	(1,125,725)	(1,125,725)
Balance at December 31, 2003 (unaudited)	15,537,030	1,554	-	-	5,568,692	(5,285,460)	284,786
Shares issued for cash at \$.05 per share	2,790,000	279	-	-	144,721	-	145,000
Contribution of capital by affiliate - cash	-	-	-	-	15,000	-	15,000
Contribution of capital by affiliate - payment of expenses	-	-	-	-	16,478	-	16,478
Shares issued for services @ \$.53 per share	-	-	12	6,360,000	-	-	6,360,000
Net (loss)	-	-	-	-	-	(6,593,625)	(6,593,625)
Balance at December 31, 2004 (unaudited)	18,327,030	1,833	12	6,360,000	5,744,891	(11,879,085)	227,639
Shares issued for cash @ .50 per share	4,850,000	485	-	-	242,015	-	242,500
Shares issued for cash @ .125 per share	1,200,000	120	-	-	149,880	-	150,000
Shares issued for cash @ .07 per share	528,571	53	-	-	36,947	-	37,000
Shares issued for cash @ .035 per share	2,571,429	257	-	-	89,743	-	90,000
Costs relating to sale of common shares	-	-	-	-	(18,100)	-	(18,100)
Cancellation of shares	(385,714)	(39)	-	-	39	-	-
Shares issued for services at \$.07 to \$.42 per share	672,587	67	-	-	79,557	-	79,624
Shares issued for services at \$.95 per share	-	-	1	950,000	-	-	950,000
Shares issued for services at \$.078 per share	-	-	1	97,500	-	-	97,500
Conversion of preferred shares	13,000,000	1,300	(13)	(7,310,000)	7,308,700	-	-
Net (loss)	-	-	-	-	-	(1,597,664)	(1,597,664)
Balance at December 31, 2005 (unaudited)	40,763,903	4,076	1	97,500	13,633,672	(13,476,749)	258,499
Shares issued for cash @ \$.031 to \$.16	16,870,595	1,687	-	-	1,089,715	-	1,091,402
Costs relating to sale of common shares	-	-	-	-	(45,000)	-	(45,000)
Cancellation of shares	(4,593,170)	(459)	-	-	459	-	-
Shares issued for services at \$.055 to \$.24	2,627,356	263	-	-	418,165	-	418,428
Shares issued for services at \$.13 to \$.29	-	-	6	1,280,240	-	-	1,280,240
Conversion of preferred shares	5,967,000	597	(5)	(1,185,240)	1,184,643	-	-
Net (loss)	-	-	-	-	-	(2,331,900)	(2,331,900)
Balance at December 31, 2006 (unaudited)	61,635,684	6,164	2	192,500	16,281,654	(15,808,649)	671,669
Shares issued for cash @ \$.046 to \$.084	16,093,220	1,609	-	-	1,027,538	-	1,029,147
Shares issued for services at \$.08 to \$.135	861,313	86	-	-	94,595	-	94,681
Shares issued for services at \$.095 to \$.14	-	-	5	485,000	-	-	485,000
Conversion of preferred shares	5,875,000	588	(7)	(677,500)	676,912	-	-
Net (loss)	-	-	-	-	-	(1,313,499)	(1,313,499)
Balance at December 31, 2007 (unaudited)	84,465,217	8,447	-	-	18,080,699	(17,122,148)	966,998
Shares issued for cash @ \$.029 to \$.051	5,907,142	591	-	-	213,339	-	213,930
Cancellation of shares	(1,536,575)	(154)	-	-	(65,985)	-	(66,139)
Shares issued for services at \$.060 to \$.10	3,386,408	338	-	-	195,576	-	195,914
Shares issued for services at \$.051 to \$.15	-	-	4	321,619	-	-	321,619
Conversion of preferred shares	2,777,500	278	(3)	(195,191)	194,913	-	-
Net (loss)	-	-	-	-	-	(1,272,174)	(1,272,174)
Balance at December 31, 2008 (unaudited)	94,999,692	9,500	1	126,428	18,618,542	(18,394,322)	360,148
Shares issued for cash @ \$.035 to \$.325	7,716,290	772	-	-	759,918	-	760,690
Cancellation of shares	(1,660,500)	(166)	-	-	(59,109)	(27,505)	(86,780)
Shares issued for services at \$.050 to \$.50	1,618,938	162	-	-	288,301	-	288,463
Shares issued for services at \$.057 to \$.50	-	-	1	350,184	-	-	350,184
Cancellation of preferred shares	-	-	(1)	(107,450)	-	-	(107,450)
Conversion of preferred shares	1,815,375	181	(1)	(369,162)	368,981	-	-
Prior period adjustment for warrants issued by NPC in 2006	-	-	-	-	(210,000)	210,000	-
Net (loss)	-	-	-	-	-	(1,160,075)	(1,160,075)
Balance at December 31, 2009 (unaudited)	104,489,795	10,449	-	-	19,766,633	(19,371,902)	405,180
Shares issued for cash @ \$.28 to \$1.17	4,109,156	411	-	-	1,618,405	-	1,618,816
Shares issued for services at \$.49 to \$1.02	812,167	81	-	-	645,013	-	645,094
Shares issued for services at \$.44 to \$1.02	-	-	2	1,111,700	-	-	1,111,700
Conversion of preferred shares	1,220,000	122	(1)	(901,050)	900,928	-	-
Net (loss)	-	-	-	-	-	(2,655,784)	(2,655,784)
Balance at December 31, 2010 (unaudited)	110,631,118	11,063	1	210,650	22,930,979	(22,027,686)	1,125,006

Shares issued for cash @ \$.2837 to \$.412	3,196,127	320	-	-	1,026,380	-	1,026,700
Shares issued for services at \$.36 to \$.48	164,615	16	-	-	72,599	-	72,615
Shares issued for services at \$.35 to \$.51	-	-	1	548,400	-	-	548,400
Conversion of preferred shares	1,220,000	122	(2)	(759,050)	758,928	-	-
Net (loss)						(1,860,879)	(1,860,879)
Balance at December 31, 2011 (unaudited)	115,211,860	11,521	-	\$ -	\$ 24,788,886	\$ (23,888,565)	\$ 911,842
Shares issued for cash @ \$.206 to \$.30	4,834,816	483	-	-	1,102,017	-	1,102,500
Shares issued for services at \$.38 to \$.48	408,040	41	-	-	161,895	-	161,936
Shares issued for services at \$.32 to \$.51	-	-	1	458,600	-	-	458,600
Conversion of preferred shares	1,100,000	110	(1)	(458,600)	458,490	-	-
Prior period adjustment	-	-	-	-	-	(128)	(128)
Rounding	-	-	-	-	1	(1)	-
Net (loss)						(1,746,596)	(1,746,596)
Balance at December 31, 2012 (unaudited)	121,554,716	12,155	-	-	\$ 26,511,289	\$ (25,635,290)	\$ 888,154
Shares issued for cash @ \$.06 to \$.174	2,779,129	278	-	-	536,722	-	537,000
Shares issued for services at \$.12 to \$.23	1,326,977	133	-	-	228,853	-	228,986
Shares issued for services at \$.2 to \$.29	-	-	2	249,150	-	-	249,150
Conversion of preferred shares	980,000	98	(1)	(213,950)	213,852	-	-
Net (loss)						(1,292,639)	(1,292,639)
Balance at December 31, 2013 (unaudited)	126,640,822	12,664	1	35,200	\$ 27,490,716	\$ (26,927,929)	\$ 610,651
Shares issued for cash @ \$.055 to \$.079	7,773,142	777	-	-	490,223	-	491,000
Shares issued for services at \$.12 to \$.15	1,747,255	175	-	-	205,993	-	206,168
Shares issued for services at \$.12 to \$.29	-	-	1	151,500	-	-	151,500
Conversion of preferred shares	855,000	86	(1)	(147,100)	147,014	-	-
Net (loss)						\$ (887,308)	(887,308)
Balance at September 30, 2014 (unaudited)	137,016,219	13,702	1	39,600	\$ 28,333,946	\$ (27,815,237)	\$ 572,011

STATEMENT OF OPERATIONS
NANOLOGIX, INC.
(A DEVELOPMENT STAGE COMPANY)
Periods Ending September 30, 2014 and 2013

	Quarter Ending September 30		Year-to-Date Ending September 30	
	2014	2013	2014	2013
REVENUE	\$ 30,006	\$ 16,466	\$ 119,246	\$ 29,208
OPERATING EXPENSES				
Production	2,467	22,924	10,081	50,503
Research and development	35,213	58,156	105,745	134,900
Non-cash stock compensation	77,439	254,086	357,668	423,386
Wages	62,713	29,018	146,307	72,210
Advertising	1,865	-	9,255	8,425
Marketing	872	-	1,806	7,900
Consulting	17,500	16,500	60,500	60,250
Show expense	2,032	-	10,831	9,459
Shareholder/stock expenses	1,854	1,704	5,768	5,353
Bank fees	630	480	1,582	1,189
Professional fees	39,376	46,421	104,375	159,298
Outside services	-	-	-	798
Rent	4,140	4,840	12,420	13,120
Equipment rental	128	128	384	383
Insurance	3,970	7,473	22,206	21,677
Auto expense	2,395	2,867	6,628	9,112
Meals and entertainment	1,485	1,038	8,293	6,412
Travel	11,129	1,960	22,718	12,538
Payroll taxes	4,735	2,274	9,352	5,768
Taxes - other	369	355	995	1,412
Amortization	9,950	9,969	29,850	29,907
Depreciation	13,534	17,164	40,602	51,491
Office expense	3,097	895	16,710	5,985
Supplies	2,467	394	3,397	3,023
Postage and delivery	345	-	101	1,116
Dues and subscriptions	95	-	560	146
Licenses and permits	-	-	3,313	-
Repairs and maintenance	722	95	1,666	2,828
Security	130	130	391	390
Telephone	1,887	2,496	5,836	6,523
Utilities	2,067	3,627	7,214	7,742
TOTAL OPERATING EXPENSES	\$ 304,606	\$ 484,994	1,006,554	1,113,244
NET LOSS	\$ (274,600)	\$ (468,528)	\$ (887,308)	\$ (1,084,036)
Per share information – basic and fully diluted:				
Weighted average shares outstanding			137,016,219	125,442,489
Net (loss) per share			\$ (0.01)	\$ (0.01)

STATEMENT OF CASH FLOWS
NANOLOGIX, INC.
(A DEVELOPMENT STAGE COMPANY)
Periods Ending September 30, 2014 and 2013

	Periods Ending 9/30/2014
CASH FLOWS FROM OPERATING ACTIVITIES	
Net loss	\$ (887,308)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Noncash expenses:	
Amortization	29,850
Depreciation	40,602
Common stock issued for services and other non-cash items	357,668
Change in operating assets and liabilities:	
(Increase) decrease in:	
Accounts receivable	-
Prepaid deposits and other assets	3,210
Increase (decrease) in:	
Accounts payable	3,688
Accrued expenses and other current liabilities	749
NET CASH (USED IN) OPERATING ACTIVITIES	(451,541)
 CASH FLOWS FROM FINANCING ACTIVITIES	
Increase (decrease) in:	
Loans from shareholders	(40,557)
Proceeds from stock issuance	491,000
NET CASH PROVIDED BY FINANCING ACTIVITIES	450,443
 NET INCREASE IN CASH	 (1,098)
 CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	 3,341
 CASH AND CASH EQUIVALENTS AT END OF YEAR	 \$ 2,243

September 30
2013

\$ (1,084,036)

29,907
51,491
423,386

(392)
(1,292)

20,787
1,548
(558,601)

101,558
392,000
493,558

(65,043)

63,605

\$ (1,438)