

STATEMENT OF STOCKHOLDERS' (DEFICIT)  
NANOLOGIX, INC.  
(A DEVELOPMENT STAGE COMPANY)  
For the Period From Inception June 21, 1989 to December 31, 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 September 30, 2013 (unaudited)	126,640,822	12,664	1	35,200	\$ 27,490,716	\$ (26,927,929)	\$ 610,651











STATEMENT OF CASH FLOWS  
NANOLOGIX, INC.  
(A DEVELOPMENT STAGE COMPANY)  
Periods Ending December 31, 2013 and 2012

	Periods Ending December 31	
	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	\$ (1,292,639)	\$ (1,746,596)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Noncash expenses:		
Amortization	39,875	39,875
Depreciation	68,655	87,191
Common stock issued for services and other non-cash items	478,136	620,536
Change in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivables	(7,290)	(111,039)
Prepaid deposits and other assets	754	5,878
Increase (decrease) in:		
Accounts payable	13,748	(7,162)
Accrued expenses and other current liabilities	1,315	(1,517)
<b>NET CASH (USED IN) OPERATING ACTIVITIES</b>	<b>(697,446)</b>	<b>(1,112,834)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	-	(41,307)
<b>NET CASH (USED IN) INVESTING ACTIVITIES</b>	<b>-</b>	<b>(41,307)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase (decrease) in:		
Loans from CEO	100,182	-
Proceeds from stock issuance	537,000	1,102,500
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>637,182</b>	<b>1,102,500</b>
<b>NET INCREASE IN CASH</b>	(60,264)	(51,641)
<b>CASH AND CASH EQUIVALENTS</b>		
<b>AT BEGINNING OF YEAR</b>	<b>63,605</b>	<b>115,246</b>
<b>CASH AND CASH EQUIVALENTS</b>		
<b>AT END OF YEAR</b>	<b>\$ 3,341</b>	<b>\$ 63,605</b>

BALANCE SHEET  
NANOLOGIX, INC.  
(A DEVELOPMENT STAGE COMPANY)  
December 31, 2013 and 2012

	December 31	
	2013	2012
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 3,341	\$ 63,605
Accounts receivable	118,329	111,039
Prepaid expenses	3,210	5,313
<b>TOTAL CURRENT ASSETS</b>	<b>124,880</b>	<b>179,957</b>
<b>PROPERTY AND EQUIPMENT</b>		
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	373,395	304,739
<b>TOTAL PROPERTY AND EQUIPMENT</b>	<b>382,040</b>	<b>450,696</b>
<b>OTHER ASSETS</b>		
Deposits	1,770	1,770
Patent costs, net of accumulated amortization of \$489,224 in 2013 and \$449,349 in 2012	217,926	257,800
<b>TOTAL OTHER ASSETS</b>	<b>219,696</b>	<b>259,570</b>
<b>TOTAL ASSETS</b>	<b>\$ 726,616</b>	<b>\$ 890,223</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 15,636	\$ 2,069
Accrued payroll taxes	147	-
Loans from CEO	100,182	-
<b>TOTAL CURRENT LIABILITES</b>	<b>115,965</b>	<b>2,069</b>
<b>STOCKHOLDERS' EQUITY</b>		
Convertible preferred stock, \$.000001 par value, 50 shares authorized, issued and outstanding is share in 2013 and zero shares in 2012	35,200	-
Common stock, \$.0001 par value, 200,000,000 shares authorized in 2013 and 2012, issued and outstanding 126,640,822 shares		

STATEMENT OF OPERATIONS  
NANOLOGIX, INC.  
(A DEVELOPMENT STAGE COMPANY)  
Periods Ending December 31, 2013 and 2012

	Quarter Ending December 31		Year-to-Date Ending December 31	
	2013	2012	2013	2012
REVENUE	\$ 6,390	\$ 23,916	\$ 35,598	\$ 88,334
OPERATING EXPENSES				
Production	6,924	9,800	54,083	108,373
Research and development	30,486	73,777	165,386	333,480
Non-cash stock compensation	54,750	121,100	478,136	620,536
Wages	24,848	20,938	97,058	83,049
Advertising	1,210	1,385	9,635	19,830
Marketing	316	-	8,216	36,000
Consulting	15,000	23,100	75,250	96,400
Show expense	-	-	9,459	14,674
Shareholder/stock expenses	1,829	1,944	7,182	8,000
Bank fees	369	312	1,558	773
Professional fees	37,411	22,890	196,709	221,162
Outside services	-	204	798	4,631
Rent	4,140	8,285	17,260	27,024
Equipment rental	128	128	511	511
Insurance	2,045	5,474	23,722	26,233
Auto expense	1,814	1,970	10,926	7,993
Meals and entertainment	1,403	3,516	7,815	26,870
Travel	1,024	3,070	13,562	31,892
Payroll taxes	2,066	627	7,835	7,727
State and local taxes	147	-	1,559	1,100
Amortization	9,969	9,969	39,875	39,875
Depreciation	17,164	23,281	68,655	87,191
Office expense	3,862	2,601	9,845	14,706
Supplies	26	1,364	6,394	7,279
Postage and delivery	1,575	682	2,692	3,566
Dues and subscriptions	-	315	146	611
Licenses and permits	-	2,575	-	2,575
Repairs and maintenance	-	807	2,828	1,230
Security	130	130	520	520
Telephone	1,323	2,502	7,846	9,424
Utilities	1,932	2,559	9,674	8,963
TOTAL OPERATING EXPENSES	221,891	345,305	1,335,135	1,852,198
OTHER INCOME (EXPENSE)				
Interest income	6,898	17,268	6,898	17,268
NET LOSS	\$ (208,603)	\$ (304,121)	\$ (1,292,639)	\$ (1,746,596)
Per share information – basic and fully diluted:				
Weighted average shares outstanding			126,640,822	121,554,716
Net (loss) per share			\$ (0.01)	\$ (0.01)