

STATEMENT OF STOCKHOLDERS' (DEFICIT)  
NANOLOGIX, INC.  
(A DEVELOPMENT STAGE COMPANY)  
For the Period From Inception June 21, 1989 to June 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 @ \$.135 to \$.174	799,963	80	-	-	221,920	-	222,000
Shares issued for services at \$.22 to \$.23	215,000	22	-	-	45,528	-	45,550
Shares issued for services at \$.23 to \$.24	-	-	2	123,750	-	-	123,750
Conversion of preferred shares	490,000	49	(1)	(106,150)	106,101	-	-
Rounding	-	-	-	-	-	(1)	(1)
Net (loss)						(615,507)	(615,507)
Balance at June 30, 2013 (unaudited)	<u>123,059,679</u>	<u>12,306</u>	<u>1</u>	<u>17,600</u>	<u>\$ 26,884,838</u>	<u>\$ (26,250,798)</u>	<u>\$ 663,946</u>

BALANCE SHEET  
NANOLOGIX, INC.  
(A DEVELOPMENT STAGE COMPANY)  
June 30, 2013 and 2012

	June 30	
	2013	2012
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 8,321	\$ 178,185
Accounts receivable	111,431	-
Prepaid expenses	5,255	6,519
<b>TOTAL CURRENT ASSETS</b>	<b>125,007</b>	<b>184,704</b>
<b>PROPERTY AND EQUIPMENT</b>		
Leashold Improvements	301,828	284,148
Computer equipment	12,216	12,216
Furniture and fixtures	7,816	5,675
Machinery and equipment	433,575	430,975
	755,435	733,014
Less: Accumulated depreciation	(339,067)	(260,156)
<b>TOTAL PROPERTY AND EQUIPMENT</b>	<b>416,368</b>	<b>472,858</b>
<b>OTHER ASSETS</b>		
Deposits	1,770	7,970
Patent costs, net of accumulated amortization of \$469,286 in 2013 and \$429,411 in 2012	237,863	277,738
	239,633	285,708
<b>TOTAL OTHER ASSETS</b>	<b>239,633</b>	<b>285,708</b>
<b>TOTAL ASSETS</b>	<b>\$ 781,008</b>	<b>\$ 943,270</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 21,744	\$ 1,433
Accrued payroll taxes and penalties	195	-
Loans from CEO	95,123	-
<b>TOTAL CURRENT LIABILITES</b>	<b>117,062</b>	<b>1,433</b>
<b>STOCKHOLDERS' EQUITY</b>		
Convertible preferred stock, \$.000001 par value, 50 shares authorized, issued and outstanding one share in 2013 and zero shares in 2012	17,600	-
Common stock, \$.0001 par value, 200,000,000 shares authorized in 2013 and 2012, issued and outstanding 123,059,679 shares in 2013 and 119,405,510 in 2012	12,306	11,941
Additional paid in capital	26,884,838	25,831,567
Deficit accumulated during the development stage	(26,250,798)	(24,901,671)
	663,946	941,837
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 781,008</b>	<b>\$ 943,270</b>



STATEMENT OF CASH FLOWS  
NANOLOGIX, INC.  
(A DEVELOPMENT STAGE COMPANY)  
Periods Ending June 30, 2013 and 2012

	Periods Endin
	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Net loss	\$ (615,507)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Noncash expenses:	
Amortization	19,938
Depreciation	34,327
Common stock issued for services and other non-cash items	169,300
Change in operating assets and liabilities:	
(Increase) decrease in:	
Accounts receivable	(392)
Prepaid deposits and other assets	(1,292)
Increase (decrease) in:	
Accounts payable	21,024
Accrued expenses and other current liabilities	195
<b>NET CASH (USED IN) OPERATING ACTIVITIES</b>	<b>(372,407)</b>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of fixed assets	-
<b>NET CASH (USED IN) INVESTING ACTIVITIES</b>	<b>-</b>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Increase (decrease) in:	
Loans from CEO	95,123
Proceeds from stock issuance	222,000
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>317,123</b>
 NET INCREASE IN CASH	 (55,284)
 <b>CASH AND CASH EQUIVALENTS</b> AT BEGINNING OF YEAR	  63,605
 <b>CASH AND CASH EQUIVALENTS</b> AT END OF YEAR	  \$ 8,321

1g June 30  
2012

\$ (1,013,105)

19,938  
42,607  
255,600

-  
(2,878)

(7,966)

-  
(705,804)

(18,757)  
(18,757)

-  
787,500  
787,500

62,939

115,246

\$ 178,185



STATEMENT OF OPERATIONS  
NANOLOGIX, INC.  
(A DEVELOPMENT STAGE COMPANY)  
Periods Ending June 30, 2013 and 2012

	Quarter Ending June 30		Year-to-Date Ending June 30	
	2013	2012	2013	2012
REVENUE	\$ 8,100	\$ 128	\$ 12,742	\$ 510
OPERATING EXPENSES				
Production	7,055	63,161	28,599	101,452
Research and development	37,762	109,153	76,745	206,077
Non-cash stock compensation	94,150	133,600	169,300	255,600
Wages	19,824	19,280	43,191	38,331
Advertising	3,440	3,265	8,425	5,110
Marketing	2,900	13,500	7,900	27,000
Consulting	30,650	30,100	68,250	53,200
Outside services	594	3,731	798	3,731
Show expense	1,778	6,599	9,459	14,551
Shareholder/stock expenses	2,035	1,460	3,649	4,252
Bank fees	319	162	709	344
Professional fees	42,020	70,557	88,377	141,447
Rent	4,140	5,940	8,280	12,780
Equipment rental	128	128	256	255
Insurance	6,459	8,701	14,203	14,297
Auto expense	2,471	1,597	6,245	3,704
Meals and entertainment	1,847	12,169	5,374	18,188
Travel	6,296	18,900	10,578	24,670
Payroll taxes	1,529	1,581	3,495	3,540
State and local taxes	185	-	1,057	1,821
Amortization	10,107	9,969	19,938	19,938
Depreciation	17,164	21,303	34,327	42,607
Office expense	548	1,878	4,656	3,841
Supplies	219	1,474	1,613	3,540
Postage and delivery	229	1,282	1,544	2,324
Dues and subscriptions	-	184	146	440
Repairs and maintenance	555	423	2,733	423
Security	130	130	260	260
Telephone	1,536	2,540	4,027	5,293
Utilities	1,769	2,406	4,115	4,599
TOTAL OPERATING EXPENSES	\$ 297,839	\$ 545,173	628,249	1,013,615
NET LOSS	\$ (289,739)	\$ (545,045)	\$ (615,507)	\$ (1,013,105)
Per share information – basic and fully diluted:				
Weighted average shares outstanding			123,059,679	119,405,510
Net (loss) per share			\$ (0.01)	\$ (0.01)