

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

	September 30	
	2013	2012
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ -	\$ 114,761
Accounts receivable	111,431	63,300
Prepaid expenses	5,412	7,400
TOTAL CURRENT ASSETS	116,843	185,461
PROPERTY AND EQUIPMENT		
Leashold Improvements	301,828	286,189
Computer equipment	12,216	12,216
Furniture and fixtures	7,816	5,675
Machinery and equipment	433,575	430,975
	755,435	735,055
Less: Accumulated depreciation	356,231	281,459
TOTAL PROPERTY AND EQUIPMENT	399,204	453,596
OTHER ASSETS		
Deposits	1,770	1,770
Patent costs, net of accumulated amortization of \$479,255 in 2013 and \$439,380 in 2012	227,894	267,769
TOTAL OTHER ASSETS	229,664	269,539
TOTAL ASSETS	\$ 745,711	\$ 908,596
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 24,294	\$ 889
Accrued taxes payable	355	-
Loans from CEO	101,558	-
TOTAL CURRENT LIABILITES	126,207	889
STOCKHOLDERS' EQUITY		
Convertible preferred stock, \$.000001 par value, 50 shares authorized, issued and outstanding one share in 2013 and zero shares in 2012	40,800	-
Common stock, \$.0001 par value, 200,000,000 shares authorized in 2013 and 2012, issued and outstanding 125,442,489 shares in 2013 and 120,606,085 shares in 2012	12,544	12,061
Additional paid in capital	27,285,486	26,245,283
Deficit accumulated during the development stage	(26,719,326)	(25,349,637)
	619,504	907,707
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 745,711	\$ 908,596

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	1,945,796	195	-	-	391,805	-	392,000
Shares issued for services at \$.12 to \$.23	1,246,977	125	-	-	216,861	-	216,986
Shares issued for services at \$.2 to \$.29	-	-	2	206,400	-	-	206,400
Conversion of preferred shares	695,000	69	(1)	(165,600)	165,531	-	-
Net (loss)	-	-	-	-	-	(1,084,036)	(1,084,036)
Balance at September 30, 2013 (unaudited)	125,442,489	12,544	1	40,800	\$ 27,285,486	\$ (26,719,326)	\$ 619,504

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

	<u>Quarter Ending September 30</u>		<u>Year-to-Date Ending September 30</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
REVENUE	\$ 16,466	\$ 63,908	\$ 29,208	\$ 64,418
OPERATING EXPENSES				
Production	22,924	15,718	50,503	117,170
Research and development	58,156	53,626	134,900	259,703
Non-cash stock compensation	254,086	243,836	423,386	499,436
Wages	29,018	23,781	72,210	62,111
Advertising	-	13,335	8,425	18,445
Marketing	-	9,000	7,900	36,000
Consulting	16,500	20,100	60,250	73,300
Show expense	-	124	9,459	14,674
Shareholder/stock expenses	1,704	1,804	5,353	6,056
Bank fees	480	116	1,189	461
Professional fees	46,421	56,878	159,298	198,272
Outside services	-	696	798	4,427
Rent	4,840	6,840	13,120	19,620
Equipment rental	128	128	383	383
Insurance	7,473	5,582	21,677	19,878
Auto expense	2,867	2,319	9,112	6,023
Meals and entertainment	1,038	5,166	6,412	23,354
Travel	1,960	4,152	12,538	28,822
Payroll taxes	2,274	2,839	5,768	8,200
Taxes - other	355	-	1,412	-
Amortization	9,969	9,969	29,907	29,907
Depreciation	17,164	21,303	51,491	63,910
Office expense	895	7,699	5,985	11,540
Supplies	394	2,739	3,023	6,477
Postage and delivery	-	559	1,116	2,884
Dues and subscriptions	-	-	146	296
Repairs and maintenance	95	-	2,828	423
Security	130	130	390	390
Telephone	2,496	1,629	6,523	6,922
Utilities	3,627	1,806	7,742	6,405
TOTAL OPERATING EXPENSES	<u>\$ 484,994</u>	<u>\$ 511,874</u>	<u>1,113,244</u>	<u>1,525,489</u>
NET LOSS	<u>\$ (468,528)</u>	<u>\$ (447,966)</u>	<u>\$ (1,084,036)</u>	<u>\$ (1,461,071)</u>
Per share information – basic and fully diluted:				
Weighted average shares outstanding			<u>125,442,489</u>	<u>120,606,085</u>
Net (loss) per share			<u>\$ (0.01)</u>	<u>\$ (0.01)</u>

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

	Periods Ending 9/30/2013
CASH FLOWS FROM OPERATING ACTIVITIES	
Net loss	\$ (1,084,036)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Noncash expenses:	
Amortization	29,907
Depreciation	51,491
Common stock issued for services and other non-cash items	423,386
Change in operating assets and liabilities:	
(Increase) decrease in:	
Accounts receivable	111,039
Prepaid deposits and other assets	(1,292)
Increase (decrease) in:	
Accounts payable	20,787
Accrued expenses and other current liabilities	1,548
NET CASH (USED IN) OPERATING ACTIVITIES	(447,170)
 CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of fixed assets	-
NET CASH (USED IN) INVESTING ACTIVITIES	-
 CASH FLOWS FROM FINANCING ACTIVITIES	
Increase (decrease) in:	
Loans from shareholders	101,558
Proceeds from stock issuance	392,000
NET CASH PROVIDED BY FINANCING ACTIVITIES	493,558
 NET INCREASE IN CASH	 46,388
 CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	 63,605
 CASH AND CASH EQUIVALENTS AT END OF YEAR	 \$ 109,993

September 30
2012

\$ (1,461,071)

29,907
63,910
499,436

(63,300)
2,441

(8,098)
(412)

(937,187)

(20,798)
(20,798)

-
957,500
957,500

(485)

115,246

\$ 114,761