

BALANCE SHEET
NANOLOGIX, INC.
(A DEVELOPMENT STAGE COMPANY)
June 30, 2008 and 2007

	June 30	
	2008	2007
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,131	\$ 163,932
Accounts receivable	265,369	265,369
Trading securities	10	10
TOTAL CURRENT ASSETS	3,141	429,311
FIXED ASSETS		
Furniture and equipment, net of accumulated depreciation	22,828	6,419
OTHER ASSETS		
Deposits	11,596	15,688
Patent costs, net of accumulated amortization of \$349,667 in 2008 and \$297,226 in 2007	610,566	503,801
TOTAL OTHER ASSETS	622,162	519,489
TOTAL ASSETS	\$ 648,131	\$ 955,219

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

Accounts payable	\$ 147,477	\$ 42,397
Accrued payroll taxes and penalties	1,014	1,845
Pending equity transactions	-	58,750
TOTAL CURRENT LIABILITES	148,491	102,992

NON-CURRENT LIABILITIES

Note payable - Loan from CEO for June	12,000	-
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STOCKHOLDERS' EQUITY

Convertible preferred stock, \$.000001 par value, 50 shares authorized, issued and outstanding 1 share in 2008 and 1 share in 2007	115,575	60,000
Common stock, \$.0001 par value, 200,000,000 shares authorized in 2008 and 100,000,000 in 2007, issued and outstanding 89,426,196 shares in 2008 and 73,360,795 in 2007	8,943	7,336
Additional paid in capital	18,362,359	17,366,357
Deficit accumulated during the development stage	(17,733,868)	(16,581,466)
	753,009	852,227
 TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	 \$ 913,500	 \$ 955,219

STATEMENT OF CASH FLOWS
NANOLOGIX, INC.
(A DEVELOPMENT STAGE COMPANY)
Periods Ending June 30, 2008 and 2007

	Periods Ending June 30	
	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (611,720)	\$ (772,817)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Noncash expenses:		
Amortization	22,794	15,940
Depreciation	2,292	
Common stock issued for services and other non-cash items	325,731	441,705
Change in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivables	-	(45,369)
Prepaid deposits and other assets	9,555	(2,691)
Increase (decrease) in:		
Accounts payable	43,086	(806) (81,135)
Accrued expenses and other current liabilities	(2,362)	(9,089)
NET CASH (USED IN) OPERATING ACTIVITIES	(210,624)	(453,456)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	-	(6,418)
Patent costs	(44,824)	(4,800)
NET CASH (USED IN) INVESTING ACTIVITIES	(44,824)	(11,218)

CASH FLOWS FROM FINANCING ACTIVITIES

Increase (decrease) in:

Note payable - officer	12,000	-
Pending equity transactions	-	58,750
Proceeds from stock issuance	<u>72,000</u>	<u>511,670</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>84,000</u>	<u>570,420</u>

NET INCREASE IN CASH (171,448) 105,746

CASH AND CASH EQUIVALENTS

AT BEGINNING OF YEAR 174,579 58,186

CASH AND CASH EQUIVALENTS

AT END OF YEAR \$ 3,131 \$ 163,932

STATEMENT OF OPERATIONS
NANOLOGIX, INC.
(A DEVELOPMENT STAGE COMPANY)
Periods Ending June 30, 2008 and 2007

	Periods Ending June 30	
	2008	2007
REVENUE	\$ 20,000	\$ 20,000
OPERATING EXPENSES		
Research and development	41,747	94,682
Non-cash stock compensation	325,731	441,705
Officer's salaries	-	60,000
Wages	39,296	20,619
Advertising	5,580	8,462
Marketing	-	13,300
Show expense	6,600	1,600
Shareholder/stock expenses	3,246	1,252
Bank fees	98	145
Licenses and permits	-	646
Professional fees	138,356	52,962
Rent	4,425	5,300
Insurance	17,343	20,233
Auto expense	2,397	163
Travel	9,823	10,897
Payroll taxes	1,962	7,961
State and local taxes	1,124	525
Employee benefits	-	23,292
Amortization	22,794	15,940
Depreciation	2,292	-

Office expense	604	1,399
Supplies	574	2,947
Postage and delivery	2,131	1,229
Dues and subscriptions	2,200	2,744
Repairs and maintenance	-	90
Security	196	375
Telephone	1,601	3,104
Utilities	1,600	1,208
TOTAL OPERATING EXPENSES	<u>631,720</u>	<u>792,780</u>

OTHER INCOME (EXPENSE)

Miscellaneous	-	461
Interest expense	-	(599)
Interest income	-	101
NET LOSS	<u>\$ (611,720)</u>	<u>\$ (772,817)</u>

Per share information – basic and fully diluted:

Weighted average shares outstanding	<u>89,426,196</u>	<u>73,360,795</u>
Net (loss) per share	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>

STATEMENT OF STOCKHOLDERS' (DEFICIT)
NANOLOGIX, INC.
(A DEVELOPMENT STAGE COMPANY)
For the Period From Inception June 21, 1989 to June 30, 2008

	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 sh:	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)

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)

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 exp	-	-	-	-	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	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	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	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	84,465,217	8,447	-	-	18,080,699	(17,122,148)	966,998
Shares issued for cash @ \$.029 to \$.05	2,360,604	236	-	-	71,764	-	72,000
Cancellation of shares	(49,575)	(5)	-	-	5	-	-
Shares issued for services at \$.053 to \$.10	1,316,200	132	-	-	108,330	-	108,462
Shares issued for services at \$.065 to \$.12	-	-	2	217,269	-	-	217,269
Conversion of preferred shares	1,333,750	133	(1)	(101,694)	101,561	-	-
Net (loss)	-	-	-	-	-	(611,720)	(611,720)
Balance at June 30, 2008	<u>\$ 89,426,196</u>	<u>\$ 8,943</u>	<u>\$ 1</u>	<u>\$ 115,575</u>	<u>\$ 18,362,359</u>	<u>\$ (17,733,868)</u>	<u>\$ 753,009</u>