

BALANCE SHEET
NANOLOGIX, INC.
(A DEVELOPMENT STAGE COMPANY)
June 30, 2009 and 2008

	June 30	
	2009	2008
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 34,774	\$ 3,131
Accounts receivable	-	265,369
Trading securities	10	10
TOTAL CURRENT ASSETS	34,784	268,510
FIXED ASSETS		
Furniture and equipment, net of accumulated depreciation	19,191	22,828
OTHER ASSETS		
Deposits	11,325	11,596
Patent costs, net of accumulated amortization of \$351,978 in 2009 and \$349,667 in 2008	396,108	610,566
TOTAL OTHER ASSETS	407,433	622,162
TOTAL ASSETS	\$ 461,408	\$ 913,500
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 265,616	\$ 147,477
Accrued salaries	102,000	-

Accrued payroll taxes and penalties	503	1,014
TOTAL CURRENT LIABILITES	<u>368,119</u>	<u>148,491</u>
Notes payable	49,000	12,000
STOCKHOLDERS' EQUITY		
Convertible preferred stock, \$.000001 par value, 50 shares authorized, issued and outstanding zero shares in 2009 and 1 share in 2008	-	115,575
Common stock, \$.0001 par value, 200,000,000 shares authorized in 2009 and 2008, issued and outstanding 98,817,054 shares in 2009 and 89,426,196 in 2008	9,882	8,943
Additional paid in capital	18,815,418	18,362,359
Deficit accumulated during the development stage	<u>(18,781,011)</u>	<u>(17,733,868)</u>
	<u>44,289</u>	<u>753,009</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u><u>\$ 461,408</u></u>	<u><u>\$ 913,500</u></u>

STATEMENT OF OPERATIONS
NANOLOGIX, INC.
(A DEVELOPMENT STAGE COMPANY)
Periods Ending June 30, 2009 and 2008

	Periods Ending June 30	
	2009	2008
REVENUE	\$ 20,407	\$ 20,000
OPERATING EXPENSES		
Research and development	54,815	41,747
Non-cash stock compensation	263,315	325,731
Officer's salaries	60,000	-
Wages	17,709	39,296
Advertising	6,075	5,580
Marketing	3,025	-
Printing and production	2,118	-
Show expense	4,525	6,600
Shareholder/stock expenses	1,877	3,246
Bank fees	249	98
Professional fees	56,191	138,356
Rent	7,695	4,425
Insurance	11,661	17,343
Auto expense	1,859	2,397
Meals and entertainment	3,632	-
Travel	9,502	9,823
Payroll taxes	1,849	1,962
State and local taxes	525	1,124
Amortization	20,871	22,794
Depreciation	2,652	2,292
Office expense	358	604
Supplies	753	574
Postage and delivery	824	2,131
Dues and subscriptions	-	2,200
Repairs and maintenance	431	-
Security	426	196
Telephone	1,741	1,601
Utilities	1,461	1,600
TOTAL OPERATING EXPENSES	536,139	631,720
OTHER INCOME (EXPENSE)		
Loss on disposal of assets	(53,452)	-

NET LOSS	<u>\$ (569,184)</u>	<u>\$ (611,720)</u>
Per share information – basic and fully diluted:		
Weighted average shares outstanding	<u>98,817,054</u>	<u>89,426,196</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, 2009

	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 \$.135	2,635,091	264	-	-	183,976	-	184,240	
Cancellation of shares	(1,285,500)	(129)	-	-	(59,146)	(27,505)	(86,780)	
Shares issued for services at \$.050 to \$.26	1,262,396	126	-	-	145,420	-	145,546	
Shares issued for services at \$.057 to \$.15	-	-	1	117,769	-	-	117,769	
Cancellation of preferred shares	-	-	(1)	(107,450)	-	-	(107,450)	
Conversion of preferred shares	1,205,375	121	(1)	(136,747)	136,626	-	-	
Prior period adjustment for warrants issued by NPC in 2006	-	-	-	-	(210,000)	210,000	-	
Net (loss)	-	-	-	-	-	(569,184)	(569,184)	
Balance at June 30, 2009 (unaudited)	<u>98,817,054</u>	<u>9,882</u>	-	-	<u>\$ -</u>	<u># \$ 18,815,418</u>	<u># \$ (18,781,011)</u>	<u># \$ 44,289</u>

STATEMENT OF CASH FLOWS
NANOLOGIX, INC.
(A DEVELOPMENT STAGE COMPANY)
Periods Ending June 30, 2009 and 2008

	Periods Ending June 30	
	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (569,184)	\$ (611,720)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Noncash expenses:		
Amortization	20,871	22,794
Depreciation	2,652	2,292
Loss on disposal of assets	53,542	-
Common stock issued for services and other non-cash items	263,315	325,731
Change in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivables	199,230	-
Prepaid deposits and other assets	3,091	9,555
Increase (decrease) in:		
Accounts payable	43,870	(806) 43,086
Accrued expenses and other current liabilities	10,259	(2,362)
NET CASH (USED IN) OPERATING ACTIVITIES	27,646	(210,624)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(4,489)	-
Patent costs	(13,839)	(44,824)
NET CASH (USED IN) INVESTING ACTIVITIES	(18,328)	(44,824)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in:		

Note payable - officer	19,200	12,000
Proceeds from stock issuance	<u>(9,990)</u>	<u>72,000</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>9,210</u>	<u>84,000</u>
NET INCREASE IN CASH	18,528	(171,448)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>16,246</u>	<u>174,579</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 34,774</u></u>	<u><u>\$ 3,131</u></u>