BALANCE SHEET
NANOLOGIX, INC.
(A DEVELOPMENT STAGE COMPANY)
March 31, 2007 and 2006

	March 31,	
	2007	2006
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 52,748	$ 152,196
Accounts receivable	265,295	42,680
Trading securities	10	10
TOTAL CURRENT ASSETS	318,053	194,886
FIXED ASSETS		
Furniture and equipment, net of accumulated depreciation	2,308	-
OTHER ASSETS		
Deposits	10,919	-
Patent costs, net of accumulated amortization of $289,256 in 2007 and $265,887 in 2006	511,772	367,253
TOTAL OTHER ASSETS	522,691	367,253
TOTAL ASSETS	$ 843,052	$ 562,139

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES		
Accounts payable	$ 86,773	$ 15,217
Accrued salaries	1,679	-
Accrued payroll taxes and penalties	2,632	14,162
TOTAL CURRENT LIABILITES	91,084	29,379
STOCKHOLDERS' EQUITY		
Convertible preferred stock, $.0001 par value, 50 shares authorized, issued and outstanding zero shares in 2007 and 2 shares in 2006	-	507,500
Common stock, $.0001 par value, 100,000,000 shares authorized, issued and outstanding 67,779,096 shares in 2007 and 49,206,907 in 2006	6,778	4,921
Additional paid in capital	16,865,225	14,158,199
Deficit accumulated during the development stage	(16,120,035)	(14,137,860)
	751,968	532,760
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 843,052	$ 562,139

STATEMENT OF CASH FLOWS
NANOLOGIX, INC.
(A DEVELOPMENT STAGE COMPANY)
For the Periods Ending March 31, 2007 and 2006

	Periods Ending March 31,		
	2007		2006
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss	$ (311,386)		$ (661,111)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Noncash expenses:			
Amortization	7,970		10,217
Common stock issued for services and other non-cash items	130,017		530,372
Change in operating assets and liabilities:			
(Increase) decrease in:			
Accounts receivables	(45,296)		(40,000)
Prepaid deposits and other assets	2,079		400
Increase (decrease) in:			
Accounts payable	(36,759)	(806)	(4,267)
Accrued expenses and other current liabilities	(6,622)		(62,176)
NET CASH (USED IN) OPERATING ACTIVITIES	(259,997)		(226,565)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets	(2,309)		-
Patent costs	(4,800)		(25,000)
NET CASH (USED IN) INVESTING ACTIVITIES	(7,109)		(25,000)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (decrease) in loan payable - shareholder	-		(1,570)
Proceeds from stock issuance	261,668		405,000
NET CASH PROVIDED BY FINANCING ACTIVITIES	261,668		403,430

NET INCREASE IN CASH	(5,438)	151,865
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	58,186	331
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 52,748	$ 152,196

STATEMENT OF OPERATIONS
NANOLOGIX, INC.
(A DEVELOPMENT STAGE COMPANY)
For the Periods Ending March 31, 2007 and 2006

	Periods Ending March 31,	
	2007	2006
REVENUE	$ 20,000	$ -
OPERATING EXPENSES		
Research and development	56,572	23,794
Non-cash stock compensation	130,017	530,372
Officer's salaries	30,000	20,000
Wages	9,404	2,008
Advertising	8,462	600
Marketing	8,300	-
Shareholder/stock expenses	618	8,257
Bank fees	73	65
Professional fees	27,514	20,704
Rent	3,250	1,300
Insurance	11,841	14,492
Travel	8,730	4,165
Payroll taxes	2,402	2,451
State and local taxes	525	1,185
Employee benefits	18,921	16,493
Amortization	7,970	10,217
Office expense	683	187
Supplies	1,303	697
Postage and delivery	1,088	501
Dues and subscriptions	494	75
Repairs and maintenance	-	195

Security	329	-
Telephone	2,069	1,022
Utilities	584	723
TOTAL OPERATING EXPENSES	331,149	659,503
OTHER INCOME (EXPENSE)		
Penalties	-	(1,608)
Interest expense	(524)	-
Interest income	287	-
NET LOSS	$ (311,386)	$ (661,111)
Per share information – basic and fully diluted:		
Weighted average shares outstanding	67,779,096	49,206,907
Net (loss) per share	$ (0.00)	$ (0.01)

STATEMENT OF STOCKHOLDERS' (DEFICIT)
NANOLOGIX, INC.
(A DEVELOPMENT STAGE COMPANY)
For the Period From Inception June 21, 1989 to March 31, 2007

	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 s	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	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 ex	-	-	-	-	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 @ $.050 to $.084	3,778,674	378	-	-	261,290			261,668
Shares issued for services at $.10 to $.135	489,738	49	-	-	59,968			60,017
Shares issued for services at $.14	-	-	1	70,000	-			70,000
Conversion of preferred shares	1,875,000	187	(3)	(262,500)	262,313			-
Net (loss)						(311,386)		(311,386)
Balance at March 31, 2007	$ 67,779,096	$ 6,778	$ -	$ -	$ 16,865,225	$ (16,120,035)	#	$ 751,968