BALANCE SHEET
NANOLOGIX, INC.
(A DEVELOPMENT STAGE COMPANY)
December 31, 2010 and 2009

	December 31	
	2010	2009
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 210,757	$ 88,598
Accounts receivable	12,000	-
Prepaid insurance and rent	1,380	129
Trading securities	-	8
TOTAL CURRENT ASSETS	224,137	88,735
FIXED ASSETS		
Furniture and equipment, net of accumulated depreciation	585,103	221,687
OTHER ASSETS		
Deposits	10,160	4,161
Patent costs, net of accumulated amortization of $369,162 in 2009 and $348,840 in 2009	337,988	380,552
TOTAL OTHER ASSETS	348,148	384,713
TOTAL ASSETS	$ 1,157,388	$ 695,135
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 32,382	$ 201,098
Accrued salaries	-	51,696
Accrued payroll taxes	-	161
TOTAL CURRENT LIABILITES	32,382	252,955
NON-CURRENT LIABILITIES		
Note payable - officer	-	37,000
STOCKHOLDERS' EQUITY		
Convertible preferred stock, $.000001 par value, 50 shares authorized, issued and outstanding one share in 2010 and zero shares in 2009	210,650	-
Common stock, $.0001 par value, 200,000,000 shares authorized in 2010 and 2009, issued and outstanding 110,631,118 shares in 2010 and 104,489,795 shares in 2009	11,063	10,449
Additional paid in capital	22,930,979	19,766,633
Deficit accumulated during the development stage	(22,027,686)	(19,371,902)
	1,125,006	405,180
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 1,157,388	$ 695,135

STATEMENT OF CASH FLOWS
NANOLOGIX, INC.
(A DEVELOPMENT STAGE COMPANY)
Periods Ending December 31, 2010 and 2009

	Periods Ending December 31	
	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (2,655,784)	$ (1,160,075)
Adjustments to reconcile net loss to net cash		
provided by operating activities:		
Noncash expenses:		
Amortization	37,472	40,350
Depreciation	82,873	9,273
Loss on disposal of assets	7,802	86,435
Common stock issued for services and other non-cash items	1,756,794	638,647
Change in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivables	(12,000)	199,230
Prepaid deposits and other assets	(7,251)	10,128
Increase (decrease) in:		
Accounts payable	(168,716)	(20,648)
Accrued expenses and other current liabilities	(51,857)	(40,389)
NET CASH (USED IN) OPERATING ACTIVITIES	(1,010,667)	(237,049)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(446,288)	(213,604)
Patent costs	(2,710)	(50,655)
Trade securities	8	-
NET CASH (USED IN) INVESTING ACTIVITIES	(448,990)	(264,259)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in:		
Note payable - officer	(37,000)	7,200
Proceeds from stock issuance	1,618,816	566,460
NET CASH PROVIDED BY FINANCING ACTIVITIES	1,581,816	573,660
NET INCREASE IN CASH	122,159	72,352
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	88,598	16,246
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 210,757	$ 88,598

STATEMENT OF OPERATIONS
NANOLOGIX, INC.
(A DEVELOPMENT STAGE COMPANY)
Periods Ending December 31, 2010 and 2009

	Quarter Ending December 31		Year-to-Date Ending December 31	
	2010	2009	2010	2009
REVENUE	$ 328	$ 44	$ 640	$ 21,361
OPERATING EXPENSES				
Research and development	144,710	34,314	448,720	126,778
Non-cash stock compensation	197,850	164,869	1,756,794	638,647
Wages	13,297	9,199	51,763	39,143
Advertising	4,920	760	11,330	8,205
Marketing	13,500	-	35,435	3,025
Printing and production	-	-	342	2,118
Show expense	8,269	3,275	28,743	7,800
Shareholder/stock expenses	(1,203)	6,975	5,939	22,205
Bank fees	74	32	432	380
Professional fees	16,513	17,879	40,252	117,226
Outside services	1,063	-	10,154	-
Rent	4,140	4,140	16,560	15,975
Insurance	4,208	5,111	24,084	22,606
Auto expense	834	440	4,807	3,638
Meals and entertainment	91	-	3,517	4,681
Travel	246	317	33,992	14,294
Payroll taxes	1,028	748	6,764	2,994
State and local taxes	-	-	-	525
Amortization	9,422	10,087	37,472	40,350
Depreciation	37,385	2,318	82,873	9,273
Contributions	-	-	12,500	-
Office expense	2,782	570	5,291	1,619
Supplies	672	650	9,286	2,281
Postage and delivery	526	659	2,973	2,434
Dues and subscriptions	-	458	1,051	458
Licenses and permits	2,179	-	4,187	-
Repairs and maintenance	-	-	1,810	833
Security	130	98	1,588	524
Telephone	1,000	555	4,133	3,866
Utilities	927	942	5,454	3,123
TOTAL OPERATING EXPENSES	464,563	264,396	2,648,246	1,095,001
OTHER INCOME (EXPENSE)				
Interest expense	-	-	(376)	-
Loss on disposal of assets	-	32,983	(7,802)	86,435
NET LOSS	$ (464,235)	$ (297,335)	$ (2,655,784)	$ (1,160,075)
Per share information – basic and fully diluted:				
Weighted average shares outstanding			110,631,118	104,489,795
Net (loss) per share			$ (0.02)	$ (0.01)

STATEMENT OF STOCKHOLDERS' (DEFICIT)
NANOLOGIX, INC.
(A DEVELOPMENT STAGE COMPANY)
For the Period From Inception June 21, 1989 to December 31, 2010

	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