

BALANCE SHEET
NANOLOGIX, INC.
(A DEVELOPMENT STAGE COMPANY)
June 30, 2011 and 2010

	June 30	
	2011	2010
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 26,701	\$ 661,598
Accounts receivable	12,000	-
Prepaid expenses	3,431	23,682
Trading securities	-	4
TOTAL CURRENT ASSETS	42,132	685,284
PROPERTY AND EQUIPMENT		
Leasehold Improvements	255,024	233,366
Computer equipment	12,216	12,216
Furniture and fixtures	5,675	5,675
Machinery and equipment	430,975	405,655
	703,890	656,912
Less: Accumulated depreciation	(145,932)	(37,532)
TOTAL PROPERTY AND EQUIPMENT	557,958	619,380
OTHER ASSETS		
Deposits	7,970	4,161
Patent costs, net of accumulated amortization of \$389,318 in 2011 and \$350,389 in 2010	317,832	354,050
TOTAL OTHER ASSETS	325,802	358,211
TOTAL ASSETS	\$ 925,892	\$ 1,662,875
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 29,196	\$ 114,285
Accrued payroll taxes and penalties	-	185
TOTAL CURRENT LIABILITES	29,196	114,470
Notes payable	9,800	569
STOCKHOLDERS' EQUITY		
Convertible preferred stock, \$.000001 par value, 50 shares authorized, issued and outstanding one share in 2011 and one share in 2010	19,600	-
Common stock, \$.0001 par value, 200,000,000 shares authorized in 2011 and 2010, issued and outstanding 112,219.879 shares in 2011 and 109,374,822 in 2010	11,222	10,937
Additional paid in capital	23,804,935	21,882,355
Deficit accumulated during the development stage	(22,948,861)	(20,345,456)
	886,896	1,547,836
TOTAL LIABILITIES AND STOCKHOLDERS' EQUI	\$ 925,892	\$ 1,662,875

NANOLOGIX, INC.
(A DEVELOPMENT STAGE COMPANY)
Periods Ending June 30, 2011 and 2010

	Periods Ending June 30	
	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (921,175)	\$ (973,554)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Noncash expenses:		
Amortization	20,156	18,700
Depreciation	41,436	15,911
Loss on disposal of assets	-	7,802
Common stock issued for services and other non-cash items	348,065	602,393
Change in operating assets and liabilities:		
(Increase) decrease in:		
Prepaid deposits and other assets	139	(23,549)
Increase (decrease) in:		
Accounts payable	(3,185)	(86,813)
Accrued expenses and other current liabilities	-	(51,672)
NET CASH (USED IN) OPERATING ACTIVITIES	(514,564)	(490,782)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(14,292)	(413,604)
NET CASH (USED IN) INVESTING ACTIVITIES	(14,292)	(413,604)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in:		
Note payable - officer	9,800	(36,430)
Proceeds from stock issuance	335,000	1,513,816
NET CASH PROVIDED BY FINANCING ACTIVITIES	344,800	1,477,386
 NET INCREASE IN CASH	(184,056)	573,000
 CASH AND CASH EQUIVALENTS		
AT BEGINNING OF YEAR	210,757	88,598
 CASH AND CASH EQUIVALENTS		
AT END OF YEAR	\$ 26,701	\$ 661,598

STATEMENT OF OPERATIONS
NANOLOGIX, INC.
(A DEVELOPMENT STAGE COMPANY)
Periods Ending June 30, 2011 and 2010

	Quarter Ending June 30		Year-to-Date Ending June 30	
	2011	2010	2011	2010
REVENUE	\$ -	\$ 235	\$ 128	\$ 235
OPERATING EXPENSES				
Production	5,993	-	12,449	-
Research and development	176,616	173,924	254,427	136,776
Non-cash stock compensation	153,200	374,098	348,065	602,393
Wages	13,192	10,905	30,185	21,782
Advertising	3,555	5,410	8,182	5,410
Marketing	13,500	6,845	27,000	6,845
Consulting	14,600	-	24,600	-
Printing and production	-	342	-	342
Show expense	2,515	3,521	5,091	20,474
Shareholder/stock expenses	2,134	1,358	2,961	2,088
Contributions	-	-	-	-
Licenses and permits	-	2,008	-	2,008
Bank fees	104	264	307	268
Professional fees	25,511	25,145	53,669	48,087
Rent	1,885	5,439	6,900	9,660
Equipment rental	875	-	875	-
Insurance	6,523	992	13,630	13,374
Auto expense	4,133	1,427	5,984	3,153
Meals and entertainment	5,746	1,374	6,849	2,504
Travel	27,469	21,534	34,295	28,200
Payroll taxes	968	1,746	3,650	3,482
Amortization	10,078	9,350	20,156	18,700
Depreciation	20,718	7,956	41,436	15,911
Office expense	7,136	212	8,917	950
Supplies	81	12,387	1,209	13,569
Postage and delivery	539	1,143	1,724	1,618
Dues and subscriptions	942	365	1,172	365
Repairs and maintenance	306	-	583	1,810
Security	175	1,185	305	1,328
Telephone	1,081	1,443	2,061	2,246
Utilities	1,095	1,189	2,621	2,644
TOTAL OPERATING EXPENSES	\$ 500,670	\$ 671,562	919,303	965,987
OTHER INCOME (EXPENSE)				
Loss on disposal of assets			-	(7,802)
NET LOSS			\$ (919,175)	\$ (973,554)
Per share information – basic and fully diluted:				
Weighted average shares outstanding			112,219,879	109,374,882
Net (loss) per share			\$ (0.01)	\$ (0.01)

STATEMENT OF STOCKHOLDERS' (DEFICIT)
NANOLOGIX, INC.
(A DEVELOPMENT STAGE COMPANY)
For the Period From Inception June 21, 1989 to June 30, 2011

	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 \$.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 @ \$.285 to \$.412	894,146	89	-	-	334,911	-	335,000
Shares issued for services at \$.45 to \$.48	84,615	9	-	-	39,406	-	39,415
Shares issued for services at \$.39 to \$.51	-	-	1	308,650	-	-	308,650
Conversion of preferred shares	610,000	61	(1)	(499,700)	499,639	-	-
Net (loss)	-	-	-	-	-	(921,175)	(921,175)
Balance at June 30, 2011 (unaudited)	112,219,879	11,222	1	\$ 19,600	\$ 23,804,935	\$ (22,948,861)	\$ 886,896