

BALANCE SHEET
NANOLOGIX, INC.
(A DEVELOPMENT STAGE COMPANY)
June 30, 2012 and 2011

	June 30	
	2012	2011
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 178,185	\$ 26,701
Accounts receivable	-	12,000
Prepaid expenses	6,519	3,431
TOTAL CURRENT ASSETS	184,704	42,132
PROPERTY AND EQUIPMENT		
Leashold Improvements	284,148	255,024
Computer equipment	12,216	12,216
Furniture and fixtures	5,675	5,675
Machinery and equipment	430,975	430,975
	733,014	703,890
Less: Accumulated depreciation	(260,156)	(145,932)
TOTAL PROPERTY AND EQUIPMENT	472,858	557,958
OTHER ASSETS		
Deposits	7,970	7,970
Patent costs, net of accumulated amortization of \$429,411 in 2011 and \$389,318 in 2011	277,738	317,832
TOTAL OTHER ASSETS	285,708	325,802
TOTAL ASSETS	\$ 943,270	\$ 925,892
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 1,433	\$ 29,196
TOTAL CURRENT LIABILITES	1,433	29,196
Notes payable	-	9,800
STOCKHOLDERS' EQUITY		
Convertible preferred stock, \$.000001 par value, 50 shares authorized, issued and outstanding zero shares in 2012 and one share in 2011	-	19,600
Common stock, \$.0001 par value, 200,000,000 shares authorized in 2012 and 2011, issued and outstanding 119,405,510 shares in 2012 and 112,219,879 in 2011	11,941	11,222
Additional paid in capital	25,831,567	23,804,935
Deficit accumulated during the development stage	(24,901,671)	(22,948,861)
	941,837	886,896
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 943,270	\$ 925,892

STATEMENT OF CASH FLOWS
NANOLOGIX, INC.
(A DEVELOPMENT STAGE COMPANY)
Periods Ending June 30, 2012 and 2011

	Periods Ending June 30	
	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (1,013,105)	\$ (921,175)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Noncash expenses:		
Amortization	19,938	20,156
Depreciation	42,607	41,436
Common stock issued for services and other non-cash items	255,600	348,065
Change in operating assets and liabilities:		
(Increase) decrease in:		
Prepaid deposits and other assets	(2,878)	139
Increase (decrease) in:		
Accounts payable	(7,966)	(3,185)
NET CASH (USED IN) OPERATING ACTIVITIES	(705,804)	(514,564)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(18,757)	(14,292)
NET CASH (USED IN) INVESTING ACTIVITIES	(18,757)	(14,292)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in:		
Note payable - officer	-	9,800
Proceeds from stock issuance	787,500	335,000
NET CASH PROVIDED BY FINANCING ACTIVITIES	787,500	344,800
NET INCREASE IN CASH	62,939	(184,056)
CASH AND CASH EQUIVALENTS		
AT BEGINNING OF YEAR	115,246	210,757
CASH AND CASH EQUIVALENTS		
AT END OF YEAR	\$ 178,185	\$ 26,701

STATEMENT OF OPERATIONS
NANOLOGIX, INC.
(A DEVELOPMENT STAGE COMPANY)
Periods Ending June 30, 2012 and 2011

	Quarter Ending June 30		Year-to-Date Ending June 30	
	2012	2011	2012	2011
REVENUE	\$ 128	\$ -	\$ 510	\$ 128
OPERATING EXPENSES				
Production	63,161	5,993	101,452	12,449
Research and development	109,153	176,616	206,077	256,427
Non-cash stock compensation	133,600	153,200	255,600	348,065
Wages	19,280	13,192	38,331	30,185
Advertising	3,265	3,555	5,110	8,182
Marketing	13,500	13,500	27,000	27,000
Consulting	30,100	14,600	53,200	24,600
Outside services	3,731	-	3,731	-
Show expense	6,599	2,515	14,551	5,091
Shareholder/stock expenses	1,460	2,134	4,252	2,961
Bank fees	162	104	344	307
Professional fees	70,557	25,511	141,447	53,669
Rent	5,940	1,885	12,780	6,900
Equipment rental	128	875	255	875
Insurance	8,701	6,523	14,297	13,630
Auto expense	1,597	4,133	3,704	5,984
Meals and entertainment	12,169	5,746	18,188	6,849
Travel	18,900	27,469	24,670	34,295
Payroll taxes	1,581	968	3,540	3,650
State and local taxes	-	-	1,821	-
Amortization	9,969	10,078	19,938	20,156
Depreciation	21,303	20,718	42,607	41,436
Office expense	1,878	7,136	3,841	8,917
Supplies	1,474	81	3,540	1,209
Postage and delivery	1,282	539	2,324	1,724
Dues and subscriptions	184	942	440	1,172
Repairs and maintenance	423	306	423	583
Security	130	175	260	305
Telephone	2,540	1,081	5,293	2,061
Utilities	2,406	1,095	4,599	2,621
TOTAL OPERATING EXPENSES	\$ 545,173	\$ 500,670	1,013,615	921,303
NET LOSS	\$ (545,045)	\$ (500,670)	\$ (1,013,105)	\$ (921,175)
Per share information – basic and fully diluted:			119,405,510	112,219,879
Weighted average shares outstanding			<u>119,405,510</u>	<u>112,219,879</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, 2012

	Common Stock		Preferred Stock		Paid in Capital	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
Shares issued for cash @ \$.2837 to \$.412	3,196,127	320	-	-	1,026,380	-	1,026,700
Shares issued for services at \$.36 to \$.48	164,615	16	-	-	72,599	-	72,615
Shares issued for services at \$.35 to \$.51	-	-	1	548,400	-	-	548,400
Conversion of preferred shares	1,220,000	122	(2)	(759,050)	758,928	-	-
Net (loss)	-	-	-	-	-	(1,860,879)	(1,860,879)
Balance at December 31, 2011 (unaudited)	115,211,860	11,521	-	\$ -	\$ 24,788,886	\$ (23,888,565)	\$ 911,842
Shares issued for cash @ \$.243 to \$.30	3,623,650	363	-	-	787,137	-	787,500
Shares issued for services at \$.40	80,000	8	-	-	35,192	-	35,200
Shares issued for services at \$.45 to \$.51	-	-	1	220,400	-	-	220,400
Conversion of preferred shares	490,000	49	(1)	(220,400)	220,351	-	-
Rounding	-	-	-	-	1	(1)	-
Net (loss)	-	-	-	-	-	(1,013,105)	(1,013,105)
Balance at June 30, 2012 (unaudited)	119,405,510	11,941	-	-	\$ 25,831,567	\$ (24,901,671)	\$ 941,837