

BALANCE SHEET
 NANOLOGIX, INC.
 (A DEVELOPMENT STAGE COMPANY)

March 31, 2008 and 2007

	March 31,	
	2008	2007
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 7,699	\$ 52,748
Accounts receivable	265,369	265,295
Trading securities	10	10
TOTAL CURRENT ASSETS	273,078	318,053
PROPERTY AND EQUIPMENT		
Computer equipment	5,540	1,085
Furniture and fixtures	3,883	1,223
Machinery and equipment	20,280	-
	29,703	2,308
Less: Accumulated depreciation	(5,730)	-
TOTAL PROPERTY AND EQUIPMENT	23,973	2,308
OTHER ASSETS		
Deposits	32,346	10,919
Patent costs, net of accumulated amortization of \$338,270 in 2008 and \$289,256 in 2007	597,112	511,772
TOTAL OTHER ASSETS	629,458	522,691
TOTAL ASSETS	\$ 926,509	\$ 843,052

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

Accounts payable	\$ 106,190	\$ 86,773	
Accrued salaries	-	1,679	
Accrued payroll taxes and penalties	2,832	2,632	
TOTAL CURRENT LIABILITES	109,022	91,084	

STOCKHOLDERS' EQUITY

Convertible preferred stock, \$.0001 par value, 50 shares authorized, issued and outstanding zero shares in 2008 and 2007	-	-	
Common stock, \$.0001 par value, 200,000,000 shares authorized in 2008* and 100,000,000 in 2007, issued and outstanding 87,210,752 shares in 2008 and 67,779,096 in 2007	8,721	6,778	
Additional paid in capital	18,245,466	16,865,225	
Deficit accumulated during the development stage	(17,436,700)	(16,120,035)	
	817,487	751,968	
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 926,509	\$ 843,052	

*Please note that on May 17, 2006 in the annual shareholder meeting that the shareholders of the company voted to increase the authorized shares from 100,000,000 to 200,000,000.

STATEMENT OF CASH FLOWS
NANOLOGIX, INC.
(A DEVELOPMENT STAGE COMPANY)
For the Periods Ending March 31, 2008 and 2007

	Periods Ending March 31,	
	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (314,552)	\$ (311,386)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Noncash expenses:		
Amortization	11,397	7,970
Depreciation	1,146	-
Common stock issued for services and other non-cash items	165,041	130,017
Change in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivables	-	(45,296)
Prepaid deposits and other assets	(11,195)	2,079
Increase (decrease) in:		
Accounts payable	1,799	(806) (36,759)
Accrued expenses and other current liabilities	(543)	(6,622)
NET CASH (USED IN) OPERATING ACTIVITIES	(146,907)	(259,997)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	-	(2,309)
Patent costs	(19,973)	(4,800)
NET CASH (USED IN) INVESTING ACTIVITIES	(19,973)	(7,109)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from stock issuance	-	261,668
NET CASH PROVIDED BY FINANCING ACTIVITIES	-	261,668
NET DECREASE IN CASH	(166,880)	(5,438)
CASH AND CASH EQUIVALENTS		
AT BEGINNING OF YEAR	174,579	58,186
CASH AND CASH EQUIVALENTS		
AT END OF YEAR	\$ 7,699	\$ 52,748

STATEMENT OF OPERATIONS
NANOLOGIX, INC.
(A DEVELOPMENT STAGE COMPANY)
For the Periods Ending March 31, 2008 and 2007

	Periods Ending March 31,	
	2008	2007
REVENUE	\$ 20,000	\$ 20,000
OPERATING EXPENSES		
Research and development	33,527	56,572
Non-cash stock compensation	165,041	130,017
Officer's salaries	-	30,000
Wages	23,757	9,404
Advertising	2,790	8,462
Marketing	-	8,300
Shareholder/stock expenses	600	618
Show expense	3,953	-
Bank fees	24	73
Insurance	10,339	11,841
Professional fees	63,480	27,514
Rent	1,770	3,250
Travel	5,862	8,730
Meals and entertainment	210	-
Payroll taxes	-	2,402
State and local taxes	4,454	525
Employee benefits	-	18,921
Amortization	11,397	7,970
Depreciation	1,146	-
Office expense	411	683
Supplies	311	1,303
Postage and delivery	1,780	1,088
Dues and subscriptions	2,200	494
Security	98	329
Telephone	578	2,069
Utilities	824	584
TOTAL OPERATING EXPENSES	334,552	331,149
OTHER INCOME (EXPENSE)		
Interest expense	-	(524)
Interest income	-	287
NET LOSS	\$ (314,552)	\$ (311,386)
Per share information – basic and fully diluted:		
Weighted average shares outstanding	87,210,752	67,779,096
Net (loss) per share	\$ (0.0036)	\$ (0.0046)

STATEMENT OF STOCKHOLDERS' (DEFICIT)
NANOLOGIX, INC.
(A DEVELOPMENT STAGE COMPANY)
For the Period From Inception June 21, 1989 to March 31, 2008

	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	<u>61,635,684</u>	<u>6,164</u>	<u>2</u>	<u>\$ 192,500</u>	<u>\$ 16,281,654</u>	<u>\$ (15,808,649)</u>	<u>\$ 671,669</u>
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	<u>84,465,217</u>	<u>\$ 8,447</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,080,699</u>	<u># \$ (17,122,148)</u>	<u># \$ 966,998</u>
Shares issued for cash received in prior period	816,160	81	-	-	(81)	-	-
Shares issued for services at \$.07 to \$.10	929,375	93	-	-	84,948	-	85,041
Shares issued for services at \$.08	-	-	1	80,000	-	-	80,000
Conversion of preferred shares	1,000,000	100	(1)	(80,000)	79,900	-	-
Net (loss)						(314,552)	(314,552)
Balance at March 31, 2008	<u><u>87,210,752</u></u>	<u><u>\$ 8,721</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 18,245,466</u></u>	<u><u># \$ (17,436,700)</u></u>	<u><u># \$ 817,487</u></u>