

BALANCE SHEET
NANOLOGIX, INC.
(A DEVELOPMENT STAGE COMPANY)
September 30, 2009 and 2008

	September 30	
	2009	2008
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 116,762	\$ 18,238
Accounts receivable	-	270,369
Prepaid insurance	2,099	193
Trading securities	8	10
TOTAL CURRENT ASSETS	118,869	288,810
FIXED ASSETS		
Furniture and equipment, net of accumulated depreciation	65,837	21,682
OTHER ASSETS		
Deposits	9,161	13,987
Patent costs, net of accumulated amortization of \$362,845 in 2009 and \$361,064 in 2008	404,828	610,526
TOTAL OTHER ASSETS	413,989	624,513
TOTAL ASSETS	\$ 598,695	\$ 935,005

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

Accounts payable	\$ 241,129	\$ 168,843
Accrued salaries	76,000	11,932
Accrued payroll taxes and penalties	191	51
TOTAL CURRENT LIABILITES	<u>317,320</u>	<u>180,826</u>

NON-CURRENT LIABILITIES

Note payable	49,000	37,800
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STOCKHOLDERS' EQUITY

Convertible preferred stock, \$.000001 par value, 50 shares authorized, issued and outstanding zero share in 2009 and 1 share in 2008	-	107,450
Common stock, \$.0001 par value, 200,000,000 shares authorized in 2008 and 100,000,000 in 2007, issued and outstanding 101,703,217 shares in 2009 and 92,063,089 in 2008	10,170	9,206
Additional paid in capital	19,385,343	18,522,563
Deficit accumulated during the development stage	(19,163,138)	(17,922,840)
	<u>232,375</u>	<u>716,379</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 598,695</u>	<u>\$ 935,005</u>

STATEMENT OF CASH FLOWS
NANOLOGIX, INC.
(A DEVELOPMENT STAGE COMPANY)
Periods Ending September 30, 2009 and 2008

	Periods Ending September 30	
	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (951,311)	\$ (800,692)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Noncash expenses:		
Amortization	31,738	34,190
Depreciation	4,052	3,438
Loss on disposal of assets	53,542	-
Common stock issued for services and other non-cash items	473,778	434,493
Change in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivables	199,230	(5,000)
Prepaid deposits and other assets	3,158	6,970
Increase (decrease) in:		
Accounts payable	19,384	(806) 64,452
Accrued expenses and other current liabilities	(16,054)	8,609
NET CASH (USED IN) OPERATING ACTIVITIES	(182,483)	(253,540)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(52,535)	-
Patent costs	(33,426)	(56,181)
NET CASH (USED IN) INVESTING ACTIVITIES	(85,961)	(56,181)

CASH FLOWS FROM FINANCING ACTIVITIES

Increase (decrease) in:

Note payable - officer

19,200

37,800

Proceeds from stock issuance

349,760

115,580

NET CASH PROVIDED BY FINANCING ACTIVITIES

368,960

153,380

NET INCREASE IN CASH

100,516

(156,341)

CASH AND CASH EQUIVALENTS

AT BEGINNING OF YEAR

16,246

174,579

CASH AND CASH EQUIVALENTS

AT END OF YEAR

\$ 116,762

\$ 18,238

STATEMENT OF OPERATIONS
NANOLOGIX, INC.
(A DEVELOPMENT STAGE COMPANY)
Periods Ending September 30, 2009 and 2008

	<u>Year-to-Date Ending September 30</u>	
	<u>2009</u>	<u>2008</u>
REVENUE	\$ 21,318	\$ 25,000
OPERATING EXPENSES		
Research and development	92,464	96,403
Non-cash stock compensation	473,778	396,993
Officer's salaries	90,000	-
Wages	29,008	60,608
Advertising	7,445	4,548
Marketing	3,025	-
Printing and production	2,118	-
Show expense	4,525	12,600
Shareholder/stock expenses	15,230	3,621
Bank fees	348	207
Professional fees	99,347	142,020
Rent	11,963	7,080
Insurance	17,494	25,002
Auto expense	3,198	3,166
Meals and entertainment	4,874	740
Travel	13,785	15,627
Payroll taxes	3,182	5,857
State and local taxes	525	1,124
Amortization	31,738	34,190
Depreciation	4,052	3,438
Office expense	922	645

Supplies	1,631	722
Postage and delivery	1,775	2,538
Dues and subscriptions	-	4,150
Repairs and maintenance	833	-
Security	425	294
Telephone	3,310	2,169
Utilities	2,182	1,950
TOTAL OPERATING EXPENSES	<u>919,177</u>	<u>825,692</u>

OTHER INCOME (EXPENSE)

Miscellaneous	53,452	-
Interest income	-	-
NET LOSS	<u>\$ (951,311)</u>	<u>\$ (800,692)</u>

Per share information – basic and fully diluted:

Weighted average shares outstanding	<u>101,703,217</u>
Net (loss) per share	<u>\$ (0.01)</u>

STATEMENT OF STOCKHOLDERS' (DEFICIT)
NANOLOGIX, INC.
(A DEVELOPMENT STAGE COMPANY)
For the Period From Inception June 21, 1989 to September, 2009

	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)

