

## Quarterly Financials

Second Quarter and Six Months Ended March 31, 2012

**Item 1      Exact name of the issuer and its predecessor (if any)**

Nuvonyx, Inc. f/k/a US Aloe, Inc. (the "Company"). The name change to Nuvonyx, Inc. was effective on October 4, 2010. The principle executive address is located at 7470 Dean Martin Drive Las Vegas, NV 89139

**Item 2      Shares Outstanding**

- (i)      **Period end date:** March 31, 2012
- (ii)     **Number of Shares Authorized:** Common Shares 240,000,000 ; Preferred Shares 5,000,000
- (iii)    **Number of Shares Outstanding:** Common Shares 88,596,280; Preferred Stock 0
- (iv)    **Freely Tradable Shares (Public Float):** Common Shares 3,702,227; Preferred Shares 0
- (v)     **Total Number of Beneficial Shareholders:** 45
- (vi)    **Total Number of Shareholders of Record:** 45

**Item 3      Interim Financial Statements**

The interim Financial Statements are attached at the end of this Quarterly Update in attachment A.

The following reports are located in Attachment A:

Balance Sheet

Statement of Operations

Statement of Stockholders' Deficit

Statement of Cash Flows

**Item 4      Management's Discussion and Analysis**

Nuvonyx is a vertically integrated manufacturer and marketer of nutritional products that feature Aloe Vera juice as an ingredient. It owns a 70 acre crop of organically grown Aloe Vera, which it harvests on a weekly basis and processes for juice. This is done in the 12,000 sq. ft. plant in Las Vegas, Nevada. After processing, which includes hand filleting of the leaves, the juice is blended and bottled in the factory. The facility includes state of the art bottling, capping and labeling capabilities.

Our product line is divided into four categories: our newly developed nutritional beverage, other products containing aloe sold under our own brands, other products containing aloe which are sold under private label arrangements, and Real Aloe nutritional supplements. Our products have historically been sold through direct relationships with customers. It is our intention that our nutritional beverage product be sold through a network marketing multilevel channel, and we have invested in key personnel who have a track record of success in this channel.

We believe our facility is capable of producing millions of dollars annually, so plant utilization as a result of sales is a key factor in profitability. While our priority is to utilize our facility to produce Aloe Vera

products, subject to the availability of financing to purchase production equipment, we intend to increase our marketing efforts with third parties who may wish to subcontract product manufacturing to us.

There are industry wide factors that impact our business starting with the condition of the general economy as 2011 has been a relatively flat year for the overall economy. We have mirrored that in our company. However, as 2012 appears to be experiencing a gradual improvement in the overall economy, we expect to experience that improvement as well. Although we have launched new products it has only allowed us to maintain our sales numbers. We do continue to feel that utilizing a network marketing model for our product line during these economic changes will provide the best return on investment for our sales and marketing dollar. Strong network marketing businesses have outperformed many industry leaders during turbulent economies as more people look to supplement their income or migrate from other industries.

Another important strategic factor is the existing consumer knowledge of aloe as a product with health benefits. We feel that we will be able to leverage this existing consumer knowledge to get people to try our products. We will not have to carry the same level of burden for initial educational costs that other entrants to this market had to bear when their products were focused on acai, pomegranate, or goji, which were relatively unknown at the time.

In October 2011 we launched a new product line called PVX, which is a supplemental super food replacement for the busy individual. It was pushed out through our network marketing channel and initial response was greater than expected. Sales through the end of the second quarter was \$114,355 and we are continuing the process of recruiting experienced downstream associates to expand sales further.

While there has been a substantial increase in entrants into the health products industry in the last ten years, we believe there is space for another competitor. Obesity rates continue to climb, both in the United States and worldwide, along with the average age of the overall global population. This will continue to fuel the growth of this industry and its need for healthier products. Furthermore, the proliferation of products within this industry has created an environment that is conducive to trying new products. Additionally, network marketing distributors are constantly looking for products to add to their portfolio, and consumers are looking for the best tasting, healthiest product. Management believes that this confluence of events will lead to a lower cost to acquire a customer than many of our competitors had to face upon their entry into the market.

We believe that the most critical factor to our business strategy will be to obtain distributors for our nutritional beverage product line. We must acquire distributors, facilitate their ability to sell our products, and reward them financially to sell those products on our behalf. Oftentimes a network marketing company has the ability to initially acquire distributors but not retain them. We believe that our incentive plan matches other top network marketing sales incentive models.

Our initial distributor outreach will be focused in the United States. While many network companies operate and are successful on a global scale, we believe the best use of our resources is to focus initially on the U.S. market. We have received interest from international distributors, but initially their support will be secondary to the U.S. Market and establishing our distributor base there. Once we have reached what we believe is an appropriate base in the U.S. market, we intend to expand to appropriate international markets.

In an effort to reduce overhead costs and streamline operations, the Company moved its operations from Carlsbad, California to Las Vegas, Nevada. The results had a negative effect on sales for the first and second quarters, however, operations were quickly resumed and believe the cost reductions experienced in the third quarter and forward will more than make up for the lost sales during the transition. As part of the move the Company sold equipment with a net book value of \$398,770 for cash of \$384,940 resulting in a loss on the disposition of \$13,830. Additionally, during the second quarter we abandoned the offices and manufacturing facilities in Carlsbad, California. As such, we accelerated the remaining balance of the rent owed through the lease terms, offset by the deferred. The effect increased the net loss in the second quarter by \$426,073. Accordingly, this will reduce the monthly expenses by approximately \$38,000 per month, plus additional overhead saving with the move to Nevada.

*Results of Operations:*

In our presentations of financial figures, “gross sales” is the total amount that we are charging for our products. However, we recognize that with a network marketing business model, there are significant adjustments to the gross sales numbers and that it is not a measurement consistent with U.S. Generally Accepted Accounting Principles (U.S. GAAP). We believe our “net sales” numbers are in compliance with U.S. GAAP and derived as follows:

Gross Sales to Net Sales Calculation

	Product Sales From All Product Lines
+	Shipping, Handling, & Related Income
=	Gross Sales
-	Distributor Commissions
-	<u>Credit Card Fees</u>
=	Net Sales

Gross Sales is a critical number for us to demonstrate as it allows us to comprehend our overall transactions and measure the effectiveness of our incentive structure for distributors. However, Gross Sales is not a replacement for Net Sales, as demonstrated on our income statement. Net Sales as demonstrated in our reconciliation is our gross sales minus distributor commissions and including revenue from shipping and handling. Cost of Goods Sold includes our raw material and product preparation costs, shipping handling, Allocation of Facility Costs, and any other related expenses to creating, preparing, and getting our products to our distributors. Gross Profit is our Net Sales minus our Cost of Goods Sold. Selling, General, & Administrative (SG&A) costs are our operating expenses outside the cost of creating and getting our products to our distributors. Net Profit is our Gross Profit minus our SG&A costs.

*Summary Financial Results:*

Net Sales for Second Quarter and Year to Date ended March 31, 2012 were \$415,518. This is a 46% decrease over Second Quarter and Year to Date ended March 31, 2011 which was \$903,770.

Sales have declined as compared to this time last year in part due to the move to Las Vegas which disrupted the sales process, particularly in the multilevel channels. The retail business lost some momentum, but picked right back up once the new operations were functional.

Net Loss for the Second Quarter and Year to Date ended March 31, 2012 was (\$1,884,098). This is compared to a net loss of (\$936,274) for the Second Quarter and Year to Date ended March 31, 2011.

The net loss increased by \$947,824 during the Second Quarter and Year to Date ended March 31, 2012 as compared to the same Quarter and Year to Date ended March 31, 2011. The increase in the loss was in part due to the amortization of the significant contracts signed and paid for in stock during the period ended September 30, 2011 and the acceleration of the lease costs on the abandoned offices and manufacturing facilities in Carlsbad, California.

It should be noted that when the amortization of the contracts and the accelerated lease payment that the loss for the Year to Date ended March 31, 2012 would be (\$1,176,028).

Our Cost of Goods Sold includes the allocation of our facilities costs attributable to the manufacturing of our products representing the majority of these expenses. As a result, Costs of Goods Sold appears disproportionately large compared to our revenues. As revenues increase, this percentage will decrease. Our gross margin before the allocation of these expenses is approximately 60%.

We expect that as revenues increase in the future our margins will improve such that we expect to reach breakeven point in the year ending September 30, 2012.

*Liquidity and Capital Resources:*

Historically, we have funded our operations principally through the issuance of equity for services, the incurrence of purchase money debt for equipment and loans from our Chief Executive Officer and principal shareholder. The implementation of our business plan and future results are heavily dependent on our raising funds from third parties in the form of debt, equity or a combination thereof. No assurance can be given that we will be successful in our financing efforts or whether any financing will be on terms favorable to our shareholders. To the extent we are unable to raise sufficient funds; the implementation of our business strategy will be materially and negatively impacted.

Currently we do not have any off balance sheet items.

**Item 5 Legal Proceedings**

None

**Item 6 Default upon senior securities**

None

**Item 7 Other information**

None.

**Item 8 Exhibits**

Material Contracts

Company has entered into four contracts in exchange for stock to provide public relations and communication services as to better, more fully and more effectively deal and communicate with its shareholders and the investment community.

Articles of incorporation and bylaws

No changes have been made form previous attachments.

**Item 9 Issuer's certifications**

I, William Mountanos, certify that:

1. I have reviewed this Quarterly Disclosure Statement of Nuvonyx, Inc.
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge the financial statements and other financial information included or incorporated by reference in this disclosure statement fairly present in all material respects the financial condition results of operations and cash flows of the issues as of and for the periods presented in the disclosure statement.

**May 10, 2012**

A handwritten signature in black ink, appearing to read "William Mountanos", is written over a horizontal line.

William Mountanos  
Chief Executive Officer

# Attachment A

Nuvonyx, Inc.  
Consolidated Balance Sheets  
March 31, 2012  
(Unaudited)

**Assets**

Current assets:

Cash and cash equivalents	\$ 3,648
Accounts receivable, net	124,930
Inventories, net	234,489
Prepaid expenses	87,071
Total current assets	<u>450,138</u>

Other assets - deposits	45,713
Fixed assets, net	<u>620,028</u>
Total non current assets	<u>665,741</u>

Total assets	<u><u>\$ 1,115,879</u></u>
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**Liabilities and stockholders' deficit**

Current liabilities:

Accounts payable	\$ 559,447
Accrued expenses and other current liabilities	1,227,252
Amounts payable to related parties, including accrued interest	262,532
Customer deposits	60,000
Notes payable and accrued interest	678,450
Total current liabilities	<u>2,787,681</u>

Deferred rent	14,640
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Stockholders' deficit:

Preferred stock, \$0.001 par value; 10,000,000 and 5,000,000 shares authorized at September 30, 2011 and 2010, respectively; no shares issued and outstanding	-
Common stock, \$0.001 par value; 240,000,000 shares authorized and 88,596,280 shares issued and outstanding at March 31, 2012	88,595
Additional paid-in capital	9,252,817
Common stock subscription receivable	(3,762)
Accumulated deficit	(11,024,092)
Total stockholders' deficit	<u>(1,686,442)</u>
Total liabilities and stockholders' deficit	<u><u>\$ 1,115,879</u></u>

*See accompanying notes.*

Nuvonyx, Inc.  
**Consolidated Statements of Operations**  
For the Three-Months and Six-Months Ended March 31, 2011  
(Unaudited)

	<b>Second Quarter Ended March 31, 2012</b>	<b>Six-Months Ended March 31, 2012</b>
	<hr/>	<hr/>
Net sales	\$ 211,737	\$ 415,518
Operating expenses:		
Cost of sales	360,533	652,917
Selling, general and administrative	810,586	1,577,059
	<hr/>	<hr/>
Total operating expenses	1,171,119	2,229,976
	<hr/>	<hr/>
Loss from operations	(959,382)	(1,814,458)
Other income (expense):		
Loss on disposal of equipment	-	(13,830)
Other income	-	-
Interest expense	(22,953)	(55,810)
	<hr/>	<hr/>
Total other income (expense)	(22,953)	(69,640)
	<hr/>	<hr/>
Loss before provision for income taxes	(982,335)	(1,884,098)
Provision for income taxes	-	-
	<hr/>	<hr/>
Net loss	<u>\$ (982,335)</u>	<u>\$ (1,884,098)</u>

*See accompanying notes.*



Nuvonyx, Inc.  
Consolidated Statement of Stockholders' Deficit  
For the Six-Months Ended March 31, 2012

	Preferred stock		Common stock		Additional paid-in capital	Common stock subscription receivable	Accumulated deficit	Total stockholders' deficit
	Shares	Amount	Shares	Amount				
<b>Balance at September 30, 2011</b>	-	\$ -	88,596,280	\$ 88,595	\$ 9,135,640	\$ (3,762)	\$ (9,139,994)	\$ 80,479
Non-cash stock-based compensation	-	-	-	-	117,177	-	-	117,177
Net loss and comprehensive loss	-	-	-	-	-	-	(1,884,098)	(1,884,098)
<b>Balance at March 31, 2012</b>	-	\$ -	88,596,280	\$ 88,595	\$ 9,252,817	\$ (3,762)	\$ (11,024,092)	\$ (1,686,442)

See accompanying notes.



Net change in advances from related party	34,421	68,037
Proceeds from issuance of notes payable	-	-
Proceeds received from stock subscription	-	-
Proceeds from issuance of common stock	-	-
Net cash used in financing activities	<u>34,421</u>	<u>68,037</u>
Decrease in cash and cash equivalents	(48,406)	(12,489)
Cash and cash equivalents at beginning of period	<u>52,054</u>	<u>16,136</u>
	\$	\$
Cash and cash equivalents at end of period	<u><u>3,648</u></u>	<u><u>3,648</u></u>
<b>Supplemental cash flow information</b>		
Cash paid for interest	\$ 4,443	\$ 11,005
Cash paid for income taxes	\$ -	\$ -

*See accompanying notes.*