NANOVIRICIDES, INC.
Form 10-Q
February 14, 2014

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF

THE SECURITIES EXCHANGE ACT OF 1934.

For the quarterly period ended December 31, 2013

Commission File Number: ***333-148471***

NANOVIRICIDES, INC.

(Exact name of Company as specified in its charter)

NEVADA	76-0674577
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

135 Wood Street, Suite 205

West Haven, Connecticut 06516

(Address of principal executive offices and zip code)

(203) 937-6137

(*Company's telephone number, including area code)*

Indicate by check mark whether the Company (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the Company was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the Company has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Company was required to submit and post such files). Yes x No ¨

Indicate by check mark whether the Company is a larger accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one)

Large accelerated filer ¨ Accelerated filer ¨
Non-accelerated filer x Smaller reporting company ¨

Indicate by check mark whether the Company is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ¨ No x

The number of shares outstanding of the Company's Common Stock as of February 14, 2014 was approximately: 53,957,000

NanoViricides, Inc.

FORM 10-Q

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Nanoviricides, Inc.

(A Development Stage Company)

Balance Sheets

	December 31, 2013 (Unaudited)	June 30, 2013
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$16,948,832	$13,923,245
Prepaid expenses	806,391	598,380
Total Current Assets	17,755,223	14,521,625
PROPERTY AND EQUIPMENT		
Property and equipment	3,859,244	1,505,648
Accumulated depreciation	(1,138,437)	(1,036,752)
Property and equipment, net	2,720,807	468,896
TRADEMARK		
Trademark	458,954	458,954
Accumulated amortization	(46,308)	(41,921)
Trademark, net	412,646	417,033
SECURITY DEPOSIT	2,000,000	1,000,000
Total Assets	$22,888,676	$16,407,554
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$244,280	$263,258
Accounts payable – related parties	886,592	710,567
Accrued expenses	224,890	204,359
Total Current Liabilities	1,355,762	1,178,184
LONG TERM LIABILITIES:		
Debentures payable	3,744,327	3,468,073
Derivative liability	7,577,919	3,751,645
Total Long Term Liabilities	11,322,246	7,219,718

Total Liabilities	12,678,008	8,397,902
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Series A Convertible Preferred stock, $0.001 par value, 4,000,000 shares designated, 2,996,612 and 2,990,000 shares issued and outstanding, respectively	2,997	2,990
Series B Convertible Preferred stock, $0.001 par value, 0 shares designated, none issued and outstanding	-	-
Series C Convertible Preferred stock, $0.001 par value, 0 shares designated, none issued and outstanding	-	-
Common stock, $0.001 par value; 85,714,286 shares authorized; 50,042,132 and 47,026,173 shares issued and outstanding, respectively	50,042	47,026
Additional paid-in capital	56,422,575	46,259,420
Deficit accumulated during the development stage	(46,264,946)	(38,299,784)
Total Stockholders' Equity	10,210,668	8,009,652
Total Liabilities and Stockholders' Equity	$22,888,676	$16,407,554

See accompanying notes to the financial statements

Nanoviricides, Inc.

(A Development Stage Company)

Statements of Operations

	For the Three Months Ended December 31, 2013 (Unaudited)	For the Three Months Ended December 31, 2012 (Unaudited)	For the Six Months Ended December 31, 2013 (Unaudited)	For the Six Months Ended December 31, 2012 (Unaudited)	For the Period from May 12, 2005 (inception) through December 31, 2013 (Unaudited)
OPERATING EXPENSES					
Research and development	$ 1,130,478	$ 710,197	$ 2,304,699	$ 1,920,015	$ 25,108,759
Refund credit research and development costs	-	-	-	-	(420,842)
General and administrative	620,934	533,407	1,335,495	917,229	14,350,343
Total operating expenses	1,751,412	1,243,604	3,640,194	2,837,244	39,038,260
LOSS FROM OPERATIONS	(1,751,412)	(1,243,604)	(3,640,194)	(2,837,244)	(39,038,260)
OTHER INCOME (EXPENSE):					
Interest income	14,501	15,495	24,061	51,453	291,759
Interest expense	(125,514)		(246,500)		(423,538)
Discount on convertible debentures	(140,773)	-	(276,254)	-	(1,264,687)
Beneficial conversion feature of convertible debentures	-	-	-	-	(713,079)
Change in fair market value of derivatives	310,816	19,724	(3,826,275)	(226,549)	(5,117,141)
Other income (expense), net	59,030	35,219	(4,324,968)	(175,096)	(7,226,686)
LOSS BEFORE INCOME TAX PROVISION	(1,692,382)	(1,208,385)	(7,965,162)	(3,012,340)	(46,264,946)
INCOME TAX PROVISION	-	-	-	-	-
NET LOSS	$ (1,692,382)	$ (1,208,385)	$ (7,965,162)	(3,012,340)	$ (46,264,946)
NET LOSS PER COMMON SHARE - BASIC AND DILUTED:	$ (0.03)	$ (0.03)	$ (0.16)	0.07	

Weighted average common shares outstanding - basic and diluted	50,031,363	45,098,572	48,851,696	44,946,015

See accompanying notes to the financial statements

NanoViricides, Inc.
(A Development Stage Company)
Statement of Stockholders' Equity
For the period from June 30, 2010 through March 31, 2013
(Unaudited)

	Series A Preferred Stock: Par $0.001		Series B Preferred Stock: Par $0.001		Series C Preferred Stock: Par $0.001		Common Stock: Par $0.001		Additional	Deficit Accumulated During the	To
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Paid-in Capital	Development Stage	St Eq
Please refer to Form 10K for the fiscal year ended June 30, 2012 filed with SEC on October 15, 2012 for equity transactions oc prior to June 30, 2009											
Balance, June 30, 2010	7,593,750	$7,594	260,000	$260	-	$-	133,980,471	$133,981	$23,116,612	$(16,739,743)	$6
Common shares issued for conversion of Series B Preferred Shares at $1.51 per share, July 7, 2010							397,088	397			3
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, July 7, 2010			(60,000)	(60)							(
Dividend paid to Seaside 88, LP, July 7, 2010									(9,973)		(
Common shares issued as dividend to Seaside 88, LP at $1.65 per share, July 7, 2010							6,061	6	9,967		9
									116,715		1

Derivative liability - retirement of Series B Preferred Shares, July 7, 2010						
Common shares issued for conversion of Series B Preferred Shares at $1.30 per share, July 21, 2010			463,177	463		4
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, July 21, 2010	(60,000)	(60)				(
Dividend paid to Seaside 88, LP, July 21, 2010					(7,671)	(
Common shares issued as dividend to Seaside 88, LP at $1.32 per share, July 21, 2010			5,794	6	7,665	7
Derivative liability - retirement of Series B Preferred Shares, July 21, 2010					113,700	1
Common shares issued for consulting and legal services valued at $2.087 per share, July 31, 2010			3,086	3	4,997	5
Common shares issued for conversion of Series B Preferred Shares at $1.14 per share, August 4, 2010			526,916	527		5

Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, August 4, 2010	(60,000)	(60)				(
Dividend paid to Seaside 88, LP, August 4, 2010					(5,370)	(
Common shares issued as dividend to Seaside 88, LP, at $1.14 per share, August 4, 2010			4,716	5	5,365	5
Derivative liability - retirement of Series B Preferred Shares, August 4, 2010					104,480	1
Warrants issued to Scientific Advisory Board, August 15, 2010					45,000	4
Common shares issued in conversion of Series B Preferred Shares at $0.99 per share, August 18, 2010			606,367	606		6
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, August 18, 2010	(60,000)	(60)				(
Dividend paid to Seaside 88, LP, August 18, 2010					(3,068)	(
Common shares issued as dividend to Seaside 88, LP at $0.99 per share, August 18, 2010			3,101	3	3,065	3

Derivative liability - retirement of Series B Preferred Shares, August 18, 2010					104,795	1
Common shares issued for consulting and legal services valued at $1.24 per share, August 31, 2010			4,032	4	4,996	5
Common shares issued for conversion of Series B Preferred Shares at $0.93 per share, September 1, 2010			215,332	215		2
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, September 1, 2010	(20,000)	(20)				(
Dividend paid to Seaside 88, LP, September 1, 2010					(767)	(
Common shares issued as dividend to Seaside 88, LP at $1.00 per share, September 1, 2010			766	1	766	7
Derivative liability - retirement of Series B Preferred Shares, September 1, 2010					34,841	3
Series B Preferred Shares issued to SeaSide 88,	250,000	250			2,499,750	2

LP, September 21, 2010						
Placement Agents fees related to sale of Convertible Preferred shares, September 21, 2010					(195,000)	(
Legal fees related to sale of Convertible Preferred Stock, September 21, 2010					(10,000)	(
Derivative liability - issuance of Series B Preferred Shares					(328,086)	(
Common shares issued for conversion of Series B Preferred Shares at $0.93 per share, September 21, 2010			430,015	430		4
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, September 21, 2010	(40,000)	(40)				(
Derivative liability - retirement of Series B Preferred Shares, September 21, 2010					103,012	1
Common shares issued for consulting and legal services valued at $1.07 per share, September 30, 2010			4,673	5	4,995	5

Common shares issued for conversion of Series B Preferred Shares at $0.87 per share, October 5, 2010			460,346	460		4
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, October 5, 2010	(40,000)	(40)				(
Dividend paid to Seaside 88, LP, on October 5, 2010					(8,055)	(
Common shares issued as dividend to Seaside 88, LP at $0.87 per share, October 5, 2010			9,268	9	8,046	8
Derivative liability - Retirement of Series B Preferred Shares, October 5, 2010					103,330	1
Common shares issued for conversion of Series B Preferred Shares at $0.88 per share, October 19, 2010			452,965	453		4
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, October 19, 2010	(40,000)	(40)				(
Dividend paid to Seaside 88, LP, October 19, 2010					(6,521)	(
Common shares issued as			7,384	7	6,514	6

dividend to Seaside 88, LP at $0.88 per share, October 19, 2010								
Derivative liability - Retirement of Series B Preferred Shares, October 19, 2010							69,635	6
Common shares issued for consulting and legal services valued at $1.03 per share, October 31, 2010					4,854	5	4,995	5
Series A Preferred Shares issued for employee stock compensation, November 1, 2010	30,000	30					53,903	5
Common shares issued for conversion of Series B Preferred Shares at $0.87 per share, November 2, 2010					461,313	461		4
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, August 4, 2010			(40,000)	(40)				(
Dividend paid to Seaside 88, LP, November 2, 2010							(4,986)	(
Common shares issued as dividend to Seaside 88, LP at $0.87 per share, November 2, 2010					5,751	6	4,980	4
							69,104	6

Derivative liability - retirement of Series B Preferred Shares, November 2, 2010							
Warrants issued to Scientific Advisory Board, November 15, 2010					55,800		5
Common shares issued for conversion of Series B Preferred Shares at $1.16 per share, November 16, 2010			345,817	346			3
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, November 16, 2010	(40,000)	(40)					(
Dividend paid to Seaside 88, LP, November 16, 2010					(3,452)		(
Common shares issued as dividend to Seaside 88, LP at $1.16 per share, November 16, 2010			2,984	3	3,449		3
Derivative liability - Retirement of Series B Preferred Shares, November 16, 2010					69,187		6
Common shares issued for conversion of Series B Preferred Shares			310,566	311			3

at $1.35 per share, November 30, 2010						
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, November 30, 2010	(40,000)	(40)				(4
Dividend paid to Seaside 88, LP, November 30, 2010					(1,918)	(1
Common shares issued as dividend to Seaside 88, LP at $1.35 per share, November 30, 2010			1,417	1	1,917	1
Derivative liability - Retirement of Series B Preferred Shares, November 30, 2010					69,449	6
Common shares issued for consulting and legal services valued at $1.46 per share, November 30, 2010			3,425	3	4,997	5
Common shares issued for conversion of warrants to Common Stock at $1.00 per share, December 10, 2010			25,000	25	24,975	2
Common shares issued as compensation pursuant to S-8 at $1.28 per share, December 10,			50,000	50	63,950	6

2010						
Common shares issued for conversion of Series B Preferred Shares at $1.10 per share, December 14, 2010			90,840	91		9
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, December 14, 2010	(10,000)	(10)				(
Dividend paid to Seaside 88, LP, December 14 2010					(384)	(
Common shares issued as Dividend to Seaside 88, LP, at $1.10 per share, December 14, 2010			348	-	384	3
Derivative liability - retirement of Series B Preferred Shares, December 14, 2010					17,438	1
Series B Preferred Shares issued to SeaSide 88, LP, December 21, 2010	250,000	250			2,499,750	2
Placement Agents fees related to sale of Convertible Preferred shares, December 21, 2010					(200,000)	(
Common shares issued for consulting and			4,545	5	5,995	6

legal services valued at $1.32 per share, December 31, 2010						
Adjustment				33		3
Common shares issued for conversion of Series B Preferred Shares at $1.16 per share, January 3, 2011			343,796	344		3
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, January 3, 2011	(40,000)	(40)				(4
Dividend paid to Seaside 88, LP, January 3, 2011					(8,904)	(8
Common shares issued as dividend to Seaside 88, LP at $1.16 per share, January 3, 2011			7,653	8	8,896	8
Derivative liability - retirement of Series B Preferred Shares, January 3, 2011					73,532	7
Common shares issued for conversion of Series B Preferred Shares at $1.26 per share, January 17, 2011			317,965	318		3
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, January 17, 2011	(40,000)	(40)				(4

Dividend paid to Seaside 88, LP, January 17, 2011					(8,055)	(8
Common shares issued as dividend to Seaside 88, LP at $1.26 per share, January 17, 2011			6,403	6	8,049	8
Derivative liability - retirement of Series B Preferred Shares, January 17, 2011					70,882	7
Common shares issued for conversion of Series B Preferred Shares at $1.12 per share, January 31, 2011			356,422	356		3
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, January 31, 2011	(40,000)	(40)				(4
Dividend paid to Seaside 88, LP, January 31, 2011					(6,521)	(6
Common shares issued as dividend to Seaside 88, LP at $1.24 per share, January 31, 2011			5,271	5	6,516	6
Derivative liability - retirement of Series B Preferred Shares, January 31, 2011					72,432	7
Common shares issued for consulting and legal services valued at $1.47 per share,			4,087	4	5,996	6

January 31, 2011 Common shares issued for conversion of warrants at $1.00 per share,			25,000	25	24,975	2
February 4, 2011 Common shares issued for conversion of Series B Preferred Shares at $1.08 per share, February 14, 2011			370,017	370		3
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, February 14, 2011	(40,000)	(40)				(
Dividend paid to Seaside 88, LP, February 14, 2011					(4,986)	(
Common shares issued as dividend to Seaside 88, LP, at $1.08 per share, February 14, 2011			4,613	5	4,981	4
Derivative liability - retirement of Series B Preferred Shares, February 14, 2011					71,699	7
Warrants issued to Scientific Advisory Board, Feburary 15, 2011					54,000	5
Common shares issued for conversion of Series B Preferred Shares			405,610	406		4

at $0.99 per share, February 28, 2011								
Derivative liability - retirement of Series B Preferred Shares, February 28, 2011							71,490	7
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, February 28, 2011			(40,000)	(40)				(
Dividend paid to Seaside 88, LP, February 28, 2011							(3,452)	(
Common shares issued as dividend to Seaside 88, LP at $0.99 per shares, February 28, 2011					3,500	4	3,448	3
Common shares issued for consulting and legal services valued at $1.22 per share, February 28, 2011					4,902	5	5,995	6
Common shares issued for employee stock compensation at $1.32 per share, March 3, 2011					250,000	250	316,000	3
Series A Preferred Shares issued for employee stock compensation, March 3, 2011	593,750	594					1,364,036	1
Common shares issued for					367,274	367		3

conversion of Series B Preferred Shares at $1.09 per share, March 14, 2011						
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, March 14, 2011	(40,000)	(40)				(4
Dividend paid to Seaside 88, LP, March 14, 2011					(1,918)	(1
Common shares issued as Dividend to Seaside 88, LP at $1.09 per shares, March 14, 2011			1,761	2	1,916	1
Derivative Liability - Retirement of Series B Preferred Shares, March 14, 2011					70,566	7
Common shares issued for conversion of Series B Preferred Shares at $1.11 per share, March 28, 2011			89,986	90		9
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, March 28, 2011	(10,000)	(10)				(1
Dividend paid to Seaside 88, LP, March 28, 2011					(384)	(3
Common shares issued as dividend to Seaside 88, LP, at $1.11 per			345	-	384	3

share, March 28, 2011						
Derivative liability - retirement of Series B Preferred Shares, March 28, 2011					17,525	1
Common shares issued for consulting and legal services valued at $1.28 per share, March 31, 2011			4,680	5	5,995	6
Common shares issued for conversion of warrants to common stock at $1.00 per share, April 10, 2011			10,000	10	9,990	1
Series B Preferred Shares issued to SeaSide 88, LP, April 18, 2011	250,000	250			2,499,750	2
Placement Agents fees related to sale of Convertible Preferred shares, April 18, 2011					(160,000)	(
Legal fees related to Sale of Convertible Preferred Stock, April 18, 2011					(25,000)	(
Derivative liability - issuance of Series B Preferred Shares					(429,725)	(
Common shares issued for conversion of Series B Preferred Shares at $1.28 per share, April 18, 2011			312,163	312	(272)	4

Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, April 18, 2011	(40,000)	(40)				(
Derivative liability - retirement of Series B Preferred Shares, April 18, 2011					68,756	6
Common shares issued for consulting and legal services valued at $1.47 per share, April 30, 2011			4,087	4	5,996	6
Common shares issued for conversion of Series B Preferred Shares at $1.18 per share, May 2, 2011			339,726	340	(300)	4
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, May 2, 2011	(40,000)	(40)				(
Derivative liability - retirement of Series B Preferred Shares, May 2, 2011					68,941	6
Dividend paid to Seaside 88, LP, May 2, 2011					(8,055)	(
Common shares issued as dividend to Seaside 88, LP at $1.18 per shares, May 2, 2011			6,841	7	8,048	8
					50,400	5

Warrants issued to Scientific Advisory Board, May 15, 2011						
Common shares issued for conversion of Series B Preferred Shares at $1.19 per share, May 16, 2011			336,501	337	(297)	4
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, May 16, 2011	(40,000)	(40)				(
Derivative liability - retirement of Series B Preferred Shares, May 16, 2011					69,194	6
Dividend paid to Seaside 88, LP, May 16, 2011					(6,521)	(
Common shares issued as dividend to Seaside 88, LP at $1.20 per shares, May 16, 2011			5,438	5	6,516	6
Common shares issued for conversion of Series B Preferred Shares at $1.23 per share, May 30, 2011			326,480	326	(286)	4
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, May 30, 2011	(40,000)	(40)				(
Derivative liability -					69,464	6

retirement of Series B Preferred Shares, May 30, 2011						
Dividend paid to Seaside 88, LP, May 30, 2011					(4,986)	(4
Common shares issued as Dividend to Seaside 88, LP at $1.23 per share, May 30, 2011			4,070	4	4,982	4
Common shares issued for consulting and legal services valued at $1.47 per share, May 31, 2011			4,087	4	5,996	6
Common shares issued for conversion of Series B Preferred Shares at $1.18 per share, June 13, 2011			339,971	340	(300)	4
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, June 13, 2011	(40,000)	(40)				(4
Derivative liability - retirement of Series B Preferred Shares, June 13, 2011					69,727	6
Dividend paid to Seaside 88, LP, June 13, 2011					(3,452)	(3
Common shares issued as Dividend to Seaside 88, LP at $1.18 per share, June 13, 2011			2,934	3	3,449	3
			391,850	392	(352)	4

Common shares issued for conversion of Series B Preferred Shares at $1.02 per share, June 27, 2011											
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, June 27, 2011			(40,000)	(40)							(4
Derivative Liability - Retirement of Series B Preferred Share, June 27, 2011									69,973		6
Dividend paid to Seaside 88, LP, June 27, 2011									(1,918)		(1
Common shares issued as Dividend to Seaside 88, LP at $1.10 per share, June 27, 2011							1,741	2	1,916		1
Common shares issued for consulting and legal services valued at $1.22 per share, June 30, 2011							4,902	5	5,995		6
Net loss										(6,477,165)	(6
Balance, June 30, 2011	8,217,500	8,218	10,000	10	-	-	143,548,494	143,582	33,235,990	(23,216,908)	1
Common shares issued for conversion of Series B Preferred Shares at $1.11 per share, July 11, 2011							89,986	90			9

Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, July 11, 2011	(10,000)	(10)				(
Derivative liability - retirement of Series B Preferred Shares, July 11, 2011					17,881	1
Dividend to Seaside 88, LP, paid on July 11, 2011					(381)	(
Common shares issued as dividend to Seaside 88, LP at $1.18 per share, July 11, 2011			345	-	381	3
Series B Preferred Shares issued to SeaSide 88, LP, on July 26, 2011	250,000	250			2,499,750	2
Placement Agents fees related to sale of Convertible Preferred shares, July 26, 2011					(150,000)	(
Derivative liability - issuance of Series B Preferred Shares					(429,768)	(
Legal Fees related to Sale of Convertible Preferred Stock, July 26, 2011					(6,250)	(
Common shares issued in conversion of Series B Preferred Shares to common stock at $1.18 per			377,800	378		3

share, July 26, 2011						
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, July 26, 2011	(40,000)	(40)				(4
Derivative liability - retirement of Series B Preferred Shares, July 26, 2011					68,425	6
Common shares issued for consulting and legal services valued at $1.26 per share, July 31, 2011			4,762	5	5,995	6
Warrants issued to Scientific Advisory Board, August 15, 2011					56,400	5
Common shares issued for conversion of Series B Preferred Shares at $0.92 per share, August 8, 2011			437,187	437		4
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, August 8, 2011	(40,000)	(40)				(4
Derivative liability - retirement of Series B Preferred Shares, August 8, 2011					69,193	6
Dividend to Seaside 88, LP, paid on August 8, 2011					(8,055)	(8

Common shares issued as Dividend to Seaside 88, LP at $0.98 per share, August 8, 2011			8,205	8	8,047	8
Common shares issued for conversion of Series B Preferred Shares at $0.95 per share, August 23, 2011			419,829	420		4
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, August 23, 2011	(40,000)	(40)				(
Derivative liability - retirement of Series B Preferred Shares, August 23, 2011					69,351	6
Dividend paid to Seaside 88, LP, August 23, 2011					(6,521)	(
Common shares issued as Dividend to Seaside 88, LP at $0.95 per share, August 23, 2011			6,844	7	6,514	6
Common shares issued for consulting and legal services valued at $1.14 per share, August 31, 2011			5,263	5	5,995	6
Common shares issued for conversion of Series B Preferred Shares at $0.95 per share, September 6, 2011			422,873	423		4

Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, September 6, 2011	(40,000)	(40)				(4
Derivative liability - retirement of Series B Preferred Shares, September 6, 2011					69,887	6
Dividend paid to Seaside 88, LP, September 6, 2011					(4,986)	(4
Common shares issued as Dividend to Seaside 88, LP at $0.95 per share, September 6, 2011			5,264	5	4,981	4
Common shares issued in conversion of Series B Preferred Shares at $0.94 per share, September 19, 2011			427,652	428		4
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, September 19, 2011	(40,000)	(40)				(4
Derivative liability - retirement of Series B Preferred Share, September 19, 2011					69,970	6
Dividend to Seaside 88, LP,					(3,452)	(3

paid on September 19, 2011					
Common shares issued as Dividend to Seaside 88, LP at $0.94 per share, September 19, 2011			3,691	3	3,449
Common shares issued for consulting and legal services valued at $1.07 per share, September 30, 2011			5,607	6	5,994
Shares issued in conversion of Series B Preferred Shares to Common Stock at $.78 per share, .001 par value, on October 3, 2011			514,311	514	
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on October 3, 2011	(40,000)	(40)			
Derivative Liability - Retirement of Preferred Series B on October 3, 2011					69,496
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.85 on October 3, 2011			2,270	2	1,916
Dividend to Seaside 88, LP, paid on October					(1,918)

3, 2011						
Shares issued in conversion of Series B Preferred Shares to Common Stock at $0.69 per share, .001 par value, on October 17, 2011			144,484	144		1
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on October 17, 2011	(10,000)	(10)				(
Derivative Liability - Retirement of Preferred Series B on October 17, 2011					17,790	1
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.75 on October 17, 2011			510	1	383	3
Dividend to Seaside 88, LP, paid on October 17, 2011					(384)	(
Shares issued for consulting and legal services rendered at $0..92 per share on October 31, 2011			6,537	5	5,995	6
Series B Preferred Shares issued to SeaSide 88, LP, $.001 par value on November 1, 2011	250,000	250			2,499,750	2
Placement Agents Fees					(160,000)	(

related to sale of Convertible Preferred shares on November 1, 2011						
Derivative Liability - Issuance of Preferred Series B					(429,804)	(
Legal Fees related to Sale of Convertible Preferred Stock November 1, 2011					(25,000)	(
Shares issued in conversion of Series B Preferred Shares to Common Stock at $0.78 per share, .001 par value, on November 1, 2011			511,787	512		5
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on November 2, 2011	(40,000)	(40)				(
Derivative Liability - Retirement of Preferred Series B on November 1, 2011					68,297	6
Warrants issued to Scientific Advisory Board on November 15, 2011					56,400	5
Shares issued in conversion of Series B Preferred Shares to Common			578,595	579		5

Stock at $0.69 per share, .001 par value, on November 15, 2011						
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on November 15, 2011	(40,000)	(40)				(4
Derivative Liability - Retirement of Preferred Series B on November 15, 2011					68,411	6
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0..73 on November 15, 2011			10,311	10	7,469	7
Dividend to Seaside 88, LP, paid on November 15, 2011					(7,479)	(7
Shares issued in conversion of Series B Preferred Shares to Common Stock at $0.62 per share, .001 par value, on November 29, 2011			642,735	643		6
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on November 29,	(40,000)	(40)				(4

2011 Derivative Liability - Retirement of Preferred Series B on November 29, 2011				68,591	6
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.64 on November 29, 2011			10,139	10	6,511	6
Dividend to Seaside 88, LP, paid on November 29, 2011				(6,521)	(
Shares issued for consulting and legal services rendered at $0.81 per share on November 30, 2011			7,373	7	5,993	6
Shares issued in conversion of Series B Preferred Shares to Common Stock at $0.53 per share, .001 par value, on December 13, 2011			751,315	751		7
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on December 13, 2011	(40,000)	(40)				(
Derivative Liability - Retirement of Preferred Series B on December					68,753	6

13, 2011						
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.57 on December 13, 2011			8,798	9	4,977	4
Dividend to Seaside 88, LP, paid on December 13, 2011					(4,986)	(
Shares issued in conversion of Series B Preferred Shares to Common Stock at $0.51 per share, .001 par value, on December 27, 2011			796,785	798		7
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on December 27, 2011	(40,000)	(40)				(
Derivative Liability - Retirement of Preferred Series B on December 27, 2011					68,965	6
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.57 on December 27, 2011			6,818	7	3,443	3
Dividend to Seaside 88, LP, paid on December 27,					(3,452)	(

2011						
Shares issued for consulting and legal services rendered at $0.64 per share on December 31, 2011			9,403	9	5,991	6
Shares issued in conversion of Series B Preferred Shares to Common Stock at $.51 per share, .001 par value, on January 10, 2012			788,053	788		7
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on January 10,2012	(40,000)	(40)				(
Derivative Liability - Retirement of Preferred Series B on January 10, 2012					69,222	6
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.51 on January 10, 2012			3,742	4	1,914	1
Dividend to Seaside 88, LP, paid on January 10, 2012					(1,918)	(
Shares issued in conversion of Series B Preferred Shares to Common Stock at $0.48 per share, .001 par value, on January 24, 2012			208,546	209		2

Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on January 24, 2012	(10,000)	(10)				(
Derivative Liability - Retirement of Preferred Series B on January 24, 2012					69,883	6
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.49 on January 24, 2012			786		383	3
Dividend to Seaside 88, LP, paid on January 24, 2012					(384)	(
Shares issued for consulting and legal services rendered at $0.58 per share on January 31, 2012			10,367	10	5,990	6
Series B Preferred Shares issued to SeaSide 88, LP, $.001 par value on February 8, 2012	250,000	250			2,499,750	2
Placement Agents Fees related to sale of Convertible Preferred shares on February 8, 2012					(150,000)	(
Derivative Liability - Issuance of Preferred Series B					(430,283)	(
Legal Fees related to Sale of					(6,250)	(

Convertible Preferred Stock February 8, 2012						
Shares issued in conversion of Series B Preferred Shares to Common Stock at $0.56 per share, .001 par value, on February 8, 2012			717,142	717		7
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on February 8, 2012	(40,000)	(40)				(4
Derivative Liability - Retirement of Preferred Series B on February 8, 2012					68,169	6
Warrants issued to Scientific Advisory Board on February 15, 2012					51,000	5
Shares issued in conversion of Series B Preferred Shares to Common Stock at $0.69 per share, .001 par value, on February 22, 2012			576,062	576		5
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on February 22, 2012	(40,000)	(40)				(4

Derivative Liability - Retirement of Preferred Series B on February 22, 2012						68,424		6
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.69 on February 22, 2012				11,600	12	7,467		7
Dividend to Seaside 88, LP, paid on February 22, 2012						(7,479	)	(
Shares issued for consulting and legal services rendered at $0.77 per share on February 29, 2012				7,767	8	5,992		6
Common shares issued for employee stock compensation at $.73 per share, March 3, 2012				250,000	250	181,624		1
Series A Preferred Shares issued for employee stock compensation, March 3, 2012	593,750	594				633,814		6
Shares issued in conversion of Series B Preferred Shares to Common Stock at $0.64 per share, .001 par value, on March 07, 2012				628,289	628			6
Retirement of Series B Preferred Shares converted into common stock by			(40,000)	(40)				(

SeaSide 88, LP, .001 par value on March 7, 2012					
Derivative Liability - Retirement of Preferred Series B on March 7, 2012				68,602	6
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.64 on March 7, 2012			10,242	10	6,511	6
Dividend to Seaside 88, LP, paid on March 7, 2012					(6,521)	(
Shares issued in conversion of Series B Preferred Shares to Common Stock at $0.63 per share, .001 par value, on March 21, 2012			635,991	636		6
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on March 21, 2012	(40,000)	(40)				(
Derivative Liability - Retirement of Preferred Series B on March 21, 2012					68,862	6
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.64 on March 21, 2012			7,812	8	4,978	4
					(4,986)	(

Dividend to Seaside 88, LP, paid on March 21, 2012						
Shares issued for consulting and legal services rendered at $0.78 per share on March 31, 2012			7,728	8	5,992	6
Shares issued in conversion of Series B Preferred Shares to Common Stock at $.61 per share, .001 par value, on April 4, 2012			661,496	661		6
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on April 4, 2012	(40,000)	(40)				(
Derivative Liability - Retirement of Preferred Series B on April 4, 2012					69,098	6
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.61 on April 4, 2012			5,709	6	3,446	3
Dividend to Seaside 88, LP, paid on April 4, 2012					(3,452)	(
Shares issued in conversion of Series B Preferred Shares to Common Stock at $0.51 per share, .001			785,453	785		7

par value, on April 18, 2012						
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on April 18, 2012	(40,000)	(40)				(
Derivative Liability - Retirement of Preferred Series B on April 18, 2012					69,224	6
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.54 on April 18, 2012			3,579	4	1,914	1
Dividend to Seaside 88, LP, paid on April 18, 2012					(1,918)	(
Shares issued for consulting and legal services rendered at $0.63 per share on April 30, 2012			9,547	9	5,990	5
Shares issued in conversion of Series B Preferred Shares to Common Stock at $0.50 per share, .001 par value, on May 2, 2012			198,354	199		1
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on May 2, 2012	(10,000)	(10)				(
					69,892	6

Derivative Liability - Retirement of Preferred Series B on May 2, 2012								
Warrants issued to Scientific Advisory Board on May 15, 2012							47,400	4
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.51 on May 2, 2012				754	1		383	3
Dividend to Seaside 88, LP, paid on May 2, 2012							(384)	(
Shares issued for consulting and legal services rendered at $0.67 per share on May 31, 2012				8,962	9		5,991	6
Series C Preferred Shares issued to SeaSide 88, LP, $.001 par value on June 28, 2012			2,500	3			2,499,997	2
Placement Agents Fees related to sale of Convertible Preferred shares on June 28, 2012							(150,000)	(
Derivative Liability - Issuance of Preferred Series C							(1,090,017)	(
Legal Fees related to Sale of Convertible Preferred Stock June 28, 2012							(25,000)	(
Sharees of Series A Preferred	10,000	10					3,277	3

issued for legal services rendered										
Shares issued in conversion of Series C Preferred Shares to Common Stock at $0.49 per share, .001 par value, on June 28, 2012							298,472	298		2
Retirement of Series C Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on June 28, 2012					(147)	-				-
Derivative Liability - Retirement of Preferred Series C on June 28, 2012									63,704	6
Series A Preferred Shares issued for employee stock compensation, June 28, 2012	1,050,000	1,050							344,122	3
Shares issued for consulting and legal services rendered at $0.61 per share on June 30, 2012							9,867	10	5,990	6
Net loss for the year ended June 30, 2012										(6,207,207) (6
Balance, June 30, 2012	9,871,250	9,872	-	-	2,353	3	155,612,293	155,644	43,108,790	(29,424,116) 1
Shares issued in conversion of Series C Preferred Shares to Common							212,398	212		2

Stock at $.49 per share, .001 par value, on July 12, 2012					
Retirement of Series C Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on July 12, 2012	(103)	(0)			
Derivative Liability - Retirement of Preferred Series C on July 12, 2012				44,190	4
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.49 on JULY 12, 2012		18,397	18	9,008	9
Dividend to Seaside 88, LP, paid on July 12, 2012				(9,026)	(
Shares issued in conversion of Series C Preferred Shares to Common Stock at $0.47 per share, .001 par value, on July 26, 2012		271,373	271		2
Retirement of Series C Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on	(128)	(0)			

July 26, 2012					
Derivative Liability - Retirement of Preferred Series B on July 26, 2012				53,032	5
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.47 on July 26, 2012		18,275	18	8,611	8
Dividend to Seaside 88, LP, paid on July 26, 2012				(8,629)	(
Shares issued for consulting and legal services rendered at $0.55 per share on July 31, 2012		10,909	11	5,989	6
Shares issued in conversion of Series C Preferred Shares to Common Stock at $0.42 per share, .001 par value, on August 8, 2012		280,944	281		2
Retirement of Series C Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on August 8, 2012	(118)	(0)			
Derivative Liability -				51,555	5

Retirement of Preferred Series C on August 8, 2012					
Warrants issued to Scientific Advisory Board on August 15, 2012				40,800	4
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.43 on August 8, 2012		18,868	19	8,119	8
Dividend to Seaside 88, LP, paid on August 8, 2012				(8,138)	(
Shares issued in conversion of Series C Preferred Shares to Common Stock at $0.48 per share, .001 par value, on August 23, 2012		574,792	575		5
Retirement of Series C Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on August 23, 2012	(276)	(0)			
Derivative Liability - Retirement of Preferred Series C on August 23, 2012				121,054	1
		16,006	16	7,668	7

Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.43 on August 23, 2012					
Dividend to Seaside 88, LP, paid on August 23, 2012				(7,684)	(
Shares issued for consulting and legal services rendered at $0.58 per share on August 31, 2012		10,345	10	5,990	6
Shares issued in conversion of Series C Preferred Shares to Common Stock at $0.58 per share, .001 par value, on September 5, 2012		763,135	763		7
Retirement of Series C Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on September 5, 2012	(441)	(0)			(
Derivative Liability - Retirement of Preferred Series C on September 5, 2012				236,481	2
Shares issued as Dividend to Seaside 88, LP,		11,478	11	6,614	6

.001 par value common stock at $0.58 on September 5, 2012					
Dividend to Seaside 88, LP, paid on September 5, 2012				(6,625)	(6
Shares issued in conversion of Series C Preferred Shares to Common Stock at $0.52 per share, .001 par value, on September 19, 2012		553,337	553		5
Retirement of Series C Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on September 19, 2012	(285)	(0)			
Derivative Liability - Retirement of Preferred Series C on September 19, 2012				182,575	1
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.52 on September 19, 2012		9,572	10	4,926	4
Dividend to Seaside 88, LP,				(4,936)	(4

paid on September 19 2012						
Shares issued for consulting and legal services rendered at $0.62 per share on September 30, 2012		9,677	10	5,990		6
Shares issued in conversion of Series C Preferred Shares to Common Stock at $.54 per share, .001 par value, on October 3, 2012		435,842	436			4
Retirement of Series C Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on October 3, 2012	(233)	(0)				
Derivative Liability - Retirement of Preferred Series C on October 3, 2012				39,945		3
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.54 on October 3, 2012		7,176	7	3,835		3
Dividend to Seaside 88, LP, paid on October 3, 2012				(3,842)		(

Shares issued in conversion of Series C Preferred Shares to Common Stock at $0.53 per share, .001 par value, on October 17, 2012		311,521	312		3
Retirement of Series C Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on October 17, 2012	(165)	(0)			
Derivative Liability - Retirement of Preferred Series C on October 3, 2012				28,413	2
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.53 on October 17, 2012		5,550	6	2,942	2
Dividend to Seaside 88, LP, paid on October 17, 2012				(2,948)	(
Shares issued for consulting and legal services rendered at $0.61 per share on October 31, 2012		16,630	16	9,984	1
Shares issued in conversion of Series C Preferred Shares to Common Stock at $0.52 per share, .001		281,347	281		2

par value, on October 31, 2012					
Retirement of Series C Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on October 31, 2012	(145)	(0)			
Derivative Liability - Retirement of Preferred Series C on October 31, 2012				24,955	2
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.53 on October 31, 2012		4,481	5	2,308	2
Dividend to Seaside 88, LP, paid on October 31, 2012				(2,313)	(
Warrants issued to Scientific Advisory Board on November 15, 2012				34,200	3
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.43 on November 14, 2012		3,823	4	1,752	1
Dividend to Seaside 88, LP, paid on				(1,756)	(

November 14, 2012					
Shares issued in conversion of Series C Preferred Shares to Common Stock at $0.43 per share, .001 par value, on November 14, 2012		383,144	383		3
Retirement of Series C Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on November 14, 2012	(165)	(0)			
Derivative Liability - Retirement of Preferred Series C on November 14, 2012				28,407	2
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.44 on November 29, 2012		2,570	3	1,118	1
Dividend to Seaside 88, LP, paid on November 29, 2012				(1,121)	(
Shares issued for consulting and legal services rendered at $0.53 per share on		13,208	13	6,987	7

November 30, 2012					
Shares issued in conversion of Series C Preferred Shares to Common Stock at $0.44 per share, .001 par value, on November 29, 2012		390,698	391		3
Retirement of Series C Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on November 29, 2012	(170)	(0)			(
Derivative Liability - Retirement of Preferred Series C on November 29, 2012				29,302	2
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.43 on December 13, 2012		1,083	1	467	4
Dividend to Seaside 88, LP, paid on December 13, 2012				(468)	(
Shares issued in conversion of Series C Preferred Shares to Common		282,379	282		2

Stock at $0.43per share, .001 par value, on December 13, 2012				
Retirement of Series C Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on December 13, 2012	(122)	(0)		
Derivative Liability - Retirement of Preferred Series C on December 13, 2012			20,953	2
Series C Preferred Shares issued to SeaSide 88, LP, $.001 par value on December 21, 2012	2,500	3	2,541,870	2
Placement Agents Fees related to sale of Convertible Preferred shares on December 21, 2012			(165,000)	(
Derivative Liability - Issuance of Preferred Series C				-
Legal Fees related to Sale of Convertible Preferred Stock December 21, 2012			(12,500)	(

Shares issued in conversion of Series C Preferred Shares to Common Stock at $0.44 per share, .001 par value, on December 21, 2012			357,279	357		3
Retirement of Series C Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on December 21, 2012		(156)	(0)			
Derivative Liability - Retirement of Preferred Series C on December 21, 2012					24,686	2
Shares issued for consulting and legal services rendered at $0.50 per share on December 31 , 2012			14,000	14	6,986	7
Shares issued to a Director for services rendered at $0.55 per share on December 31 , 2012			9,032	9	4,991	5
Shares issued in conversion of Series C Preferred Shares to Common Stock at $..41 per share, .001 par			349,994	350		3

value, on January 4, 2013					
Retirement of Series C Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on January 4, 2013	(144)	(0)			
Derivative Liability - Retirement of Preferred Series C on January 4, 2013				22,488	2
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.41 on January 4, 2013		21,907	22	8,970	8
Dividend to Seaside 88, LP, paid on January 4,2013				(8,992)	(
Shares issued in conversion of Series C Preferred Shares to Common Stock at $0.42 per share, .001 par value, on January 17, 2013		387,947	388		3
Retirement of Series C Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on January 17, 2013	(164)	(0)			
				26,329	2

Derivative Liability - Retirement of Preferred Series C on January 17, 2013					
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0..42on January 17, 2013		19,998	20	8,421	8
Dividend to Seaside 88, LP, paid on January 17, 2013				(8,441)	(
Shares issued in conversion of Series C Preferred Shares to Common Stock at $0..42 per share, .001 par value, on January 31, 2013		275,788	276		2
Retirement of Series C Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on January 31, 2013	(113)	(0)			
Derivative Liability - Retirement of Preferred Series C on January 31, 2013				18,502	1
Shares issued as Dividend to Seaside 88, LP, .001 par value		18,901	19	7,794	7

common stock at $0.41 on January 31, 2013				
Dividend to Seaside 88, LP, paid on January 31, 2013			(7,813)	(7
Shares issued for consulting and legal services rendered at $0.49 per share on January 31, 2013	14,286	15	6,985	7
Shares issued at $0.48 in payment of Debenture interest on February 1, 2013	2,000,000	2,000	663,497	6
Warrants issued to Scientific Advisory Board on February 15, 2013			31,800	3
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.41 on February 14, 2013	18,101	18	7,358	7
Dividend to Seaside 88, LP, paid on February 14, 2013			(7,376)	(7
Shares issued in conversion of Series C Preferred Shares to Common Stock at $0.41 per share, .001 par value, on February 14,	241,062	241		2

2013					
Retirement of Series C Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on February 14, 2013	(98)	(0)			
Derivative Liability - Retirement of Preferred Series C on February 14, 2014				15,985	1
Redemption of Series C Convertible Preferred on February 26, 2013	(1,827)	(2)		(1,714,332)	(
Dividend to Seaside 88, LP, paid on February 26, 2013				(6,002)	(
Shares issued for consulting and legal services rendered at $0.46per share on February 28, 2013		15,217	15	6,985	7
Derivative Liability - Redemption of Preferred Series C on February 26, 2013				42	4
Common shares issued for employee stock compensation at		125,000	125	29,875	3

$..48 per share, March 1, 2013										
Common shares issued for employee stock compensation at $.48 per share, March 1, 2013						125,000	125	29,875		3
Series A Preferred Shares issued for employee stock compensation, March 1, 2013	250,000	250						187,137		1
Series A Preferred Shares issued for employee stock compensation, March 1, 2013	250,000	250						187,137		1
Series A Preferred Shares issued for employee stock compensation, March 1, 2013	93,750	94						70,176		7
Shares issued for consulting and legal services rendered at $0.65 per share on March 31, 2013						10,769	10	6,989		6
Shares issued to a Director for services rendered at $0.53 per share on March 31, 2013						4,717	5	2,495		2
Net loss for the year ended June 30, 2012									(7,965,162)	(
Balance, March 31, 2013	10,465,000	$10,466	-	$-	-	$-	164,540,249	$164,571	$46,066,390	$(37,389,278)	$8

See accompanying notes to the financial statements

NanoViricides, Inc.

Statement of Stockholders' Equity
For the period from May 12, 2005 (inception) through December 31, 2013

	Series A Preferred Stock: Par $0.001		Series B Preferred Stock: Par $0.001		Series C Preferred Stock: Par $0.001		Common Stock: Par $0.001		Additional	Stock	Deficit Accumulated
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Paid-in Capital	Subscription Receivable	During the Development Stage
Common shares issued May 12, 2005 (Inception)							5,714	6	14	(20)	
Share exchange with Edot-com.com Inc., June 1, 2005							(5,714)	(6)	(14)	20	
Common shares exchanged in reverse acquisition of Edot-com.com Inc., June 1, 2005							22,857,143	22,857	(22,837)	(20)	
Common shares outstanding Edot-com.com Inc., June 1, 2005							5,714,286	5,714	(5,714)		
Options granted in connection with reverse acquisition							-		-		
Net loss							-		-		(66,005
Balance, June 30, 2005	-	-	-	-	-	-	28,571,429	28,571	(28,551)	(20)	(66,005
Discount related to beneficial							-		5,277		

conversion feature of Convertible debentures, July 13, 2005			
Legal expenses related private placement of common stock, July 31, 2006	-		(2,175)
Discount related to beneficial conversion feature of Convertible debentures, July 31, 2005	-		5,302
Warrants issued to Scientific Advisory Board, August 15, 2005	-		4,094
Options issued to officers, September 23, 2005	-		87,318
Common shares issued for consulting services valued at $.081 per share, September 30, 2005	657,143	657	185,643
Common shares issued for interest on debentures, September 30, 2005	13,765	14	4,301
Discount related to beneficial conversion feature of Convertible debentures, October 28, 2005	-		166,666
Discount related to beneficial conversion feature of Convertible debentures, November 9,	-		166,667

2005			
Discount related to beneficial conversion feature of Convertible debentures, November 10, 2005	-		45,000
Discount related to beneficial conversion feature of Convertible debentures, November 11, 2005	-		275,000
Discount related to beneficial conversion feature of Convertible debentures, November 15, 2005	-		49,167
Warrants issued to Scientific Advisory Board, November 15, 2005	-		25,876
Common shares and warrants issued in connection with private placement of common stock, November 28, 2005	97,143	97	169,903
Common shares and warrants issued in connection with private placement of common stock, November 29, 2005	85,715	86	149,914
Common shares and warrants issued in	42,857	43	74,957

connection with private placement of common stock, November 30, 2005			
Common shares and warrants issued in connection with private placement of common stock, December 2, 2005	28,571	29	49,971
Common shares and warrants issued in connection with private placement of common stock, December 6, 2005	242,857	243	424,757
Common shares issued for legal services valued at $.95 per share, December 6, 2005	5,714	6	18,994
Common shares and warrants issued in connection with private placement of common stock, December 12, 2005	214,286	214	374,786
Common shares and warrants issued in connection with private placement of common stock, December 13, 2005	14,286	14	24,986
Common shares and warrants issued in	14,285	14	24,986

connection with private placement of common stock, December 14, 2005			
Common shares issued in connection with debenture offering, December 15, 2005	14,286	14	48,986
Common shares and warrants issued in connection with private placement of common stock, December 20, 2005	14,285	14	24,986
Common shares and warrants issued in connection with private placement of common stock, December 29, 2005	14,286	14	24,986
Common shares and warrants issued in connection with private placement of common stock, December 30, 2005.	14,285	14	24,986
Common shares issued for interest on debentures, December 31, 2005	5,565	6	17,334
Common shares issued for consulting services valued at $1.46 per share, January 9, 2006	978	1	5,000

Warrants issued to Scientific Advisory Board, February 15, 2006							-		49,067			
Warrnats issued to Scientific Advisory Board, May 15, 2006							-		51,048			
Common shares issued for interest on debentures, March 31, 2005							2,263	2	22,190			
Options exercised, May 31, 2006							514,286	515	89,485			
Common shares and warrants issued in connection with private placement of common stock, June 15, 2006							535,714	536	1,874,464			
Common shares issued for interest on debentures, June 30, 2006							4,122	4	22,434			
Net loss												(3,284,432
Balance, June 30, 2006	-	-	-	-	-	-	31,108,121	31,108	4,557,805	(20	)	(3,350,437
Common shares issued for interest on debentures, July 31, 2006							1,641	2	7,642			
Common shares issued for conversion of convertible debentures, July 31, 2006							952,381	952	999,048			
Exercise of stock warrants, July 31, 2006							57,143	57	49,943			
Options issued to Scientific Advisory Board, August 15, 2006							-		30,184			

Options issued to Scientific Advisory Board, November 15, 2006	-		25,888
Common shares issued for consulting services valued at $.76 per share, January 3, 2007	61,714	62	164,098
Options issued to Scientific Advisory Board, February 15, 2007	-		32,668
Options issued to Scientific Advisory Board, May 15, 2007	-		25,664
Common shares issued for consulting services valued at $1.03 per share, June 12, 2007	215	-	775
Common shares issued for consulting services valued at $1.15 per share, June 20, 2007	28,572	29	114,971
Common shares issued upon warrants conversion, June 20, 2007	265,714	266	619,734
Common shares issued upon warrants conversion, June 25, 2007	21,429	21	49,979
Common shares issued upon warrants conversion, June 30, 2007	85,714	86	199,914
Common shares issued for consulting services valued at	8,540	9	31,791

$1.06 per share, June 30, 2007											
Officers' compensation expense							-		27,062		
Net loss							-		-		(3,118,963
Balance, June 30, 2007	-	-	$-	-	-	-	32,591,184	32,592	$6,937,166	$(20)	(6,469,400
Warrants issued to Scientific Advisory Board, August 15, 2007							-		14,800		
Common shares and warrants issued in connection with private placement of common stock, September 21, 2007							428,571	429	749,571		
Common shares issued for consulting and legal services valued at $.75 per share, September 30, 2007							7,213	7	18,393		
Common shares and warrants issued in connection with private placement of common stock, October 16, 2007							928,571	929	1,624,071		
Common shares and warrants issued in connection with private placement of common stock, October 16, 2007							71,428	71	124,929		
Collection of stock							-		-	20	

subscriptions receivable, October 17, 2007												
Warrants issued to Scientific Advisory Board, November 15, 2007							-		7,200			
Common shares issued for consulting and legal services valued at $.49 per share, December 31, 2007							16,329	16	26,884			
Options issued to officers, January 1, 2008							-		7,044			
Warrants issued to Scientific Advisory Board, February 15, 2008							-		8,500			
Common shares issued for consulting and legal services valued at $ .45 per share,March 31, 2008							17,585	18	27,882			
Common shares issued for consulting services valued at $.39 per share, April , 2008							7,929	8	10,813			
Warrants issued to Scientific Advisory Board, May 15, 2008							-		32,253			
Common shares issued for consulting services valued at $1.03 per share, June 30, 2008							8,526	9	27,891			
Net loss							-		-			(2,738,337
	-	-	-	-	-	-	34,077,336	$34,079	$9,617,397	$-		$(9,207,737

Balance, June 30, 2008			
Common shares issued for consulting and legal services valued at $ 1.22 per share, July 31, 2008	1,171	1	4,999
Common shares issued for consulting services valued at $1.22 per share, July , 2008	656	1	2,799
Warrants issued to Scientific Advisory Board, August 15, 2008	-	-	47,500
Common shares and warrants issued in connection with private placement of common stock, August 22, 2008	896,000	896	3,135,104
Common shares issued to settle account payable	42,857	43	149,957
Payment of Finder's Fee to Biotech	-	-	(14,696)
Common shares issued in connection with Warrant Conversion, August 22, 2008	35,714	36	106,214
Common shares issued for legal services valued at $1.24per share, August 31, 2008	1,152	1	4,999
Common shares issued for consulting services valued at $1.24 per share, August, 2008	645	1	2,799

Common shares issued for legal services valued at $1.00 per share, September 30, 2008	1,429	1	4,999
Common shares issued for consulting services valued at $1.00 per share, September 30, 2008	1,600	2	5,598
Common shares issued for consulting and legal services valued at $ .71 per share, October 31, 2008	2,012	2	4,998
Common shares issued for consulting services valued at $.71 per share, October 31, 2008	2,254	2	5,598
Warrants issued to Scientific Advisory Board, November 15, 2008	-	-	30,500
Common shares issued for consulting and legal services valued at $ .67 per share, November 30, 2008	2,132	2	4,998
Common shares issued for consulting services valued at $.67 per share, November 30, 2008	2,388	2	5,598
Common shares issued for consulting and legal services valued at $ .83	1,721	2	4,998

per share, December 31, 2008			
Common shares issued for consulting services valued at $.83 per share, December 31 , 2008	1,928	2	5,598
Common shares issued for legal services valued at $ .60 per share, January 20, 2009	2,381	2	4,998
Common shares issued for consulting and legal services valued at $ .78 per share, January 31, 2009	2,132	2	4,997
Common shares issued for consulting services valued at $.78 per share, January 31, 2009	2,388	2	5,598
Common shares issued for consulting services valued at $ .70 per share, February 1, 2009	14,286	14	34,986
Warrants issued to Scientific Advisory Board, February 15, 2009	-	-	29,000
Common shares issued for consulting and legal services valued at $ .71 per share, February 28, 2009	2,012	2	4,997
Common shares issued for consulting services valued at	2,254	2	5,598

$.71 per share, February 15, 2009			
Common shares issued for consulting and legal services valued at $ .67 per share, March 31, 2009	1,831	2	4,998
Common shares issued for consulting services valued at $.67 per share, March 31 , 2009	2,051	2	5,598
Common shares issued to acquire equipment valued at $0.79 per share	49,286	49	137,451
Common shares issued for consulting and legal services valued at $0.69 per share, April 30, 2009	2,059	2	4,998
Common shares issued for consulting services valued at $.69 per share, April 30, 2009	2,305	2	5,598
Warrants issued to Scientific Advisory Board, May 15, 2009	-	-	30,600
Common shares issued for consulting and legal services valued at $ .66 per share, May 31, 2009	2,171	2	4,998
Common shares issued for consulting services valued at $.66 per share, May 31, 2009	2,432	2	5,596

Common shares issued for consulting services valued at $ .61 per share, June 30, 2009							7,063	7	14,993		
Common shares issued for consulting and legal services valued at $ .56 per share, June 30, 2009							2,560	3	4,997		
Shares issued for consulting services valued at $.56 per share, June 30, 2009							2,868	3	5,597		
Common shares and warrants issued in connection with private placement of common stock, June 30, 2009							42,857	43	74,957		
Common shares and warrants issued in connection with warrant conversion, June 30, 2009							585,914	586	1,024,764	(100,000)	
Net loss							-		-		(2,787,798
Balance, June 30, 2009	-	-	-	-	-	-	35,799,845	35,800	14,545,276	(100,000)	(11,995,535
Collection of stock subscription receivable							-		-	100,000	
Common shares issued for consulting and legal services valued at $ .66 per share, July 31, 2009							2,165	2	4,998		
							2,424	2	5,598		

Common shares issued for consulting services valued at $.66 per share, July 31, 2009			
Warrants issued to Scientific Advisory Board, August 15, 2009	-	-	41,400
Common shares issued for consulting and legal services valued at $ .86 per share, August 31, 2009	1,861	2	4,998
Common shares issued for consulting services valued at $.86 per share, August 31, 2009	1,661	2	5,598
Common shares issued for consulting services valued at $ .89 per share, September 30, 2009	1,798	2	5,598
Common shares issued for consulting and legal services valued at $ .89 per share, September 30, 2009	1,605	2	4,998
Payment of Finder's Fee	-	-	(5,250)
Common shares and warrants issued in connection with private placement of common stock, September 30, 2009	764,286	764	1,336,736
Common shares and warrants	1,074,229	1,074	1,878,826

issued in connection with warrant conversion, September 30, 2009			
Common shares issued for consulting and legal services valued at $ .57 per share, October 1, 2009	10,025	10	19,990
Common shares issued for Legal services valued at $56.50 per share, October 26, 2009	3,571	4	7,059
Warrants issued for commissions, October 26, 2009	-	-	3,570
Common shares issued for consulting and legal services valued at $ .73 per share, October 31, 2009	1,960	2	4,998
Common shares issued for consulting services valued at $.73 per share, October 31, 2009	2,195	2	5,598
Common shares issued upon conversion of Warrants, November 10, 2009	2,857	3	1,437
Warrants issued to Scientific Advisory Board, November 15, 2009	-	-	39,600
Common shares issued in payment of accounts payable, November 25, 2009	9,286	9	25,191

Common shares issued for consulting and legal services valued at $ .86 per share, November 30, 2009			1,661	2	4,998
Common shares issued for consulting services valued at $.86 per share, November 30, 2009			2,791	3	8,397
Common shares issued for consulting services valued at $ .85 per share, December 31, 2009			2,833	3	8,397
Common shares issued for consulting and legal services valued at $ .85 per share, December 31, 2009			1,687	2	4,998
Common shares issued for consulting and legal services valued at $1.043 per share, January 31, 2010			1,370	1	4,999
Warrants issued to Scientific Advisory Board, February 15, 2010			-	-	40,200
Series A Preferred Shares issued for TheraCour license valued at $.001 par value, February 15, 2010	2,000,000	2,000	-	-	5,000
			1,303	1	4,999

Common shares issued for consulting services valued at $1.096 per share, February 28, 2010					
Common shares issued for employee stock compensation valued at $1.25 per share, March 3, 2010			35,714	36	156,214
Common shares issued for employee stock compensation valued at $1.25 per share, March 3, 2010			35,714	36	156,214
Series A Preferred Shares issued for employee stock compensation, March 3, 2010	71,429	71	-	-	513,752
Series A Preferred Shares issued for employee stock compensation, March 3, 2010	71,429	71	-	-	513,752
Series A Preferred Shares issued for employee stock compensation, March 3, 2010	26,786	28	-	-	192,656
Common shares issued for consulting and legal servies valued at $1.25 per share, March 3, 2010			286	-	1,250
Common shares issued for consulting services valued at $1.417 per share,			1,008	1	4,999

March 31, 2010					
Common shares issued in lieu of payment of accounts payable - All Sciences			11,321	11	31,689
Common shares issued for consulting and legal services valued at $2.087 per share, April 30, 2010			685	1	4,999
Series B Preferred Shares issued to SeaSide 88, LP, May 12, 2010	142,857	143	-	-	4,999,857
Placement Agents Fees related to sale of Convertible Preferred shares, May 12, 2010			-	-	(400,000)
Legal Fees related to Sale of Convertible Preferred Stock, May 12, 2010			-	-	(50,000)
Derivative Liability - Issuance of Series B Preferred Shares			-	-	(1,787,379)
Common shares issued for conversion of Series B Preferred Shares at $1.88 per share, May 12, 2010			91,237	91	228
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, May 12, 2010	(17,143)	(17)	-	-	(43)
Derivative Liability -			-	-	128,053

Retirement of Series B Preferred Shares, May 12, 2010					
Warrants issued to Scientific Advisory Board, May 15, 2010			-	-	82,800
Common shares issued for conversion of Series B Preferred Shares at $1.51 per share, May 26, 2010			113,768	113	285
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, May 26, 2010	(17,143)	(17)	-	-	(43)
Dividend paid to Seaside 88, LP, May 26, 2010			-	-	(16,877)
Common shares issued as Dividend to Seaside 88, LP at $1.64, May 26, 2010			2,943	3	16,874
Derivative Liability - Retirement of Series B Preferred Shares, May 26, 2010			-	-	151,842
Common shares issued for consulting and legal services valued at $2.083 per share, May 31, 2010			686	1	4,999
Common shares issued for conversion of warrants to Common Stock at $1.00 per			55,714	55	194,945

share, June 9, 2010					
Common shares issued for conversion of Series B Preferred Shares at $1.41 per share, June 9, 2010			121,920	122	305
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, June 9, 2010	(17,143)	(17)	-	-	(43)
Dividend paid to Seaside 88, LP, June 9, 2010			-	-	(14,575)
Common shares issued as Dividend to Seaside 88, LP at $1.41, June 9, 2010			2,962	3	14,572
Derivative Liability - Retirement of Series B Preferred Shares, June 9, 2010			-	-	149,354
Common shares issued for consulting and legal services valued at $1.77 per share, June 9, 2010			3,229	3	19,997
Common shares issued for consulting and legal services valued at $1.77 per share, June 9, 2010			571	1	3,539
Common shares issued for conversion of Series B Preferred Shares			107,973	108	270

at $1.59 per share, June 23, 2010											
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, June 23, 2010			(17,143)	(17)			-	-	(43)		
Dividend paid to Seaside 88, LP, June 23, 2010							-		(12,274)		
Common shares issued as Dividend to Seaside 88, LP at $1.59, June 23, 2010							2,209	2	12,272		
Derivative Liability - Retirement of Series B Preferred Shares, June 23, 2010							-		120,249		
Common shares issued for consulting and legal services valued at $1.043 per share, June 30, 2010							782	1	4,999		
Net loss							-		-		(4,744,208
Balance, June 30, 2010	2,169,644	2,170	74,285	75	-	-	38,280,135	38,280	23,217,895	-	(16,739,743
Common shares issued for conversion of Series B Preferred Shares at $1.51 per share, July 7, 2010							113,454	113	284		
Retirement of Series B Preferred Shares converted into common stock by			(17,143)	(17)			-		(43)		

SeaSide 88, LP, July 7, 2010					
Dividend paid to Seaside 88, LP, July 7, 2010			-		(9,973)
Common shares issued as dividend to Seaside 88, LP at $1.65 per share, July 7, 2010			1,731	2	9,971
Derivative liability - retirement of Series B Preferred Shares, July 7, 2010			-		116,715
Common shares issued for conversion of Series B Preferred Shares at $1.30 per share, July 21, 2010			132,336	132	331
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, July 21, 2010	(17,143)	(17)	-		(43)
Dividend paid to Seaside 88, LP, July 21, 2010			-		(7,671)
Common shares issued as dividend to Seaside 88, LP at $1.32 per share, July 21, 2010			1,655	2	7,669
Derivative liability - retirement of Series B Preferred Shares, July 21, 2010			-		113,700
Common shares issued for consulting and legal services			882	1	4,999

valued at $2.087 per share, July 31, 2010					
Common shares issued for conversion of Series B Preferred Shares at $1.14 per share, August 4, 2010			150,547	151	376
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, August 4, 2010	(17,143)	(17)	-		(43)
Dividend paid to Seaside 88, LP, August 4, 2010			-		(5,370)
Common shares issued as dividend to Seaside 88, LP, at $1.14 per share, August 4, 2010			1,347	1	5,369
Derivative liability - retirement of Series B Preferred Shares, August 4, 2010			-		104,480
Warrants issued to Scientific Advisory Board, August 15, 2010			-		45,000
Common shares issued in conversion of Series B Preferred Shares at $0.99 per share, August 18, 2010			173,248	173	433
Retirement of Series B Preferred Shares converted into common stock by	(17,143)	(17)	-		(43)

SeaSide 88, LP, August 18, 2010					
Dividend paid to Seaside 88, LP, August 18, 2010			-		(3,068)
Common shares issued as dividend to Seaside 88, LP at $0.99 per share, August 18, 2010			886	1	3,067
Derivative liability - retirement of Series B Preferred Shares, August 18, 2010			-		104,795
Common shares issued for consulting and legal services valued at $1.24 per share, August 31, 2010			1,152	1	4,999
Common shares issued for conversion of Series B Preferred Shares at $0.93 per share, September 1, 2010			61,523	62	153
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, September 1, 2010	(5,714)	(6)	-		(14)
Dividend paid to Seaside 88, LP, September 1, 2010			-		(767)
Common shares issued as dividend to Seaside 88, LP at $1.00 per share, September 1, 2010			219	-	767

Derivative liability - retirement of Series B Preferred Shares, September 1, 2010			-		34,841
Series B Preferred Shares issued to SeaSide 88, LP, September 21, 2010	71,429	71	-		2,499,929
Placement Agents fees related to sale of Convertible Preferred shares, September 21, 2010			-		(195,000)
Legal fees related to sale of Convertible Preferred Stock, September 21, 2010			-		(10,000)
Derivative liability - issuance of Series B Preferred Shares			-		(328,086)
Common shares issued for conversion of Series B Preferred Shares at $0.93 per share, September 21, 2010			122,861	123	307
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, September 21, 2010	(11,429)	(11)	-		(29)
Derivative liability - retirement of Series B			-		103,012

Preferred Shares, September 21, 2010						
Common shares issued for consulting and legal services valued at $1.07 per share, September 30, 2010			1,335	1	4,999	
Common shares issued for conversion of Series B Preferred Shares at $0.87 per share, October 5, 2010			131,499	131	329	
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, October 5, 2010	(11,429)	(11)	-		(29	)
Dividend paid to Seaside 88, LP, on October 5, 2010			-		(8,055	)
Common shares issued as dividend to Seaside 88, LP at $0.87 per share, October 5, 2010			2,648	3	8,052	
Derivative liability - Retirement of Series B Preferred Shares, October 5, 2010			-		103,330	
Common shares issued for conversion of Series B Preferred Shares at $0.88 per share, October 19, 2010			129,419	129	323	
	(11,429)	(11)	-		(29	)

Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, October 19, 2010							
Dividend paid to Seaside 88, LP, October 19, 2010					-		(6,521)
Common shares issued as dividend to Seaside 88, LP at $0.88 per share, October 19, 2010					2,110	2	6,519
Derivative liability - Retirement of Series B Preferred Shares, October 19, 2010					-		69,635
Common shares issued for consulting and legal services valued at $1.03 per share, October 31, 2010					1,387	1	4,999
Series A Preferred Shares issued for employee stock compensation, November 1, 2010	8,571	9			-		53,924
Common shares issued for conversion of Series B Preferred Shares at $0.87 per share, November 2, 2010					131,804	132	329
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, August 4, 2010			(11,429)	(11)	-		(29)

Dividend paid to Seaside 88, LP, November 2, 2010			-		(4,986)
Common shares issued as dividend to Seaside 88, LP at $0.87 per share, November 2, 2010			1,643	2	4,984
Derivative liability - retirement of Series B Preferred Shares, November 2, 2010			-		69,104
Warrants issued to Scientific Advisory Board, November 15, 2010			-		55,800
Common shares issued for conversion of Series B Preferred Shares at $1.16 per share, November 16, 2010			98,805	99	247
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, November 16, 2010	(11,429)	(11)	-		(29)
Dividend paid to Seaside 88, LP, November 16, 2010			-		(3,452)
Common shares issued as dividend to Seaside 88, LP at $1.16 per share, November 16, 2010			853	1	3,451
			-		69,187

Derivative liability - Retirement of Series B Preferred Shares, November 16, 2010						
Common shares issued for conversion of Series B Preferred Shares at $1.35 per share, November 30, 2010			88,733	89	222	
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, November 30, 2010	(11,428)	(12)	-		(28	)
Dividend paid to Seaside 88, LP, November 30, 2010			-		(1,918	)
Common shares issued as dividend to Seaside 88, LP at $1.35 per share, November 30, 2010			405	-	1,918	
Derivative liability - Retirement of Series B Preferred Shares, November 30, 2010			-		69,449	
Common shares issued for consulting and legal services valued at $1.46 per share, November 30, 2010			979	1	4,999	
Common shares issued for			7,143	7	24,993	

conversion of warrants to Common Stock at $1.00 per share, December 10, 2010						
Common shares issued as compensation pursuant to S-8 at $1.28 per share, December 10, 2010			14,286	14	63,986	
Common shares issued for conversion of Series B Preferred Shares at $1.10 per share, December 14, 2010			25,954	26	65	
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, December 14, 2010	(2,857)	(3)	-		(7)	
Dividend paid to Seaside 88, LP, December 14, 2010			-		(384)	
Common shares issued as Dividend to Seaside 88, LP, at $1.10 per share, December 14, 2010			99	-	384	
Derivative liability - retirement of Series B Preferred Shares, December 14, 2010			-		17,438	
Series B Preferred Shares issued to SeaSide 88, LP,	71,429	71	-		2,499,929	

December 21, 2010					
Placement Agents fees related to sale of Convertible Preferred shares, December 21, 2010			-		(200,000)
Common shares issued for consulting and legal services valued at $1.32 per share, December 31, 2010			1,299	1	6,052
Common shares issued for conversion of Series B Preferred Shares at $1.16 per share, January 3, 2011			98,227	98	246
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, January 3, 2011	(11,429)	(11)	-		(29)
Dividend paid to Seaside 88, LP, January 3, 2011			-		(8,904)
Common shares issued as dividend to Seaside 88, LP at $1.16 per share, January 3, 2011			2,187	2	8,902
Derivative liability - retirement of Series B Preferred Shares, January 3, 2011			-		73,532
Common shares issued for conversion of Series B			90,847	91	227

Preferred Shares at $1.26 per share, January 17, 2011						
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, January 17, 2011	(11,428)	(12)	-		(28	)
Dividend paid to Seaside 88, LP, January 17, 2011			-		(8,055	)
Common shares issued as dividend to Seaside 88, LP at $1.26 per share, January 17, 2011			1,829	2	8,053	
Derivative liability - retirement of Series B Preferred Shares, January 17, 2011			-		70,882	
Common shares issued for conversion of Series B Preferred Shares at $1.12 per share, January 31, 2011			101,835	102	254	
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, January 31, 2011	(11,429)	(11)	-		(29	)
Dividend paid to Seaside 88, LP, January 31, 2011			-		(6,521	)
Common shares issued as dividend to Seaside 88, LP at $1.24 per share, January 31, 2011			1,506	2	6,519	
			-		72,432	

Derivative liability - retirement ofSeries B Preferred Shares, January 31, 2011						
Common shares issued for consulting and legal services valued at $1.47 per share, January 31, 2011			1,168	1	5,999	
Common shares issued for conversion of warrants at $1.00 per share, February 4, 2011			7,143	7	24,993	
Common shares issued for conversion of Series B Preferred Shares at $1.08 per share, February 14, 2011			105,719	106	269	
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, February 14, 2011	(11,428)	(12)	-		(28	)
Dividend paid to Seaside 88, LP, February 14, 2011			-		(4,986	)
Common shares issued as dividend to Seaside 88, LP, at $1.08 per share, February 14, 2011			1,318	1	4,985	
Derivative liability - retirement of Series B Preferred Shares,			-		71,699	

February 14, 2011					
Warrants issued to Scientific Advisory Board, Feburary 15, 2011			-		54,000
Common shares issued for conversion of Series B Preferred Shares at $0.99 per share, February 28, 2011			115,889	116	293
Derivative liability - retirement of Series B Preferred Shares, February 28, 2011			-		71,490
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, February 28, 2011	(11,429)	(11)	-		(29)
Dividend paid to Seaside 88, LP, February 28, 2011			-		(3,452)
Common shares issued as dividend to Seaside 88, LP at $0.99 per shares, February 28, 2011			1,000	1	3,451
Common shares issued for consulting and legal services valued at $1.22 per share, February 28, 2011			1,401	1	5,999
Common shares issued for			35,714	36	158,089

employee stock compensation at $1.32 per share, March 3, 2011							
Common shares issued for employee stock compensation at $1.32 per share, March 3, 2011					35,714	36	158,089
Series A Preferred Shares issued for employee stock compensation, March 3, 2011	71,428	71			-		574,510
Series A Preferred Shares issued for employee stock compensation, March 3, 2011	71,428	71			-		574,510
Series A Preferred Shares issued for employee stock compensation, March 3, 2011	26,786	27			-		215,441
Common shares issued for conversion of Series B Preferred Shares at $1.09 per share, March 14, 2011					104,935	105	262
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, March 14, 2011			(11,428)	(12)	-		(28)
Dividend paid to Seaside 88, LP, March 14, 2011					-		(1,918)
Common shares issued as Dividend to Seaside 88, LP at $1.09 per shares,					503	1	1,917

March 14, 2011 Derivative Liability - Retirement of Series B Preferred Shares, March 14, 2011				-		70,566		
Common shares issued for conversion of Series B Preferred Shares at $1.11 per share, March 28, 2011				25,710	26	64		
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, March 28, 2011	(2,857	)	(3	)	-		(7	)
Dividend paid to Seaside 88, LP, March 28, 2011				-		(384	)	
Common shares issued as dividend to Seaside 88, LP, at $1.11 per share, March 28, 2011				99	-	384		
Derivative liability - retirement of Series B Preferred Shares, March 28, 2011				-		17,525		
Common shares issued for consulting and legal services valued at $1.28 per share, March 31, 2011				1,337	1	5,999		
Common shares issued for conversion of warrants to common stock at $1.00 per share,				2,857	3	9,997		

April 10, 2011 Series B Preferred Shares issued to SeaSide 88, LP, April 18, 2011	71,429	71	-		2,499,929	
Placement Agents fees related to sale of Convertible Preferred shares, April 18, 2011			-		(160,000	)
Legal fees related to Sale of Convertible Preferred Stock, April 18, 2011			-		(25,000	)
Derivative liability - issuance of Series B Preferred Shares			-		(429,725	)
Common shares issued for conversion of Series B Preferred Shares at $1.28 per share, April 18, 2011			89,189	89	(49	)
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, April 18, 2011	(11,429)	(11)	-		(29	)
Derivative liability - retirement of Series B Preferred Shares, April 18, 2011			-		68,756	
Common shares issued for consulting and legal services valued at $1.47 per share, April 30, 2011			1,168	1	5,999	
			97,065	97	(57	)

Common shares issued for conversion of Series B Preferred Shares at $1.18 per share, May 2, 2011						
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, May 2, 2011	(11,428)	(12)	-		(28	)
Derivative liability - retirement of Series B Preferred Shares, May 2, 2011			-		68,941	
Dividend paid to Seaside 88, LP, May 2, 2011			-		(8,055	)
Common shares issued as dividend to Seaside 88, LP at $1.18 per shares, May 2, 2011			1,955	2	8,053	
Warrants issued to Scientific Advisory Board, May 15, 2011			-		50,400	
Common shares issued for conversion of Series B Preferred Shares at $1.19 per share, May 16, 2011			96,143	96	(56	)
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, May 16, 2011	(11,429)	(11)	-		(29	)
Derivative liability -			-		69,194	

retirement of Series B Preferred Shares, May 16, 2011						
Dividend paid to Seaside 88, LP, May 16, 2011			-		(6,521	)
Common shares issued as dividend to Seaside 88, LP at $1.20 per shares, May 16, 2011			1,554	2	6,519	
Common shares issued for conversion of Series B Preferred Shares at $1.23 per share, May 30, 2011			93,280	93	(53	)
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, May 30, 2011	(11,428)	(12)	-		(28	)
Derivative liability - retirement of Series B Preferred Shares, May 30, 2011			-		69,464	
Dividend paid to Seaside 88, LP, May 30, 2011			-		(4,986	)
Common shares issued as Dividend to Seaside 88, LP at $1.23 per share, May 30, 2011			1,163	1	4,985	
Common shares issued for consulting and legal services valued at $1.47 per share, May 31, 2011			1,168	1	5,999	
			97,135	97	(57	)

Common shares issued for conversion of Series B Preferred Shares at $1.18 per share, June 13, 2011						
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, June 13, 2011	(11,429)	(11)	-		(29	)
Derivative liability - retirement of Series B Preferred Shares, June 13, 2011			-		69,727	
Dividend paid to Seaside 88, LP, June 13, 2011			-		(3,452	)
Common shares issued as Dividend to Seaside 88, LP at $1.18 per share, June 13, 2011			838	1	3,451	
Common shares issued for conversion of Series B Preferred Shares at $1.02 per share, June 27, 2011			111,957	112	(72	)
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, June 27, 2011	(11,428)	(12)	-		(28	)
Derivative Liability - Retirement of Series B Preferred Share, June 27, 2011			-		69,973	

Dividend paid to Seaside 88, LP, June 27, 2011							-		(1,918)			
Common shares issued as Dividend to Seaside 88, LP at $1.10 per share, June 27, 2011							497	-	1,918			
Common shares issued for consulting and legal services valued at $1.22 per share, June 30, 2011							1,401	1	5,999			
Net loss							-		-			(6,477,166
Balance, June 30, 2011	2,347,857	2,348	2,857	3	-	-	41,013,828	41,012	33,344,437	-		(23,216,909
Common shares issued for conversion of Series B Preferred Shares at $1.11 per share, July 11, 2011							25,710	26	64			
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, July 11, 2011			(2,857)	(3)			-		(7)			
Derivative liability - retirement of Series B Preferred Shares, July 11, 2011							-		17,881			
Dividend to Seaside 88, LP, paid on July 11, 2011							-		(381)			
Common shares issued as dividend to Seaside 88, LP at							99	-	381			

$1.18 per share, July 11, 2011					
Series B Preferred Shares issued to SeaSide 88, LP, on July 26, 2011	71,429	71	-		2,499,929
Placement Agents fees related to sale of Convertible Preferred shares, July 26, 2011			-		(150,000)
Derivative liability - issuance of Series B Preferred Shares			-		(429,768)
Legal Fees related to Sale of Convertible Preferred Stock, July 26, 2011			-		(6,250)
Common shares issued in conversion of Series B Preferred Shares to common stock at $1.18 per share, July 26, 2011			107,943	108	270
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, July 26, 2011	(11,429)	(11)	-		(29)
Derivative liability - retirement of Series B Preferred Shares, July 26, 2011			-		68,425
Common shares issued for consulting and legal services valued at $1.26 per share, July			1,361	1	5,999

31, 2011						
Warrants issued to Scientific Advisory Board, August 15, 2011			-		56,400	
Common shares issued for conversion of Series B Preferred Shares at $0.92 per share, August 8, 2011			124,911	125	312	
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, August 8, 2011	(11,428)	(12)	-		(28	)
Derivative liability - retirement of Series B Preferred Shares, August 8, 2011			-		69,193	
Dividend to Seaside 88, LP, paid on August 8, 2011			-		(8,055	)
Common shares issued as Dividend to Seaside 88, LP at $0.98 per share, August 8, 2011			2,345	2	8,053	
Common shares issued for conversion of Series B Preferred Shares at $0.95 per share, August 23, 2011			119,951	120	300	
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, August 23, 2011	(11,429)	(11)	-		(29	)

Derivative liability - retirement of Series B Preferred Shares, August 23, 2011			-		69,351	
Dividend paid to Seaside 88, LP, August 23, 2011			-		(6,521	)
Common shares issued as Dividend to Seaside 88, LP at $0.95 per share, August 23, 2011			1,955	2	6,519	
Common shares issued for consulting and legal services valued at $1.14 per share, August 31, 2011			1,504	2	5,998	
Common shares issued for conversion of Series B Preferred Shares at $0.95 per share, September 6, 2011			120,821	121	302	
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, September 6, 2011	(11,428)	(12)	-		(28	)
Derivative liability - retirement of Series B Preferred Shares, September 6, 2011			-		69,887	
Dividend paid to Seaside 88, LP, September 6, 2011			-		(4,986	)
Common shares issued as			1,504	2	4,984	

Dividend to Seaside 88, LP at $0.95 per share, September 6, 2011					
Common shares issued in conversion of Series B Preferred Shares at $0.94 per share, September 19, 2011			122,186	122	306
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, September 19, 2011	(11,429)	(11)	-		(29)
Derivative liability - retirement of Series B Preferred Share, September 19, 2011			-		69,970
Dividend to Seaside 88, LP, paid on September 19, 2011			-		(3,452)
Common shares issued as Dividend to Seaside 88, LP at $0.94 per share, September 19, 2011			1,055	-	3,452
Common shares issued for consulting and legal services valued at $1.07 per share, September 30, 2011			1,602	2	5,998
Shares issued in conversion of Series B			146,946	147	367

Preferred Shares to Common Stock at $.78 per share, .001 par value, on October 3, 2011					
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on October 3, 2011	(11,428)	(12)	-	-	(28)
Derivative Liability - Retirement of Preferred Series B on October 3, 2011			-	-	69,496
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.85 on October 3, 2011			649	1	1,917
Dividend to Seaside 88, LP, paid on October 3, 2011			-	-	(1,918)
Shares issued in conversion of Series B Preferred Shares to Common Stock at $0.69 per share, .001 par value, on October 17, 2011			41,281	41	103
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on October 17, 2011	(2,857)	(3)	-	-	(7)
Derivative Liability - Retirement of			-	-	17,790

Preferred Series B on October 17, 2011					
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.75 on October 17, 2011			146	-	384
Dividend to Seaside 88, LP, paid on October 17, 2011			-	-	(384)
Shares issued for consulting and legal services rendered at $0..92 per share on October 31, 2011			1,868	2	5,998
Series B Preferred Shares issued to SeaSide 88, LP, $.001 par value on November 1, 2011	71,429	71	-	-	2,499,929
Placement Agents Fees related to sale of Convertible Preferred shares on November 1, 2011			-	-	(160,000)
Derivative Liability - Issuance of Preferred Series B			-	-	(429,804)
Legal Fees related to Sale of Convertible Preferred Stock November 1, 2011			-	-	(25,000)
Shares issued in conversion of Series B Preferred Shares to Common			146,225	146	366

Stock at $0.78 per share, .001 par value, on November 1, 2011						
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on November 2, 2011	(11,429)	(11)	-	-	(29	)
Derivative Liability - Retirement of Preferred Series B on November 1, 2011			-	-	68,297	
Warrants issued to Scientific Advisory Board on November 15, 2011			-	-	56,400	
Shares issued in conversion of Series B Preferred Shares to Common Stock at $0.69 per share, .001 par value, on November 15, 2011			165,313	165	414	
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on November 15, 2011	(11,428)	(12)	-	-	(28	)
Derivative Liability - Retirement of Preferred Series B on November 15, 2011			-	-	68,411	
			2,946	3	7,476	

Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0..73 onNovember 15, 2011						
Dividend to Seaside 88, LP, paid on November 15, 2011			-	-	(7,479	)
Shares issued in conversion of Series B Preferred Shares to Common Stock at $0.62 per share, .001 par value, on November 29, 2011			183,639	184	459	
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on November 29, 2011	(11,429)	(11)	-	-	(29	)
Derivative Liability - Retirement of Preferred Series B on November 29, 2011			-	-	68,591	
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.64 on November 29, 2011			2,897	3	6,518	
Dividend to Seaside 88, LP, paid on November 29, 2011			-	-	(6,521	)

Shares issued for consulting and legal services rendered at $0.81 per share on November 30, 2011			2,107	2	5,998
Shares issued in conversion of Series B Preferred Shares to Common Stock at $0.53 per share, .001 par value, on December 13, 2011			214,661	215	536
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on December 13, 2011	(11,429)	(11)	-	-	(29)
Derivative Liability - Retirement of Preferred Series B on December 13, 2011			-	-	68,753
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.57 on December 13, 2011			2,514	3	4,983
Dividend to Seaside 88, LP, paid on December 13, 2011			-	-	(4,986)
Shares issued in conversion of Series B Preferred Shares to Common Stock at $0.51			227,653	228	570

per share, .001 par value, on December 27, 2011						
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on December 27, 2011	(11,428)	(12)	-	-	(28	)
Derivative Liability - Retirement of Preferred Series B on December 27, 2011			-	-	68,965	
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.57 on December 27, 2011			1,948	2	3,448	
Dividend to Seaside 88, LP, paid on December 27, 2011			-	-	(3,452	)
Shares issued for consulting and legal services rendered at $0.64 per share on December 31, 2011			2,687	3	5,997	
Shares issued in conversion of Series B Preferred Shares to Common Stock at $.51 per share, .001 par value, on January 10, 2012			225,158	225	563	
Retirement of Series B Preferred Shares	(11,429)	(11)	-	-	(29	)

converted into common stock by SeaSide 88, LP, .001 par value on January 10, 2012					
Derivative Liability - Retirement of Preferred Series B on January 10, 2012			-	-	69,222
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.51 onJanuary 10, 2012			1,069	1	1,917
Dividend to Seaside 88, LP, paid on January 10, 2012			-	-	(1,918)
Shares issued in conversion of Series B Preferred Shares to Common Stock at $0.48 per share, .001 par value, on January 24, 2012			59,585	60	149
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on January 24, 2012	(2,857)	(3)	-	-	(7)
Derivative Liability - Retirement of Preferred Series B on January 24, 2012			-	-	69,883
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.49 on January			225	-	384

24, 2012						
Dividend to Seaside 88, LP, paid on January 24, 2012			-	-	(384	)
Shares issued for consulting and legal services rendered at $0.58 per share on January 31, 2012			2,962	3	5,997	
Series B Preferred Shares issued to SeaSide 88, LP, $.001 par value on February 8, 2012	71,429	71	-	-	2,499,929	
Placement Agents Fees related to sale of Convertible Preferred shares on February 8, 2012			-	-	(150,000	)
Derivative Liability - Issuance of Preferred Series B			-	-	(430,283	)
Legal Fees related to Sale of Convertible Preferred Stock February 8, 2012			-	-	(6,250	)
Shares issued in conversion of Series B Preferred Shares to Common Stock at $0.56 per share, .001 par value, on February 8, 2012			204,898	205	512	
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on February 8,	(11,429)	(11)	-	-	(29	)

2012 Derivative Liability - Retirement of Preferred Series B on February 8, 2012			-	-	68,169
Warrants issued to Scientific Advisory Board on February 15, 2012			-	-	51,000
Shares issued in conversion of Series B Preferred Shares to Common Stock at $0.69 per share, .001 par value, on February 22, 2012			164,589	165	411
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on February 22, 2012	(11,428)	(12)	-	-	(28)
Derivative Liability - Retirement of Preferred Series B on February 22, 2012			-	-	68,423
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.69 on February 22, 2012			3,314	3	7,476
Dividend to Seaside 88, LP, paid on February 22, 2012			-	-	(7,479)
			-	-	-
			2,219	2	5,998

Shares issued for consulting and legal services rendered at $0.77 per share on February 29, 2012							
Common shares issued for employee stock compensation at $.73 per share, March 3, 2012					71,429	71	181,803
Series A Preferred Shares issued for employee stock compensation, March 3, 2012	169,643	169			-	-	634,239
Shares issued in conversion of Series B Preferred Shares to Common Stock at $0.64 per share, .001 par value, on March 07, 2012					179,511	180	448
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on March 7, 2012			(11,429)	(11)	-	-	(29)
Derivative Liability - Retirement of Preferred Series B on March 7, 2012					-	-	68,602
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.64 on March 7, 2012					2,926	3	6,518
Dividend to Seaside 88, LP,					-	-	(6,521)

paid on March 7, 2012						
Shares issued in conversion of Series B Preferred Shares to Common Stock at $0.63 per share, .001 par value, on March 21, 2012			181,712	182	454	
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on March 21, 2012	(11,429)	(11)	-	-	(29	)
Derivative Liability - Retirement of Preferred Series B on March 21, 2012			-	-	68,862	
			-	-	-	
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.64 on March 21, 2012			2,232	2	4,984	
Dividend to Seaside 88, LP, paid on March 21, 2012			-	-	(4,986	)
Shares issued for consulting and legal services rendered at $0.78 per share on March 31, 2012			2,208	2	5,998	
Shares issued in conversion of Series B Preferred Shares to Common Stock at $.61 per share, .001 par value, on April 4,			188,999	189	472	

2012 Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on April 4, 2012	(11,429)	(11)	-	-	(29)
Derivative Liability - Retirement of Preferred Series B on April 4, 2012			-	-	69,098
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.61 on April 4, 2012			1,631	2	3,450
Dividend to Seaside 88, LP, paid on April 4, 2012			-	-	(3,452)
Shares issued in conversion of Series B Preferred Shares to Common Stock at $0.51 per share, .001 par value, on April 18, 2012			224,415	224	561
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on April 18, 2012	(11,429)	(11)	-	-	(29)
Derivative Liability - Retirement of Preferred Series B on April 18, 2012			-	-	69,224
Shares issued as Dividend to			1,023	1	1,917

Seaside 88, LP, .001 par value common stock at $0.54 on April 18, 2012					
Dividend to Seaside 88, LP, paid on April 18, 2012			-	-	(1,918)
Shares issued for consulting and legal services rendered at $0.63 per share on April 30, 2012			2,728	3	5,997
Shares issued in conversion of Series B Preferred Shares to Common Stock at $0.50 per share, .001 par value, on May 2, 2012			56,673	57	142
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on May 2, 2012	(2,857)	(3)	-	-	(7)
Derivative Liability - Retirement of Preferred Series B on May 2, 2012			-	-	69,892
Warrants issued to Scientific Advisory Board on May 15, 2012			-	-	47,400
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.51 on May 2, 2012			215	-	384
Dividend to Seaside 88, LP,			-	-	(384)

paid on May 2, 2012								
Shares issued for consulting and legal services rendered at $0.67 per share on May 31, 2012						2,561	3	5,997
Series A Preferred Shares amendment of valuation arising from Amendment of certificate of Designation on June 26, 2012						-	-	-
Series C Preferred Shares issued to SeaSide 88, LP, $.001 par value on June 28, 2012			714	1		-	-	2,499,999
Placement Agents Fees related to sale of Convertible Preferred shares on June 28, 2012						-	-	(150,000)
Derivative Liability - Issuance of Preferred Series C						-	-	(1,090,017)
Legal Fees related to Sale of Convertible Preferred Stock June 28, 2012						-	-	(25,000)
Sharees of Series A Preferred issued for legal services rendered	2,857	3				-	-	3,284
Shares issued in conversion of Series C Preferred Shares to Common Stock at $0.49 per share, .001 par value, on						85,278	85	213

June 28, 2012 Retirement of Series C Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on June 28, 2012					(42)	-	-	-	-		
Derivative Liability - Retirement of Preferred Series C on June 28, 2012							-	-	63,704		
Series A Preferred Shares issued for employee stock compensation, June 28, 2012	300,000	300					-	-	344,872		
Shares issued for consulting and legal services rendered at $0.61 per share on June 30, 2012							2,814	2	5,997		
Net loss for the year ended June 30, 2012							-	-	-		(6,207,207
Balance, June 30, 2012	2,820,357	2,820	-	-	672	1	44,460,629	44,460	43,227,028	-	(29,424,116
Shares issued in conversion of Series C Preferred Shares to Common Stock at $.49 per share, .001 par value, on July 12, 2012							60,685	61	151		
Retirement of Series C Preferred Shares converted into common stock by SeaSide 88, LP,					(29)	-	-	-	-		

.001 par value onJuly 12, 2012				
Derivative Liability - Retirement of Preferred Series C on July 12, 2012		-	-	44,190
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.49 on JULY 12, 2012		5,256	5	9,021
Dividend to Seaside 88, LP, paid on July 12, 2012		-	-	(9,026)
Shares issued in conversion of Series C Preferred Shares to Common Stock at $0.47 per share, .001 par value, on July 26, 2012		77,535	78	193
Retirement of Series C Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on July 26, 2012	(37)	-	-	-
Derivative Liability - Retirement of Preferred Series B on July 26, 2012		-	-	53,032
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.47 on July 26, 2012		5,221	5	8,624
Dividend to Seaside 88, LP,		-	-	(8,629)

paid on July 26, 2012				
Shares issued for consulting and legal services rendered at $0.55 per share on July 31, 2012		3,117	3	5,997
Shares issued in conversion of Series C Preferred Shares to Common Stock at $0.42 per share, .001 par value, on August 8, 2012		80,270	80	201
Retirement of Series C Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on August 8, 2012	(34)	-	-	-
Derivative Liability - Retirement of Preferred Series C on August 8, 2012		-	-	51,555
Warrants issued to Scientific Advisory Board on August 15, 2012		-	-	40,800
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.43 on August 8, 2012		5,391	5	8,133
Dividend to Seaside 88, LP, paid on August 8, 2012		-	-	(8,138)
Shares issued in conversion of Series C		164,226	164	411

Preferred Shares to Common Stock at $0.48 per share, .001 par value, on August 23, 2012				
Retirement of Series C Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on August 23, 2012	(79)	-	-	-
Derivative Liability - Retirement of Preferred Series C on August 23, 2012		-	-	121,054
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.43 on August 23, 2012		4,573	5	7,679
Dividend to Seaside 88, LP, paid on August 23, 2012		-	-	(7,684)
Shares issued for consulting and legal services rendered at $0.58 per share on August 31, 2012		2,956	3	5,997
Shares issued in conversion of Series C Preferred Shares to Common Stock at $0.58 per share, .001 par value, on September 5, 2012		218,039	218	545
Retirement of Series C Preferred Shares converted into	(126)	(1) -	-	-

common stock by SeaSide 88, LP, .001 par value on September 5, 2012				
Derivative Liability - Retirement of Preferred Series C on September 5, 2012		-	-	236,481
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.58 on September 5, 2012		3,279	3	6,622
Dividend to Seaside 88, LP, paid on September 5, 2012		-	-	(6,625)
Shares issued in conversion of Series C Preferred Shares to Common Stock at $0.52 per share, .001 par value, on September 19, 2012		158,096	158	395
Retirement of Series C Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on September 19, 2012	(81)	-	-	-
Derivative Liability - Retirement of Preferred Series C on September 19, 2012		-	-	182,575
Shares issued as Dividend to		2,735	3	4,933

Seaside 88, LP, .001 par value common stock at $0.52 on September 19, 2012				
Dividend to Seaside 88, LP, paid on September 19 2012		-	-	(4,936)
Shares issued for consulting and legal services rendered at $0.62 per share on September 30, 2012		2,765	3	5,997
Shares issued in conversion of Series C Preferred Shares to Common Stock at $.54 per share, .001 par value, on October 3, 2012		124,526	125	311
Retirement of Series C Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on October 3, 2012	(67)	-	-	-
Derivative Liability - Retirement of Preferred Series C on October 3, 2012		-	-	39,945
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.54 on October 3, 2012		2,050	2	3,840
Dividend to Seaside 88, LP, paid on October		-	-	(3,842)

3, 2012				
Shares issued in conversion of Series C Preferred Shares to Common Stock at $0.53 per share, .001 par value, on October 17, 2012		89,006	89	223
Retirement of Series C Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on October 17, 2012	(47)	-	-	-
Derivative Liability - Retirement of Preferred Series C on October 3, 2012		-	-	28,413
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.53 on October 17, 2012		1,586	2	2,946
Dividend to Seaside 88, LP, paid on October 17, 2012		-	-	(2,948)
Shares issued for consulting and legal services rendered at $0.61 per share on October 31, 2012		4,751	5	9,995
Shares issued in conversion of Series C Preferred Shares to Common Stock at $0.52 per share, .001 par value, on October 31, 2012		80,385	80	201
	(41)	-	-	-

Retirement of Series C Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on October 31, 2012				
Derivative Liability - Retirement of Preferred Series C on October 31, 2012	-	-	24,955	
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.53 on October 31, 2012	1,280	1	2,312	
Dividend to Seaside 88, LP, paid on October 31, 2012	-	-	(2,313	)
Warrants issued to Scientific Advisory Board on November 15, 2012	-	-	34,200	
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.43 on November 14, 2012	1,092	1	1,755	
Dividend to Seaside 88, LP, paid on November 14, 2012	-	-	(1,756	)
Shares issued in conversion of Series C Preferred Shares to Common Stock at $0.43 per share, .001	109,470	109	274	

par value, on November 14, 2012				
Retirement of Series C Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on November 14, 2012	(47)	-	-	-
Derivative Liability - Retirement of Preferred Series C on November 14, 2012		-	-	28,407
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.44 on November 29, 2012		734	1	1,120
Dividend to Seaside 88, LP, paid on November 29, 2012		-	-	(1,121)
Shares issued for consulting and legal services rendered at $0.53 per share on November 30, 2012		3,774	4	6,996
Shares issued in conversion of Series C Preferred Shares to Common Stock at $0.44 per share, .001 par value, on November 29, 2012		111,628	112	279
Retirement of Series C Preferred Shares	(49)	-	-	(1)

converted into common stock by SeaSide 88, LP, .001 par value on November 29, 2012				
Derivative Liability - Retirement of Preferred Series C on November 29, 2012		-	-	29,302
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.43 on December 13, 2012		309	-	468
Dividend to Seaside 88, LP, paid on December 13, 2012		-	-	(468)
Shares issued in conversion of Series C Preferred Shares to Common Stock at $0.43per share, .001 par value, on December 13, 2012		80,680	81	201
Retirement of Series C Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on December 13, 2012	(35)	-	-	-
Derivative Liability - Retirement of Preferred Series C on December 13, 2012		-	-	20,953
	714	-	-	2,541,872

Series C Preferred Shares issued to SeaSide 88, LP, $.001 par value on December 21, 2012				
Placement Agents Fees related to sale of Convertible Preferred shares on December 21, 2012		-	-	(165,000)
Derivative Liability - Issuance of Preferred Series C		-	-	-
Legal Fees related to Sale of Convertible Preferred Stock December 21, 2012		-	-	(12,500)
Shares issued in conversion of Series C Preferred Shares to Common Stock at $0.44 per share, .001 par value, on December 21, 2012		102,080	102	255
Retirement of Series C Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on December 21, 2012	(45)	-	-	-
Derivative Liability - Retirement of Preferred Series C on December 21, 2012		-	-	24,686
		4,000	4	6,996

Shares issued for consulting and legal services rendered at $0.50 per share on December 31 , 2012				
Shares issued to a Director for services rendered at $0.55 per share on December 31 , 2012		2,581	3	4,997
Shares issued in conversion of Series C Preferred Shares to Common Stock at $..41 per share, .001 par value, on January 4, 2013		99,998	100	250
Retirement of Series C Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on january 4, 2013	(41)	-	-	-
Derivative Liability - Retirement of Preferred Series C on January 4, 2013		-	-	22,488
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.41 on Jamuary 4, 2013		6,259	6	8,986
Dividend to Seaside 88, LP, paid on January 4,2013		-	-	(8,992)
Shares issued in conversion of Series C Preferred Shares		110,842	111	277

to Common Stock at $0.42 per share, .001 par value, on January 17, 2013				
Retirement of Series C Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on January 17, 2013	(47)	-	-	-
Derivative Liability - Retirement of Preferred Series C on January 17, 2013		-	-	26,329
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0..42on January 17, 2013		5,714	6	8,435
Dividend to Seaside 88, LP, paid on January 17, 2013		-	-	(8,441)
Shares issued in conversion of Series C Preferred Shares to Common Stock at $0..42 per share, .001 par value, on January 31, 2013		78,797	79	197
Retirement of Series C Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on January 31, 2013	(32)	-	-	-
Derivative Liability - Retirement of		-	-	18,502

Preferred Series C on January 31, 2013			
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.41 on January 31, 2013	5,400	5	7,808
Dividend to Seaside 88, LP, paid on January 31, 2013	-	-	(7,813)
Shares issued for consulting and legal services rendered at $0.49 per share on January 31, 2013	4,082	4	6,996
Shares issued at $0.48 in payment of Debenture interest on February 1, 2013	571,429	571	664,926
Warrants issued to Scientific Advisory Board on February 15, 2013	-	-	31,800
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.41 on February 14, 2013	5,172	5	7,371
Dividend to Seaside 88, LP, paid on February 14, 2013	-	-	(7,376)
Shares issued in conversion of Series C Preferred Shares to Common Stock at $0.41 per share, .001 par value, on February 14,	68,875	69	172

2013 Retirement of Series C Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on February 14, 2013			(27)	-	-	-
Derivative Liability - Retirement of Preferred Series C on February 14, 2014				-	-	15,985
Redemption of Series C Convertible Preferred on February 26, 2013			(522)		-	(1,714,334)
Dividend to Seaside 88, LP, paid on February 26, 2013				-	-	(6,002)
Shares issued for consulting and legal services rendered at $0.46per share on February 28, 2013				4,348	4	6,996
Derivative Liability - Redemption of Preferred Series C on February 26, 2013				-	-	42
Common shares issued for employee stock compensation at $..48 per share, March 1, 2013				71,428	71	59,929
Series A Preferred Shares issued for employee stock compensation, March 1, 2013	169,643	170		-	-	444,874

Shares issued for consulting and legal services rendered at $0.65 per share on March 31, 2013							3,077	3	6,997		
Shares issued to a Director for services rendered at $0.53 per share on March 31, 2013							1,348	2	2,498		
Shares issued for consulting and legal services rendered at $0.48 per share on April 1, 2013							569	1	959		
Shares issued for consulting and legal services rendered at $0.49 per share on April 30, 2013							3,175	3	6,997		
Warrants issued to Scientific Advisory Board on May 15, 2013							-	-	34,800		
Shares issued for consulting and legal services rendered at $0.46per share on May 31, 2013							3,333	3	6,997		
Shares issued for consulting and legal services rendered at $0.65 per share on June 30, 2013							3,030	3	6,993		
Shares issued for Directors fees at $0.70 pershare on June 30, 2013							4,592	5	11,245		
Net loss								-	-		(8,875,668
Balance, June 30, 2013	2,990,000	2,990	-	-	-	-	47,026,173	47,026	46,259,420	-	(38,299,784

See accompanying notes to the financial statements			
Shares issued for consulting and legal services rendered at $1.93 per share on July 31, 2013	3,627	4	6,996
Warrants issued to Scientific Advisory Board on August 15, 2013	-	-	106,050
Shares issued for consulting and legal services rendered at $2.03 per share on August 31, 2013	3,449	4	6,996
Common shares and warrants issued in connection with private placement of common stock, September 10, 2013	2,945,428	2,945	10,306,051
Costs associated with sale of Securities			(113,696)
Warrants issued for commissions, September 10, 2013	-	-	113,696
Placement Agents Fees related to sale of Common shares and Warrants on September 10, 2013	-	-	(618,545)
Common Shares issued to round up fractional shares arising from private	5,940	6	(6)

placement on September 10,2013											
Common Shares issued in connection with warrant conversion, September 25, 2013							35,357	35	185,589		
Shares issued for consulting and legal services rendered at $2.17 per share on September 30, 2013							3,226	3	6,997		
Shares issued for Directors fees at $2.04 per share on September 30, 2013							5,501	6	11,244		
Net loss								-	-		(6,272,780
Balance, September 30, 2013	2,990,000	2,990	-	-	-	-	50,028,701	50,029	56,270,792	-	(44,572,564
Series A Preferred Shares issued for employee stock compensation, October 1, 2013	5,117	5					-	-	35,995		
Shares issued for consulting and legal services rendered at $5.29 per share on October 31, 2013							1,323	1	6,999		
Warrants issued to Scientific Advisory Board on November 15, 2013							-	-	31,552		
Shares issued for consulting and legal services							1,362	1	6,999		

rendered at $5.14 per share on November 30, 2013											
Common Shares issued in connection with warrant conversion, December 16, 2013							7,143	7	24,993		
Shares issued for consulting and legal services rendered at $5.01 per share on December 31, 2013							1,383	2	6,999		
Shares issued for Directors fees at $5.07 per share on December 31, 2013							2,220	2	11,248		
Series A Preferred Shares issued for employee stock compensation, October 1, 2013	1,495	2					-	-	26,998		
Net loss								-			(1,692,382
Balance, December 31, 2013	2,996,612	2,997	-	-	-	-	50,042,132	50,042	56,422,575	-	(46,264,946

See accompanying notes to the financial statements

Nanoviricides, Inc.

(A Development Stage Company)

Statements of Cash Flows

(Unaudited)

	For the Six Months Ended December 31, 2013 (Unaudited)	For the Six Months Ended December 31, 2012 (Unaudited)	For the Period from May 12, 2005 (inception) through December 31, 2013 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	$(7,965,162)	$(3,012,340)	$(46,264,946)
Adjustments to reconcile net loss to net cash used in operating activities			
Preferred shares issued for license	-	-	7,000
Preferred shares issued as compensation	63,000	-	2,711,241
Common shares and warrants issued for services	64,500	47,000	3,625,577
Common shares issued for interest		-	665,497
Warrants granted to scientific advisory board	137,602	75,000	1,344,440
Amortization of deferred compensation	-	-	121,424
Depreciation	106,072	105,438	1,142,824
Amortization	4,387	4,388	46,307
Change in fair value of derivative liability	3,826,274	226,549	5,117,146
Amortization of deferred financing expenses	-	-	51,175
Discount convertible debentures	276,254	-	350,184
Beneficial conversion feature of convertible debentures	-	-	713,079
Changes in operating assets and liabilities:			
Prepaid expenses	(208,011)	(487,415)	(798,391)
Other current assets	-	-	(8,001)
Deferred expenses	-	-	(2,175)
Accounts payable - trade	(18,978)	47,954	588,660
Accounts payable - related parties	176,025	301,203	886,592
Accrued expenses	20,531	(25,390)	224,888
NET CASH USED IN OPERATING ACTIVITIES	(3,517,506)	(2,717,613)	(29,477,479)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Security deposit	(1,000,000)	-	(2,000,000)
Purchase of property and equipment	(2,357,983)	-	(3,863,631)

Purchase of trademark	-	-	(458,955)
NET CASH USED IN INVESTING ACTIVITIES	(3,357,983)	-	(6,322,586)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of Convertible Debentures	-		6,000,000
Proceeds from issuance of Convertible Preferred Series B stock, net	-	-	19,462,500
Proceeds from issuance of Convertible Preferred Series C stock, net	-	2,322,500	2,835,963
Proceeds from issuance of common stock and warrants in connection with private placements of common stock, net of issuance costs	9,690,450	-	20,987,198
Proceeds from exercise of stock options	-	-	90,000
Proceeds from exercise of warrants	210,626	-	3,373,216
Collection of stock subscriptions received	-	-	20
NET CASH PROVIDED BY FINANCING ACTIVITIES	9,901,076	2,322,500	52,748,897
NET CHANGE IN CASH	3,025,587	(395,083)	16,948,832
Cash at beginning of period	13,923,245	14,274,985	-
Cash at end of period	$16,948,832	$13,879,902	$16,948,832
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:			
Interest paid	$-	$-	$-
Income tax paid	$-	$-	$-
NON CASH FINANCING AND INVESTING ACTIVITIES:			
Common stock issued for services rendered	$64,500	$47,000	$12,043,302
Preferred stock issued as compensation	63,000	-	3,684,782
Stock options issued to the officers as compensation	-	-	121,424
Stock warrants granted to scientific advisory board	137,602	75,000	1,202,840
Stock warrants granted to brokers	113,696	-	117,259
Common stock issued for interest on debentures	-	-	73,930
Shares of common stock issued in connection with debenture offering	-	-	49,000
Common stock issued upon conversion of convertible debentures	-	-	1,000,000
Common stock issued upon conversion of Series B Preferred Stock	-		20,320,630
Common stock issued upon conversion of Series C Preferred Stock		5,098,189	5,396,661
Common stock issued for dividends on Preferred Stock		57,486	234,508
Debt discount related to beneficial conversion feature of convertible debt	-	-	713,079
Stock Warrants issued in connection with Private Placement	-	-	7,681,578
Common stock issued for accounts payable	-	-	175,020
Common stock issued for equipment	-	-	137,500

See accompanying notes to the financial statements

NANOVIRICIDES, INC.

(A DEVELOPMENT STAGE COMPANY)

December 31, 2013 AND 2012

NOTES TO THE FINANCIAL STATEMENTS

(Unaudited)

Note 1 – Organization and Nature of Business

NanoViricides, Inc. was incorporated under the laws of the State of Colorado on July 25, 2000 as Edot-com.com, Inc**.** which was organized for the purpose of conducting internet retail sales. On April 1, 2005, Edot-com.com, Inc. was incorporated under the laws of the State of Nevada for the purpose of re-domiciling as a Nevada corporation. On May 12, 2005, the corporations were merged and Edot-com.com, Inc**.,** the Nevada corporation, became the surviving entity.

On June 1, 2005, Edot-com.com, Inc. ("ECMM") acquired Nanoviricide, Inc., a privately owned Florida corporation ("NVI"), pursuant to an Agreement and Plan of Share Exchange (the "Exchange"). Nanoviricide, Inc. was incorporated under the laws of the State of Florida on May 12, 2005.

Pursuant to the terms of the Exchange, ECMM acquired NVI in exchange for an aggregate of 80,000,000 newly issued shares of ECMM common stock resulting in an aggregate of 100,000,000 shares of ECMM common stock issued and outstanding. NVI then became a wholly-owned subsidiary of ECMM. The ECMM shares were issued to the NVI shareholders on a pro rata basis, on the basis of 4,000 shares of the Company's common stock for each share of NVI common stock held by such NVI shareholder at the time of the Exchange.

As a result of the Exchange transaction, the former NVI stockholders held approximately 80% of the voting capital stock of the Company immediately after the Exchange. For financial accounting purposes, this acquisition was a reverse acquisition of the Company by NVI, under the purchase method of accounting, and was treated as a recapitalization with NVI as the acquirer. Accordingly, the financial statements have been prepared to give retroactive effect to May 12, 2005 (date of inception), of the reverse acquisition completed on June 1, 2005, and represent the operations of NVI.

On June 28, 2005, NVI was merged into its parent ECMM and the separate corporate existence of NVI ceased. Effective on the same date, Edot-com.com, Inc. changed its name to NanoViricides, Inc. and its stock symbol

to “NNVC”, respectively. The Company is considered a development stage company at this time.

NanoViricides, Inc. (the “Company”), is a nano-biopharmaceutical company whose business goals are to discover, develop and commercialize therapeutics to advance the care of patients suffering from life-threatening viral infections. We are a development stage company with several drugs in various stages of early development. Our drugs are based on several patents, patent applications, provisional patent applications, and other proprietary intellectual property held by TheraCour Pharma, Inc. (“TheraCour”), to which we have the necessary exclusive licenses in perpetuity. The first agreement we executed with TheraCour Pharma on September 1, 2005, gave us an exclusive, worldwide license for the treatment of the following human viral diseases: Human Immunodeficiency Virus (HIV/AIDS), Hepatitis B Virus (HBV), Hepatitis C Virus (HCV), Herpes Simplex Virus (HSV), Influenza and Asian Bird Flu Virus.

On February 15, 2010 the Company executed an Additional License Agreement with TheraCour Pharma, Inc. (“TheraCour”). Pursuant to the Additional License Agreement, the Company was granted exclusive licenses, in perpetuity, for technologies, developed by TheraCour, for the development of drug candidates for the treatment of Dengue viruses, Ebola/Marburg viruses, Japanese Encephalitis, viruses causing viral Conjunctivitis (a disease of the eye) and Ocular Herpes. As consideration for obtaining these exclusive licenses, we agreed to pay a onetime licensing fee equal to 2,000,000 shares (adjusted for the 3.5 to 1 reverse split) of the Company’s Series A Convertible Preferred Stock (the “Series A Preferred Stock”). The Series A Preferred Stock is convertible, only upon sale or merger of the company, or the sale of or license of substantially all of the Company’s intellectual property, into shares of the Company’s common stock at the rate of 3.5 shares of common stock for each share of Series A Preferred Stock. The Series A Preferred Stock has a preferred voting preference at the rate of nine votes per share. The Preferred Series A do not contain any rights to dividends, have no liquidation preference, and are not to be amended without the holder’s approval. The 2,000,000 shares were valued at the par value of $2,000(adjusted for the reverse split).

We focus our research and clinical programs on specific anti-viral therapeutics. The Company's platform technology is based on novel biomimetic nanomedicine constructs, called nanoviricides®. A nanoviricide isdesigned to "fool" the virus into binding to the nanoviricide in the same fashion that it would bind to the host cell. Because the host cell receptor and how the virus binds to it does not change despite all the changes in the virus, the Company believes that our broad-spectrum nanoviricides should continue to work against the virus despite the viral mutations and other changes. We are seeking to add to our existing portfolio of products through our internal discovery and clinical development programs and through an in-licensing strategy.

The Company has held a pre-IND Meeting with the US FDA for its clinical drug candidate NV-INF-1 in the FluCide™ program. The Company is developing this injectable drug (NV-INF-1) for hospitalized patients with severe influenza, including immuno-compromised patients. The Company believes that this drug may also be usable as a single-dose injection in a medical office for less severe cases of influenza. The Company has also developed an oral anti-influenza drug candidate, NV-INF-2, with a very high degree of effectiveness when taken by mouth. This may be the first ever nanomedicine that is orally active. Both of these anti-influenza therapeutic candidates are "broad-spectrum", i.e. they are expected to be effective against most if not all types of influenzas including Bird Flu H5N1, Highly Pathogenic Influenzas (HPI/HPAI), Epidemic Influenzas such as the 2009 "swine flu" H1N1/A/2009, and Seasonal Influenzas including the recent H3N2 influenza. The Company has already demonstrated that they have significantly superior activity when compared to oseltamivir (Tamiflu®) against two unrelated influenza A subtypes, namely, H1N1 and H3N2 in a highly lethal animal model. Both of these drug candidates can be used as prophylactics to protect at-risk personnel such as health-care workers and immediate family members and caretakers of a patient.

The Company's broad-spectrum drug candidate for the treatment of dengue viral infections, DengueCide™, has received "orphan drug" status from both the US FDA and the European Medicines Agency ("EMA"). This orphan drug status carries with it several tax benefits and other financial equivalent incentives. Notably, in the US, orphan drug status will enable us to gain a "Priority Review Voucher" that can be applied to another drug development program or can be sold for a consideration to another pharmaceutical company, once the drug is approved. The Company has therefore prioritized its Dengue drug development program.

The Company is also developing an anti-HIV drug. The drug candidates in this HIVCide(™) program were found to have effectiveness equal to that of a triple drug HAART cocktail therapy in the standard humanized SCID-hu Thy/Liv mouse model. Moreover, the nanoviricides were long acting. Viral load suppression continued to hold for more than four weeks after stopping HIVCide treatment. The Company believes that the strong effect and sustained effect indicate that an HIVCide can be developed as a single agent that would provide "Functional Cure"from HIV/AIDS. The Company believes that substantially all HIV virus can be cleared upon HIVCide treatment, except the integrated viral genome in latent cells. This would enable discontinuation of treatment until HIV reemerges from the latent reservoir, which may be several months without any drugs. Moreover, the Company believes that the this therapy would also minimize the chances of HIV transmission. The Company is currently optimizing the anti-HIV drug candidates. These drug candidates are effective against both the R5 and X4 subtypes of HIV-1 in cell cultures. The Company believes that these drug candidates are "broad-spectrum", i.e. they are expected to be effective against most strains and mutants of HIV, and therefore escape of mutants from our drugs is expected to be minimal.

The Company is also developing a broad-spectrum skin cream for the treatment of oral and genital herpesvirus infections (i.e. both HSV-1 and HSV-2).

In addition, the Company is also developing broad-spectrum eye drops that are expected to be effective against a majority of the viral infections of the external eye. Most of these viral infections are from adenoviruses or from herpesviruses. The Company has shown excellent efficacy of its drug candidates against EKC (adenoviral epidemic kerato-conjunctivitis) in an animal model. In addition, the anti-HSV drug candidates have shown excellent efficacy in cell culture studies. The Company is also developing a skin cream formulation for the treatment of herpes cold sores or genital warts. Further, the Company is also developing a broad-spectrum drug against Dengue viruses that is expected to be useful for the treatment of any of the four major serotypes of dengue viruses, including in severe cases of dengue (DSS) and dengue hemorrhagic fever (DHF). DSS and DHF are thought to be caused by prior antibodies against dengue that a patient’s body creates to fight a second unrelated dengue infection, and the second virus uses these antibodies effectively to hitch a ride into human cells, thereby causing a more severe infection than in naive patients. In addition to these six drugs in development, the Company also has research programs against Rabies virus, Ebola and Marburg viruses, and others. To date, the Company does not have any commercialized products.

Thus, at present, the Company has six drug programs in its pipeline that have shown significant successes in cell culture as well as animal models. The Company's platform technology enables rapid development of drug candidates against novel infections. The Company believes that it will continue to expand its pipeline as available funds and opportunities permit.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation – Interim Financial Information

The accompanying unaudited interim financial statements and related notes have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information and with the instructions to Form 10-Q and Article 8 of Regulation S-X of the Securities and Exchange Commission for Interim Reporting. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. The unaudited interim financial statements furnished reflect all adjustments (consisting of normal recurring accruals) which are, in the opinion of management, considered necessary for a fair presentation of the results for the interim periods presented. Interim results are not necessarily indicative of the results for the full year. The accompanying financial statements and the information included under the heading "Management's Discussion and Analysis or Plan of Operation" should be read in conjunction with our company's audited financial statements and related notes included in our company's form 10-K for the fiscal year ended June 30, 2013 filed with the SEC on September 30, 2013.

For a summary of significant accounting policies (which have not changed from June 30, 2013), see the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2013.

Net Income (Loss) per Common Share

Net income (loss) per common share is computed pursuant to section 260-10-45 of the FASB Accounting Standards Codification. Basic net income (loss) per common share is computed by dividing net income (loss) by the weighted average number of shares of common stock outstanding during the period. Diluted net income (loss) per common share is computed by dividing net income (loss) by the weighted average number of shares of common stock and potentially outstanding shares of common stock during the period to reflect the potential dilution that could occur from common shares issuable through stock options and warrants.

The following table shows the number of potentially outstanding dilutive common shares excluded from the diluted net income (loss) per common share calculation as they were anti-dilutive:

	Potentially Outstanding Dilutive Common Shares	
	For the Six Months Ended December 31, 2013	For the Fiscal Year Ended June 30, 2013
Stock options		
Stock options issued on September 23, 2005 to the founders of the Company upon formation with an exercise price of $0.10 per share expiring ten (10) years from the date of issuance	535,715	535,715
Sub-total: stock options	535,715	535,715
Warrants		
Warrants issued from June 15, 2006 to October 1, 2007 to investors in connection with the Company's equity financing with an exercise price of $3.50 per share expiring February 28, 2014	513,143	513,143
Warrants issued on August 22, 2008 to investors in connection with the Company's equity financing with an exercise price of $3.50 per share expiring February 28, 2014	466,486	466,486
Warrants issued from June 15, 2008 through May 15 ,2010 to SAB for services with an exercise price from $2.45 to $9.38 per share expiring February 28, 2014	211,429	211,429
Warrants issued on June 30, 2009 to investors with an exercise price of $3.50 per share expiring February 28, 2014	561,628	568,771
Warrants issued on September 30, 2009 to investors with an exercise price of $3.50 per share expiring February 28, 2014	1,437,871	1,437,871
Warrants issued from August 16, 2010 to May 15, 2011 to SAB for services with an exercise price ranging from $5.15 to $6.34 per share expiring fiscal year ending June 30, 2015	65,714	65,714
Warrants issued from August 16, 2011 to May 15, 2012 to SAB for services with an exercise price ranging from $2.80 to $4.94 per share expiring fiscal year ending June 30, 2016	68,571	68,571
Warrants issued from August 16, 2012 to May 15, 2013 to SAB for services with an exercise price ranging from $1.89 to $5.88 per share expiring fiscal year ending June 30, 2017	68,571	68,571
Warrants issued on September 10, 2013 to investors with an exercise price of $5.25 per share expiring February 28, 2018 less Warrants	2,910,071	-

exercised on September 25, 2013		
Warrants issued on August 15, 2013 to SAB for services with an exercise price of $5.17 per share expiring on August 15, 2017	21,000	-
Warrants issued on September 10, 2013 to Placement Agents as commissions with an exercise price of $5.25 per share expiring February,28, 2018	58,910	
Warrants issued on November 15, 2013 to SAB for services with an exercise price of $6.56 per share expiring on November 15, 2017	17,143	-
Sub-total: warrants	6,400,537	3,400,556
Total potentially outstanding dilutive common shares	6,936,251	3,929,127

In addition the Company has issued Convertible Debentures, to investors. A portion of the interest required to be paid on the Debentures is payable in restricted shares of the Company's $0.001 par value common stock or in warrants, according to the terms of the Debenture.

At December 31, 2013 the estimated number of potentially dilutive shares of the Company's common stock into which these Debentures can be converted is 1,237,113 based upon the Selling price of the Company's common stock on December 31, 2013. At December 31, 2013 the estimated number of potentially dilutive shares of the Company's common stock arising from the payment of a portion of the future interest to be paid on the debentures in common shares or warrants is 1,714,286.

Recently Issued Accounting Pronouncements

In February 2013, the FASB issued ASU No. 2013-02, "*Comprehensive Income (Topic 220): Reporting of Amounts Reclassified Out of Accumulated Other* Comprehensive*Income.*" The ASUadds new disclosure requirements for items reclassified out of accumulated other comprehensive income by component and their corresponding effect on net income. The ASU is effective for public entities for fiscal years beginning after December 15, 2013.

In February 2013, the Financial Accounting Standards Board, or FASB, issued ASU No. 2013-04, "*Liabilities (Topic 405): Obligations Resulting from Joint* and*Several Liability Arrangements for which the Total Amount of the Obligation Is Fixed at the Reporting Date*." This ASU addresses the recognition, measurement, and disclosure of certain obligations resulting from joint and several arrangements including debt arrangements, other contractual obligations, and settled litigation and judicial rulings. The ASU is effective for public entities for fiscal years, and interim periods within those years, beginning after December 15, 2013.

In March 2013, the FASB issued ASU No. 2013-05, "*Foreign Currency Matters (Topic 830): Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a*

Foreign Entity or of an Investment in a Foreign Entity." This ASU addresses the accounting for the cumulative translation adjustment when a parent either sells a part or all of its investment in a foreign entity or no longer holds a controlling financial interest in a subsidiary or group of assets that is a nonprofit activity or a business within a foreign entity. The guidance outlines the events when cumulative translation adjustments should be released into net income and is intended by FASB to eliminate some disparity in current accounting practice. This ASU is effective prospectively for fiscal years, and interim periods within those years, beginning after December 15, 2013.

In March 2013, the FASB issued ASU 2013-07,*"Presentation of Financial Statements (Topic 205): Liquidation Basis of Accounting."* The amendments require an entity to prepare its financial statements using the liquidation basis of accounting when liquidation is imminent. Liquidation is imminent when the likelihood is remote that the entity will return from liquidation and either (a) a plan for liquidation is approved by the person or persons with the authority to make such a plan effective and the likelihood is remote that the execution of the plan will be blocked by other parties or (b) a plan for liquidation is being imposed by other forces (for example, involuntary bankruptcy). If a plan for liquidation was specified in the entity's governing documents from the entity's inception (for example, limited-life entities), the entity should apply the liquidation basis of accounting only if the approved plan for liquidation differs from the plan for liquidation that was specified at the entity's inception. The amendments require financial statements prepared using the liquidation basis of accounting to present relevant information about an entity's expected resources in liquidation by measuring and presenting assets at the amount of the expected cash proceeds from liquidation. The entity should include in its presentation of assets any items it had not previously recognized under U.S. GAAP but that it expects to either sell in liquidation or use in settling liabilities (for example, trademarks). The amendments are effective for entities that determine liquidation is imminent during annual reporting periods beginning after December 15, 2013, and interim reporting periods therein. Entities should apply the requirements prospectively from the day that liquidation becomes imminent. Early adoption is permitted.

Management does not believe that any other recently issued, but not yet effective accounting pronouncements, if adopted, would have a material effect on the accompanying consolidated financial statements.

Note 3 – Financial Condition

The Company's financial statements for the interim period ended December 31, 2013 have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities and commitments in the normal course of business. The Company has a deficit accumulated during the development stage. In addition, the Company has not generated any revenues and no revenues are anticipated in the short-term. Since May 2005, the Company has been engaged exclusively in research and development activities focused on developing targeted antiviral drugs. The Company has not yet commenced any product commercialization. Such losses are expected to continue for the foreseeable future and until such time, if ever, as the Company is able to attain sales levels sufficient to support its operations. There can be no assurance that the Company will achieve or maintain profitability in the future. As of December 31, 2013 the Company had cash and cash equivalents of $16,948,832. In addition, subsequent to this time-period, on January 21, 2014, the Company has raised an additional approximately $20 Million in a registered direct offering through a sale of units comprising its common stock and warrants (See below). The Company has sufficient capital to continue its business, at least, through December 31, 2015, at the current rate of expenditure. The Company therefore would not be considered to have risks relative to its ability to continue as a going concern within the applicable guidelines.

While the Company continues to incur significant operating losses with significant capital requirements, the Company has been able to finance its business through sale of its securities.

On February 1, 2013 the Company consummated an offering (the "Offering") in the aggregate amount of $6,000,000 for its Unsecured 8% Coupon Series B Convertible Debenture (the "Debentures") to four equity investors comprised of private, family investment offices and a charitable foundation. The Debentures are due on January 31, 2017 (the "Maturity Date") and are convertible into restricted shares of the Registrant's common stock, par value $0.001 per share (the "Common Stock") at the market price per share of Common Stock on the date of convergence.

On September 9, 2013, the Company entered into a Securities Purchase Agreement (the "Agreement") with certain purchasers (the "Purchasers"), relating to the offering and sale (the "Offering") of units ("Units") at the aggregate purchase price of $3.50 ("Purchase Price") per Unit, consisting of one share of the Company's common stock, par value $0.001 per share (the "Common Stock") and a warrant to purchase one share of Common Stock ("Warrant"), issuable upon exercise of the Warrant at the exercise price of $5.25 per share (the "Warrant Shares", collectively with the Units, Common Stock and Warrant, the "Securities") The Warrants are exercisable immediately and expire five years after issuance. On September 12, 2013, the Company and the Purchasers consummated the purchase and sale of the Securities (the "Closing"), and the Company raised gross proceeds of $10,308,996 before Offering costs of

approximately $618,540, which includes placement agent and attorneys' fees. On September 25, 2013 certain of the warrant holders exercised Warrants to purchase 35,357 shares of common stock at $5.25 per share for a total exercise price of $185,624.25.

Subsequent to the reporting period, on January 21, 2014, the Registrant entered into a Securities Purchase Agreement (the "Agreement") with certain purchasers (the "Purchasers"), relating to the offering and sale (the "Offering") of units ("Units") at the aggregate purchase price of $5.25 ("Purchase Price") per Unit. The price per Unit was equal to a four percent (4%) discount to the 20-day VWAP of the Registrant's stock price on Friday, January 17, 2014. The exercise price of the Warrant was equal to the closing price of the Registrant's stock on Friday, January 17, 2014. Each Unit consisted of one share of the Company's common stock, par value $0.001 per share (the "Common Stock") and Sixty-Five Hundredths (65/100) of a warrant to purchase one share of Common Stock ("Warrant"), issuable upon exercise of the Warrant at the exercise price of $6.05 per share (the "Warrant Shares", collectively with the Units, Common Stock and Warrant, the "Securities"). The Warrants are exercisable immediately and expire five years after issuance. On January 24, 2014, the Company and the Purchasers consummated the purchase and sale of the Securities (the "Closing") of 3,815,285 shares of Common Stock and 2,479,935 Warrants, and the Company raised gross proceeds of $20,030,246.25 before estimated expenses of the Offering of approximately $1,200,000, which includes placement agent fees but does not include and attorneys' fees and other expenses.

As a result of the successful sale of the Company's Common Shares, management believes that the Company has sufficient cash and cash equivalents to meet its budgeted expenditures through, at least, December 31, 2015 at current rate of expenditures.

Since May 2005, the Company has been engaged exclusively in research and development activities focused on developing targeted antiviral nanomedicines. The Company has not yet commenced any product commercialization. The Company has incurred significant losses from operations since its inception, resulting in a deficit accumulated during the development stage of $46,264,945 at December 31, 2013 and expects recurring losses from operations to continue for the foreseeable future and until such time, if ever, as the Company is able to attain sales levels sufficient to support its operations. There can be no assurance that the Company will achieve or maintain profitability in the future. Despite the Company's financings in 2014 and 2013 and a cash and cash equivalent balance of $16,948,832 at December 31, 2013, substantial additional financing will be required in future periods. The Company may require additional capital to finance planned and currently unplanned capital costs, and additional staffing requirements during the next twenty four months. The Company has, in the past, adjusted its priorities and goals in line with the cash on hand and capital availability. The Company believes it can adjust its priorities of drug development and its Plan of Operations as necessary, if it is unable to raise such additional funds.

Note 4 – Significant Alliances and Related Parties

TheraCour Pharma, Inc.

Pursuant to an Exclusive License Agreement we entered into with TheraCour Pharma, Inc., (TheraCour), the Company was granted exclusive licenses in perpetuity for technologies developed by TheraCour for the virus types: HIV, HCV, Herpes, Asian (bird) flu, Influenza and rabies. In consideration for obtaining this exclusive license, we

agreed: (1) that TheraCour can charge its costs (direct and indirect) plus no more than 30% of direct costs as a Development Fee and such development fees shall be due and payable in periodic installments as billed, (2) we will pay $25,000 per month for usage of lab supplies and chemicals from existing stock held by TheraCour, (3) we will pay $2,000 or actual costs, whichever is higher for other general and administrative expenses incurred by TheraCour on our behalf, (4) make royalty payments (calculated as a percentage of net sales of the licensed drugs) of 15% to TheraCour Pharma, Inc. and (5) agreed that TheraCour Pharma, Inc. retains the exclusive right to develop and manufacture the licensed drugs. TheraCour Pharma, Inc. agreed that it will manufacture the licensed drugs exclusively for NanoViricides, and unless such license is terminated, will not manufacture such product for its own sake or for others.

On February 15, 2010, the Company executed an Additional License Agreement with TheraCour Pharma, Inc. (“TheraCour”). Pursuant to the exclusive Additional License Agreement, the Company was granted exclusive licenses, in perpetuity, for technologies developed by TheraCour for the development of drug candidates for the treatment of Dengue viruses, Ebola/Marburg viruses, Japanese Encephalitis, viruses causing viral Conjunctivitis (a disease of the eye) and Ocular Herpes. As consideration for obtaining these exclusive licenses, we agreed to pay a onetime licensing fee equal to seven million shares of the Company’s Series A Convertible Preferred Stock (the “Series A Preferred Stock”). The Series A Preferred Stock is convertible, only upon sale or merger of the company, or the sale of or license of substantially all of the Company’s intellectual property, into shares of the Company’s common stock at the rate of 3.5 shares of common stock for each share of Series A Preferred Stock. The Series A Preferred Stock has a preferred voting preference at the rate of nine votes per share. The Preferred Series A do not contain any rights to dividends; have no liquidation preference and are not to be amended without the holders approval. The issuance of the 2,000,000 shares was valued at their par value or $2,000.

TheraCour Pharma, Inc. may terminate these licenses upon a material breach by us as specified in the agreement.

Development costs charged by and paid to TheraCour were $1,411,327 and $1,088,484 for the Six months ended December 31, 2013, and 2012, respectively and $9,116,815 since inception. As of December 31, 2013, pursuant to its license agreement, the Company has paid a security advance of $795,715 to and held by TheraCour which is reflected in Prepaid Expenses. No royalties are due TheraCour from the Company's inception through December 31, 2013.

Anil R. Diwan, President, and a director of the Company, is also a Director and President of TheraCour. Dr. Diwan owns approximately 70% of the common stock of TheraCour, which itself owns approximately 19% of the Common stock of the Company.

TheraCour owns approximately 9,476,000 shares of the Company's outstanding common stock as of December 31, 2013.

KARD Scientific, Inc.

In June 2005, the Company engaged KARD Scientific to conduct preclinical animal studies and provide the Company with a full history of the study and final report with the data collected from Good Laboratory Practices (CGLP) style studies. Dr. Krishna Menon, the Company's Consulting Chief Regulatory Officer, a non-executive position, is also an officer and principal owner of KARD Scientific. Lab fees charged by KARD Scientific for services for the six months ended December 31, 2013, and 2012, were $314,155 and $561,618 respectively.

KARD Scientific Inc. of Beverly, Massachusetts, is currently our primary vendor for animal model study design and performance. KARD operates its own facilities in Beverly, Massachusetts.

NanoViricides has a fee for service arrangement with KARD. We do not have an exclusive arrangement with KARD; we do not have a contract with KARD; any work to be performed by KARD must be commissioned by the executive officers of NanoViricides; and we retain all intellectual property resulting from the services by KARD.

Note 5 - Prepaid Expenses

Prepaid Expenses are summarized as follows:

	December 31, 2013	June 30, 2013
TheraCour Pharma, Inc.	$ 795,715	$546,783
Prepaid Others	10.676	51,597
	$ 806,391	$598,380

Note 6 – Equity Transactions

In accordance with the Registrant's reverse stock split on a 1 for 3.5 basis, effective September 10, 2013, the Registrant filed a Certificate of Change to its Articles of Incorporation pursuant to Section 78.209 of the Nevada Revised Statutes (the "Amendment") on September 3, 2013. The Amendment effectuated a reverse stock split of the Registrant's common stock, par value $0.001 per share (the "Common Stock") by simultaneously decreasing the number of the Registrant's authorized and outstanding capital stock on a basis of 1 for 3.5 shares (the "Split"). Accordingly, upon effectiveness of the Split, the Registrant's authorized capital stock shall consist of (i) 85,714,286 shares of Common Stock and (ii) 5,714,286 blank check preferred shares, par value $0.001 (the "Preferred Stock"), of which approximately 50,028,701 shares of Common Stock and 2,990,000 shares of Preferred Stock were outstanding. All share amounts and per share amounts have been restated to reflect this reverse stock split. In conjunction with the reverse stock split, the Company's Board of Directors authorized the issuance of 5,940 shares of the Company's common stock to round up fractional shares resulting from the reverse stock split.

The Registrant elected to effectuate the Reverse Split in order that the price of the Common Stock qualify for listing on a national securities exchange. The Amendment was unanimously approved by the Board of Directors so that the Common Stock would comply with such listing requirement

On September 9, 2013, NanoViricides Inc. entered into a Securities Purchase Agreement (the "Agreement") with certain purchasers (the "Purchasers"), relating to the offering and sale (the "Offering") of units ("Units") at the aggregate purchase price of $3.50 ("Purchase Price") per Unit, consisting of one share of the Company's common stock, par value $0.001 per share (the "Common Stock") and a warrant to purchase one share of Common Stock ("Warrant"), issuable upon exercise of the Warrant at the exercise price of $5.25 per share (the "Warrant Shares", collectively with the Units, Common Stock and Warrant, the "Securities") The Warrants are exercisable immediately and expire five years after issuance.

On September 12, 2013, post reverse -split the Company and the Purchasers consummated the purchase and sale of the Securities (the "Closing"), and the Company raised gross proceeds of $10,308,996 before estimated expenses of the Offering of approximately $618,540, which includes placement agent and attorneys' fees. The Company issued 2,945,428 Units. On September 25, 2013 certain of these Unit Holders exercised 35,357 Warrants to purchase 35,357 shares of the Company's common stock, par value $0.001 per share, for gross proceeds of $185,624.

The Company estimated the relative fair value of the warrants on the date of grant using the Black-Scholes Option-Pricing Model with the following weighted-average assumptions:

	September 9, 2013	
Expected life (year)	5	
Expected volatility	78.39	%
Expected annual rate of quarterly dividends	0.00	%
Risk-free rate(s)	1.39	%

The estimated relative fair value of the warrants issued in conjunction with the aforesaid offering was $4,068,343 at the date of issuance using the Black-Scholes Option Pricing Model.

The Offering was made pursuant to the Company's shelf registration statement on Form S-3 (File No. 333-184626), which was declared effective by the Securities and Exchange Commission on December 21, 2012. The Company, pursuant to Rule 424(b) under the Securities Act of 1933, has filed with the Securities and Exchange Commission a

prospectus supplement relating to the Offering.

In connection with the Offering, pursuant to a Placement Agency Agreement dated September 9, 2013 among Midtown Partners & Co., LLC and Chardan Capital Markets, LLC (collectively, the “Placement Agents”), the Company paid the Placement Agents an aggregate cash fee representing 6% (3% each) of the gross Purchase Price paid by the Purchasers and warrants to purchase an aggregate of 2% (1% each) of the number of shares of Common Stock sold in the Offering (the “Compensation Warrants”) and substantially similar to the Warrants, at an exercise price equal to $5.25 per share. The Compensation Warrants will otherwise comply with FINRA Rule 5110(g)(1) in that for a period of six months after the issuance date of the Compensation Warrants, neither the Compensation Warrants nor any warrant shares issued upon exercise of the compensation warrants shall be sold, transferred, assigned, pledged, or hypothecated, or be the subject of any hedging, short sale, derivative, put, or call transaction that would result in the effective economic disposition of the securities by any person for a period of 180 days immediately following the Closing. Upon issuance of the commission warrants , the company recognized Costs associated with the sale of securities (a capital item) of $113,696 and a corresponding increase in additional paid in capital of $113,696.

On September 25, 2013, the Company’s Common Stock began trading on the NYSE MKT exchange.

Unregistered Securities

In August, 2013, the Scientific Advisory Board (SAB) was granted warrants to purchase 21,000 shares of common stock at $5.17 per share expiring in August ,2017. These warrants were valued at $106,050 and recorded as consulting expense.

In September, 2013, the Company’s Board of Directors authorized the issuance of Warrants to Midtown Partners & Co., LLC and Chardan Capital Markets, LLC (collectively, the “Placement Agents”) to purchase a total of 58,910 shares of common stock at $5.25 per share expiring in September, 2018. These warrants were valued at $113,696 and recorded as Placement Agents Fees related to the sale of Common Shares and Warrants on September 10, 2013.

For the three months ended September 30, 2013, the Company's Board of Directors authorized the issuance of 10,311 shares of its common stock with a restrictive legend for consulting services. The Company recorded an expense of $21,000.

For the three months ended September 30, 2013, the Company's Board of Directors authorized the issuance of 5,501 shares of its common stock with a restrictive legend for Director services. The Company recorded an expense of $11,250.

In October, 2013 the Board of Directors authorized the issuance of 5,117 shares of the Company’s $0.001 Par Value Series A Convertible Preferred Stock as employee compensation and recognized an expense of $35,995.

In November, 2013, the Scientific Advisory Board (SAB) was granted warrants to purchase 17,143 shares of common stock at $6.56 per share expiring in November ,2017. These warrants were valued at $31,552 and recorded as consulting expense.

In December, 2013, the Company issued 7,143 shares of the Company’s $0.001 par value Common Stock with a restrictive legend at $3.50 per share upon the exercise of Warrants.

For the three months ended December 31, 2013, the Company's Board of Directors authorized the issuance of 4,069 shares of its common stock with a restrictive legend for consulting services. The Company recorded an expense of $21,000.

In December, 2013 the Board of Directors authorized the issuance of 1,495 shares of the Company’s $0.001 Par Value Series A Convertible Preferred Stock as employee compensation and recognized an expense of $26,998.

For the three months ended December 31, 2013, the Company's Board of Directors authorized the issuance of 2,220 shares of its common stock with a restrictive legend for Director services. The Company recorded an expense of $11,250.

Note 7 - Stock Options and Warrants

Stock Options

In September 2005, 500,000 stock options were granted to Eugene Seymour, our CEO under an employment agreement. Of these options, 250,000 were vested immediately and are exercisable from September 2005 until September 2015, and the remaining options vested annually on January 1, 2007 and 2008 in two equal amounts.

In September 2005, 1,000,000 stock options were granted to Anil Diwan, our Chairman and President under an employment agreement. Of these options, 333,333 were vested immediately and are exercisable from September 2005 until September 2015, and the remaining options vested annually on January 1, 2007 and January 1, 2008 in two equal amounts.

In September 2005, 500,000 stock options were granted to Leo Ehrlich, our former CFO under an employment agreement. Of these options, 250,000 were vested immediately and are exercisable from September 2005 until September 2015, and the remaining options vest annually in two equal amounts. On May 16, 2007, Leo Ehrlich resigned as the Company's Chief Financial Officer. At time of his resignation 375,000 options were vested and are exercisable from September 2005 until September 2015.The remaining options were forfeited.

The Company has accounted for these options granted to officers under the provisions of paragraph 718-10-30 of the FASB Accounting Standards Codification." Based on fair market value of these options, $7,044 was recognized as stock based compensation expense for the years ended June 30, 2009. For the year ended June 30, 2010 and 2011, the Company did not record any compensation expense related to these options.

The following table presents the combined activity of stock options issued for the years ended June 30, as follows:

Stock Options	Number of Shares	Weighted Average Exercise Price per share ($)	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value ($)
Outstanding at June 30, 2013	535,715	0.10	2.23	850,000
Granted	-	-	-	-
Exercised	-	-	-	-
Expired	-	-	-	-
Canceled	-	-	-	-
Outstanding at December 31,2013	535,715	-	-	1,827,433

As of December 31,2013 there was no unrecognized compensation cost.

Stock Warrants

Stock Warrants	Number of Shares	Weighted Average Exercise Price per share ($)	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value ($)
Outstanding at June 30, 2013	3,400,556			-

Granted	3,042,480	4.58	2.99	-
Exercised	42,499	-	-	-
Expired		-	-	-
Canceled	-	-	-	-
Outstanding at December 31,2013	6,400,537	4.66	2.53	3,928,098

Of the above warrants, 3,190,557 expire in fiscal year ending June 30, 2014; 65,714 expire in fiscal year ending June 30, 2015; and 68,571 expire in fiscal year ended June 30, 2016; 68,571 expire in fiscal year ending June 30, 2017; 3,007,124 expire in fiscal year ending June 30, 2018.

Note 8 - Commitments and Contingencies

Operating Lease

The Company's principal executive offices are located at 135 Wood Street, West Haven, Connecticut, and include approximately 7,000 square feet of office and laboratory space at a base monthly rent of $8,695. The term of lease expired on February 28, 2011 and is now on a month-by-month basis.

Total rent expense at 135 Wood Street, West Haven, Connecticut amounted to $52,170 and $52,170 for the six months ended December 31, 2013 and 2012, respectively.

On February 11, 2013, the Company entered into a binding Memorandum of Understanding ("MOU") with Inno-Haven, LLC, a Connecticut Limited Liability Company ("Inno-Haven"), to lease for a four-year term a 18,000 square foot building located at 1 Controls Drive, Shelton, Connecticut (the "Leased Premises") to be suitable for laboratory and GMP clean room drug manufacturing. Inno-Haven is controlled by Anil Diwan, the Company's founder, President and Chairman and controlling shareholder of TheraCour Pharma, Inc., the Company's principal shareholder ("TheraCour"). The MOU is subject to a definitive lease agreement (the "Lease Agreement") to be executed upon final determination of the cost of the laboratory and GMP clean room, and which would contain definitive terms regarding rent, taxes, utilities, maintenance and other, similar items. Pursuant to the MOU, the Company has agreed to provide up to $2,000,000 in cash collateral for sums borrowed by Inno-Haven (collectively, the "Loans") to complete the build-out and renovation of the Leased Premises for the benefit of the Company. The Company agreed to file a registration statement for shares of its restricted Common Stock, provided by TheraCour Pharma, Inc., as additional collateral for any or all of the Loans (the "Registrable Shares"). The Company shall file a registration statement within ninety (90) days of a closing of a Loan (a "Closing") to cover such Registrable Shares and use its best efforts to have such registration statement declared effective no later than one hundred eighty (180) days following the Closing, and keep such registration statement effective until the termination of the respective collateral agreement , upon request to do so by Inno-Haven, . The MOU further provides that, so long as there is no breach of the Lease Agreement by the Company, any distribution of the collateral in accordance with a Loan will first be made from the proceeds of life insurance policies (if applicable), then from the proceeds of the sale of the Registrable Shares, and then, should there be any balance still owing to the lender, from the cash collateral.

Also on February 11, 2013, pursuant to the provisions of the MOU, the Company transferred $1,000,000 as cash collateral (the "Cash Collateral") and agreed to register a number of shares of the Company's Common Stock, which shares were provided by TheraCour Pharma, Inc., equal to $1,000,000 (the "Collateral Shares") as collateral pursuant to a Loan and Security Agreement entered into between Inno-Haven and a non-affiliated lender (the "Loan Agreement") for a loan in the principal amount of $2,000,000. On September 17, 2013 The Company transferred the remaining $1,000,000 cash collateral to Inno-Haven. The value of the Collateral Shares shall be determined every three months and, in the event that the current number of shares of the Common Stock is less than $1,000,000, Inno-Haven may

deposit, and the Company shall register, additional shares to equal the aforesaid $1,000,000. Alternatively, Inno-Haven may deposit cash equal to the difference between $1,000,000 and the value of the Collateral Shares. Moreover, Inno-Haven is required to obtain a life insurance policy to insure the life of Dr. Diwan in the amount of $2,000,000. If Dr. Diwan dies during the term of the Loan Agreement, the lender shall have the option to demand payment of the balance of the loan, but, shall be repaid first from the proceeds of any life insurance policy (if applicable), then from the proceeds of the sale of the Collateral Shares, and then, should there be any balance still owing to the lender, from the Cash Collateral. As of December 31, 2013 the Company has utilized approximately $1.1 million for specific fixtures and improvements it required for the new laboratory and cGMP facilities.

Total rent expense paid to Inno-Haven during this period amounted to $-0- for the six months ended December 31, 2013 and $-0- since February 11, 2013.

Legal Proceedings

On or around January 18, 2012, the Nevada Agency and Transfer Company, as agent for service of process for the Company in Nevada, was served with a Summons and Complaint in the case entitled Yidam, Ltd. v. Eugene Seymour, Anil Diwan, and NanoViricides, Inc. (Case No. A-12-654437-B) answerable in the Eighth Judicial District Court of the State of Nevada – Clark County ("Court"). The Complaint seeks to compel inspection of the Company's books and records. On or about February 14, 2012 we filed a Motion to Dismiss the Complaint for failure to state a claim upon which relief can be granted. The Complaint further seeks unspecified "injunctive relief" in furtherance of the demand for inspection to which it is not entitled. The Complaint by a holder of less than 1 percent of the common stock of the Company seeks to, inter alia, inspect documents and records of the company to which it is not entitled and in a form and manner the Company argues is not authorized by statute. Management believes that this lawsuit has no merit or basis and intends to vigorously defend it. Monetary damages have not been claimed and as a result no accrual has been made in relation to this litigation. On April 9, 2012, the Court dismissed the Complaint for failure to state a Claim for which relief could be granted.

On or about April 13, 2012, the Nevada Agency and Transfer Company, as agent for service of process for the Company in Nevada, was served with a Summons and Complaint in the case entitled Yidam, Ltd. v. Eugene Seymour, Anil Diwan, and NanoViricides, Inc. (Case No. A-12-659535-B) answerable in the Eighth Judicial District Court of the State of Nevada – Clark County ("Court"). The Complaint seeks to compel inspection of the Company's books and records. On or about May 2, 2012, the Company filed a Demand for Security of Costs. Upon filing of the Demand, proceedings relative to the Company are stayed pending posting of the demanded security (or plaintiff engages in motion practice about the Demand). The Company may seek dismissal of the complaint if plaintiff has not posted the demanded security (or engaged the court). The Complaint further seeks unspecified "injunctive relief" in furtherance of the demand for inspection to which the Company believes it is not entitled. The Complaint, by a holder of less than 1 percent of the common stock of the Company, seeks to, inter alia, inspect documents and records of the company to which it is not entitled and in a form and manner the Company argues is not authorized by statute. On or about July 18, 2012, the Plaintiff moved to amend its answer. On or about August 8, 2012, we filed our opposition to Plaintiff's Motion to Amend and a Motion to Dismiss the Complaint for failure to state a claim upon which relief can be granted. On or about September 13, 2012 the court granted the Plaintiff's Motion to Amend. On or about September 17, 2012 the Plaintiff served its "Second Amended Shareholder Derivative Complaint" upon our Counsel in Nevada. As in the prior two complaints that this Plaintiff has filed in this action, the Second Amended Complaint sought to compel inspection of the Company's books and records, sought injunctive relief, an accounting and alleges breach of Fiduciary by Dr. Seymour and Dr. Diwan. On or about October 11, 2012, we filed a Motion to Dismiss the Second Amended Complaint for failure to state a claim upon which relief can be granted. On or about December 4, 2012, the Court granted the Company's Motion to Dismiss with respect to Dr. Seymour and Dr. Diwan and ordered the case dismissed as to all claims but the Plaintiff's request to compel documents required to be maintained by the Company's registered agent in Nevada pursuant to NRS 78.105. On or about December 26, 2012, the Company provided the Plaintiff with each of the documents to which it is entitled. Management believes that the Plaintiff does not have a legal or good faith basis for inspection or copying of its shareholder's list and intends to vigorously defend the production thereof. In May, 2013, the Plaintiff filed a motion for permission to file a third amended complaint. The Company subsequently filed a motion to dismiss and for Summary Judgment. The Court denied the Motion to Dismiss and for Summary Judgment and ordered the Plaintiff to file its Third Amended Complaint. On or about July 15, 2013 the Company Petitioned the Nevada Supreme Court for a Writ of Prohibition or Mandamus reversing the trial Court's denial of Summary Judgment. Thereafter, on or about September 20, 2013, the Nevada Supreme Court denied the Company's

Writ Petition. The Company filed its answer to the Third Amended Complaint, which contains only one cause of action which is identical to the sole cause of action which was not dismissed from the Second Amended Complaint. Specifically, the Third Amended Complaint seeks only to compel production of books and records required to be maintained by the Company's Registered Agent pursuant to NRS 78.105 Management believes that the Company's registered Agent has provided the Plaintiff with all documents to which it is entitled pursuant to NRS 78.105 and that this lawsuit has no merit or basis. The Company intends to vigorously defend this lawsuit. Specific monetary damages have not been claimed and as a result no accrual has been made in relation to this litigation.

On or about July 15, 2013 the same Plaintiff that had filed the repetitive complaints in the Nevada action as set forth in the preceding paragraphs (Yidam, Ltd. v. Eugene Seymour, Anil Diwan, and NanoViricides, Inc.) filed a Shareholder Derivative complaint with the United States District Court for the District of Colorado . The Plaintiff asserts the action is a shareholder derivative action and the Company is solely a nominal defendant. The Company maintains that it, as well as the individual defendants, Messrs. Seymour and Diwan, have not been served in the action. However, a default was filed against the Company, which has been vacated. The Complaint alleges that the Company has failed to deliver information requested by the Plaintiff, the identical information the Plaintiff is seeking inspection of in the Nevada action, and that the individual defendants, Messrs. Seymour and Diwan, breached their fiduciary duties to the Company and caused it financial harm. The Plaintiff demands an order to inspect the Company's records, an order revoking Messrs. Diwan and Seymour from the Board of Directors, equitable relief, and consequential and punitive damages. The Company believes these claims have no merit and the Company intends to defend this action vigorously. The Company has moved the District Court to dismiss the action in its entirety Though consequential and punitive damages are claimed, no facts have been submitted to support such claim. Management has determined that such claims are specious and not relevant to the Company and no accrual has been made in relation to this litigation.

There are no other legal proceedings against the Company to the best of the Company's knowledge as of the date hereof and to the Company's knowledge, no action, suit or proceeding has been threatened against the Company.

Note 9 – Subsequent Events

Management has evaluated all events that occurred after the balance sheet date through the date when these financial statements were issued to determine if they must be reported. The Management of the Company has determined that there was a reportable subsequent event to be disclosed as follows:

On January 21, 2014, the Registrant entered into a Securities Purchase Agreement (the "Agreement") with certain purchasers (the "Purchasers"), relating to the offering and sale (the "Offering") of units ("Units") at the aggregate purchase price of $5.25 ("Purchase Price") per Unit. The price per Unit was equal to a four percent (4%) discount to the 20-day VWAP of the Registrant's stock price on Friday, January 17, 2014. The exercise price of the Warrant was equal to the closing price of the Registrant's stock on Friday, January 17, 2014. Each Unit consisted of one share of the Company's common stock, par value $0.001 per share (the "Common Stock") and Sixty-Five Hundredths (65/100) of a warrant to purchase one share of Common Stock ("Warrant"), issuable upon exercise of the Warrant at the exercise price of $6.05 per share (the "Warrant Shares", collectively with the Units, Common Stock and Warrant, the "Securities"). The Warrants are exercisable immediately and expire five years after issuance. On January 24, 2014, the Company and the Purchasers consummated the purchase and sale of the Securities (the "Closing") of 3,815,285 shares of Common Stock and 2,479,935 Warrants, and the Company raised gross proceeds of $20,030,246.25 before estimated expenses of the Offering of approximately $1,200,000, which includes placement agent fees but does not include and attorneys' fees and other expenses.

On January 22, 2014, a Warrant Holder exercised 75,000 warrants at a per share price of $5.25, and received 75,000 shares of the Company's $0.001 par value common stock at an aggregate purchase price of $393,750.00.

On February 6, 2014, a Warrant Holder exercised 25,000 warrants at a per share price of $5.25, and received 25,000 shares of the Company's $0.001 par value common stock at an aggregate purchase price of $131,250.00.

PART I

The following discussion should be read in conjunction with the information contained in the financial statements of the Company and the notes thereto appearing elsewhere herein and in conjunction with the Management's Discussion and Analysis of Financial Condition and Results of Operations set forth in the Company's Annual Report on Form 10-K for the year ended June 30, 2013. Readers should carefully review the risk factors disclosed in this Form 10-K and other documents filed by the Company with the SEC.

As used in this report, the terms "Company", "we", "our", "us" and "NNVC" refer to NanoViricides, Inc., a Nevada corporation.

SPECIAL NOTE ON FORWARD-LOOKING STATEMENTS

The information in this report contains forward-looking statements. All statements other than statements of historical fact made in this report are forward looking. In particular, the statements herein regarding industry prospects and future results of operations or financial position are forward-looking statements. These forward-looking statements can be identified by the use of words such as “believes,” “estimates,” “could,” “possibly,” “probably,” anticipates,” “projects,” “expects,” “may,” “will,” or “should,” or other variations or similar words. No assurances can be given that the future results anticipated by the forward-looking statements will be achieved. Forward-looking statements reflect management’s current expectations and are inherently uncertain. Our actual results may differ significantly from management’s expectations.

Although these forward-looking statements reflect the good faith judgment of our management, such statements can only be based upon facts and factors currently known to us. Forward-looking statements are inherently subject to risks and uncertainties, many of which are beyond our control. As a result, our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth below under the caption “Risk Factors.” For these statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. You should not unduly rely on these forward-looking statements, which speak only as of the date on which they were made. They give our expectations regarding the future but are not guarantees. We undertake no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by law.

ITEM I: BUSINESS

Organization and Nature of Business

NanoViricides, Inc. is a leading company in the application of nanomedicine technologies to the complex issues of viral diseases. The nanoviricide® technology enables direct attacks at multiple points on a virus particle. It is believed that such attacks would lead to the virus particle becoming ineffective at infecting host cells. Antibodies in contrast attack a virus particle at only a maximum of two attachment points per antibody.

The Company develops its drugs, that we call nanoviricide® using a platform technology. This approach enables rapid development of new drugs against a number of different viruses. A nanoviricide is a “biomimetic” - it is designed to “look like” the cell surface to the virus. To accomplish this, we have developed a polymeric micelle structure composed of PEG and fatty acids, that is designed to create a surface like the cell membrane, with the fatty acids going inside of the micelle. On this surface, we attach, at regular intervals, virus-binding ligands. The virus is believed to be attracted to the nanomicelle by these ligands, and thereby binds to the nanoviricide using the same glycoproteins that it uses for binding to a host cell. Upon such binding, a “lipid mixing” interaction between the lipid envelope of the virus and the nanomicelle is thought to take place, leading to the virus attempting to enter the nanomicelle. Many different kinds of viruses are likely to get destroyed in the process.

We engineer the ligands to “mimic” the same site on the cell surface protein to which the virus binds. These sites do not change no matter how much a given virus mutates. Thus we believe that if a virus so mutates that it is not attacked by our nanoviricide, then it also would not bind to the human host cell receptor effectively and therefore would be substantially reduced in its pathogenicity. Our success at developing broad-spectrum nanoviricides depends upon how successfully we can design decoys of the cell surface receptor as ligands, among other factors.

The Company currently has six drugs in development with very large commercial markets. These include (i) Injectable FluCide™ for hospitalized patients with severe influenza, (ii) Oral FluCide™ for out-patients, (iii) DengueCide™, a broad spectrum nanoviricide designed to attack all types of dengue viruses and expected to be effective in the Severe Dengue Disease syndromes including Dengue Hemorrhagic Fever (DHS) and Dengue Shock Syndrome (DSS), (iv) HIVCide™ for HIV/AIDS, (v) HerpeCide™ for cold sores and genital sores caused by HSV, and (vi) Broad-spectrum Anti-Viral Eye drops for adenoviral and herpesviral infections of the external eye. In addition, the Company has research programs to develop drugs against Rabies virus, Ebola and Marburg viruses, as well as the recent MERS Coronavirus (Middle-East Respiratory Syndrome). The Company also has a technology that we call “ADIF” or “Accurate-Drug-In-Field” technology with which an effective drug can be developed against a novel virus right in the field using stockpiled nanoviricides® precursors. The estimated market size for the current drug candidates is well in excess of $40 Billion worldwide.

We continue to achieve very strong performance in the testing of these drug candidates. All of our biological testing is conducted by third parties.

Of these, our Injectable FluCide is the most advanced. This drug candidate has shown extremely high effectiveness in a lethal influenza infection mouse model against two different types of influenza A virus, namely H1N1 and H3N2. The Company believes that this drug should be effective against most if not all influenza A subtypes, and strains, including the novel H7N9 strain. The Company held a pre-IND Meeting with the US FDA for its clinical drug candidate NV-INF-1 (i.e. Injectable FluCide) in the FluCide program in March 2012. The Company obtained valuable advice and is developing this candidate towards an investigational drug application (“IND”) to the US FDA as well as for similar applications to other international regulatory agencies. The Company recently performed a short preliminary non-GLP study designed to guide the planned GLP Safety and Toxicology studies (“Tox Package”) that are required for an IND filing. On October 7, 2013, the Company announced that in this small animal non-GLP safety/toxicology study of NV-INF-1 drug candidate, even at maximum feasible dosage, the drug was well tolerated and that no adverse events were found at study completion. . On December 2, 2013, the Company reported that detailed laboratory analyses of samples from this non-GLP safety and toxicology study showed no overall systemic effects and no direct effects on the primary organs. This includes liver and kidney tissues as well as liver and kidney function. This is important as the liver and kidneys are major organs involved in drug toxicity. In addition, FluCide showed no adverse effects on the lungs from the treated animals. This is very important because the respiratory system is a primary site of influenza virus infection and tissue damage. These strong safety findings were seen at all doses tested, even at the maximum feasible dose (MFD). MFD was much higher than the therapeutic dose range used to treat influenza virus infections in our animal model efficacy studies. FluCide was administered intravenously by tail-vein injections or by infusion in this study. The non-GLP safety/toxicology study was conducted at KARD Scientific in Massachusetts.

These results support the Company's positive findings in animals that were infected with different influenza A virus strains. In those studies, no safety or toxicology concerns were observed. The Company has previously reported that its FluCide candidate demonstrated extremely high anti-influenza activity in lethal infection animal models using multiple influenza A subtypes. The extremely high anti-influenza activity coupled with the strong safety data were the basis for the selection of this FluCide candidate for further drug development. As previously reported, the results of this study will provide both the basis and focus for the GLP safety and toxicology studies of FluCide that are required for the IND submission to the U.S. FDA. These GLP studies will be performed on both large and small animals at the BASi facility in Indiana.

The Company believes that these strong safety data bode well for our other drug programs as well. This is because a nanoviricide is built of two parts – (1) a virus specific ligand, that is chemically attached to (2) a “nanomicelle” or polymeric micelle based on our specific chemistries. It is reasonable to believe that the nanomicelle structures of our other drug candidates should also be safe. In addition, we believe that we have chosen antiviral ligands for our other drug candidates in a very conservative, safety-biased fashion.

The Company is currently performing process development and scale up studies on its FluCide drug candidate in its existing facilities. Upon scale-up, we will be able to produce the quantities of materials we need for the GLP Safety/Toxicology study of the injectable FluCide drug. We intend to begin the GLP Safety/Toxicology study as soon as feasible.

The Company has previously announced that its anti-dengue drug candidate in the DengueCide™ program achieved an unprecedented 50% survival rate in a special mouse model that mimics the most severe dengue disease in humans. This study was performed by Professor Eva Harris at the University of California, Berkeley.

On August 12, 2013, the Company announced that this anti-dengue drug candidate has been awarded an orphan drug designation by the US FDA. On November 11, 2013, we announced that this anti-dengue drug candidate was also awarded an orphan drug designation by the European Medicines Agency (EMA). These orphan drug designations provide the Company with several financial and other benefits that have now enabled the Company to give a high priority to the development of this drug.

In addition, the Company is developing a flexible, multi-product, pilot manufacturing facility capable of manufacturing any of its drug candidates in c-GMP compliant manner. This facility will be able to provide the cGMP clinical drug substances for its future human clinical studies. (“c-GMP”= current Good Manufacturing Practices, a set of guidelines developed by the US FDA that the manufacture of a drug must adhere to for human clinical trials and future sales. Internationally, there are similar guidelines promoted by local regulatory agencies, and ICH harmonization guidelines promoted by the WHO). A group of private financiers that includes our founder Dr. Anil Diwan has acquired an 18,000 sqft building on 4 acres with possibilities of expansion, in Shelton, CT, via Inno-Haven, LLC, a company formed specifically for that purpose. This building is now undergoing a total renovation to facilitate setting up a modern cGMP drug substance manufacturing facility with injectable drugs capability, as well as supporting analytical and chemistry laboratory facilities.

We have assembled a marquee team of experts to help with the design, engineering, architecture, and construction of this facility. Mr. Andrew Hahn continues to provide overall stewardship for this project. He was formerly Senior Director of Engineering, Pharmaceutical Facilities, Global Engineering, at the Bristol-Myers-Squibb Company Worldwide Medicines Group (BMS). He has almost 30 years of experience in architecture, design and project management in the creation of new and refurbished facilities at Bristol-Myers Squibb Company. Mr. Phil Mader and his firm, MPH Engineering, LLC (“MPH”), continue to help with the overall project management and design

engineering of the laboratory and cGMP pilot production facility. Prior to founding MPH, from 2000 to 2007, Phil Mader served as the Senior Capital Project Manager at Bristol-Myers Squibb Company in Wallingford, CT ("BMS"). He was involved in the design, implementation, and commissioning of various biology and chemistry laboratory projects within budget and in a timely manner. Ms. Kathyann Cowles of ID3A, LLC, serves as the Principal Architect. Ms. Cowles, co-founder of Id3A, has over thirty years of experience as a licensed Architect and Senior Project Manager for diverse and complex design and construction projects in the academic, science, technology, corporate and research sectors. This team is working with the expert advice and guidance of the Company's Scientific Advisor, Dr. Harmon Aronson. Dr. Aronson is a well-known cGMP consultant in the pharmaceutical industry, and was formerly Vice President of Quality Management at Biocraft Laboratories, a company that was acquired by Teva Pharmaceuticals.

This renovation project is now in the construction phase. The construction is projected to be substantially complete in the first calendar quarter of 2014. We intend to lease the building from Inno-Haven, LLC. The terms of the lease have not been finalized.

After the construction is completed, we will need to set up new equipment and ensure that its performance is adequate. Thereafter we will need conduct several validation studies and also move our current laboratories to the new facility. In addition, we will need to set up cGMP compliant systems for working in this new facility. We will need to establish the scaled up manufacturing processes of our drug candidates under cGMP guidelines in this facility. Only after that, the Company will be able to make cGMP-like material using the same processes as c-GMP material but prior to undergoing the FDA registration process. Such c-GMP-like product can be used for clinical batches for human clinical studies in several countries around the world. The Company is currently investigating all such options in order to expedite the timeline to entering human clinical trials. The Company intends to contract out clinical batch fulfillments to outside established contract manufacturers.

In August 2012, we announced that we were successful in developing an anti-influenza drug candidate that was orally effective. We believe this may be the very first targeted nanomedicine that is available via the oral route. Oral availability of FluCide would open up a much larger market than the injectable version. The Company intends to continue to develop the injectable version for hospitalized patients. For severe, hospitalized cases of influenza, we are developing a concentrated solution that is administered by “piggy-back” incorporation into the standard IV fluid supplement system that is commonly used in hospitalized patients. In addition, we now plan to develop an oral version for out-patients and later also for pediatric patient populations. This oral version will replace the injectable drug that we were developing for out-patients.

In September 2012, we announced that the oral version of FluCide was also highly effective against a different strain of influenza A, namely H3N2, in addition to the influenza strain of H1N1 that we had been using for development, in the same lethal animal challenge model. This is an important indication that our drug candidates against influenza are indeed broad-spectrum, i.e. capable of combating most if not all influenza viruses. We will need to perform animal studies against a few additional strains of influenza viruses in order to substantiate that this drug is indeed a broad-spectrum drug candidate. Additional studies in cell cultures against different strains of influenza are also planned. All of these studies are necessary for filing an IND application.

Nanoviricide technology is built on the TheraCour® polymeric micelle platform technology. The design of these materials is like building blocks. We can select components to achieve desired effects. This tailor-made customizability has many implications. It allows us to (1) rapidly create a new drug against a different virus; (2) rapidly develop a drug with desired length of time for which its effect should persist; and (3) quickly develop new drugs with different routes of administration; among many other benefits.

We had always suspected that the polymeric nature of nanoviricides would enable a long drug effectiveness time frame, thus enabling infrequent dosing. We have indications now that this is very likely true, from both FluCide™ and HIVCide™ programs. We have observed sustained antiviral effects for a long time after last drug administration in various animal model studies.

Infrequent dosing would translate into ease of patient compliance. Patient compliance is a major issue for all antiviral drug therapies, and particularly for HIV/AIDS.

We have been able to develop drugs using many different routes of administration with very little development time and effort.

Initially we focused on developing only injectable formulations since these afford the maximum bioavailability of the drug inside the body. We have also developed eye drop solutions against EKC in a very short time frame.

A skin cream appears to be the right formulation for the treatment of oral and genital warts caused by HSV-1 and HSV-2. Last year we had already observed that our drug candidates, in the solution form, were effective in cell cultures against at least two different strains of HSV-1 in two different laboratories. We needed to make skin creams for conducting animal studies and selected different building blocks for our backbone polymer, and built new drugs against HSV this year. The skin cream drug candidates against HSV were developed within a matter of weeks. The formulation development itself took only a few days. In contrast, many drug development companies spend years in formulations development.

We have successfully developed what may be the first ever orally available targeted nanomedicine, in our Flucide program.

We demonstrated that we can rapidly develop different formulations because of the inherent strength of the nanoviricide platform technology. The technology also enables us to develop nasal sprays and bronchial aerosols. We plan to develop the appropriate formulations as necessary.

We have limited our expenditures on socially conscious projects such as “Neglected Tropical Diseases” (NTD’s), and “Bio-defense” projects to the extent that participatory funding from third parties is available. To this end, we attempt to obtain grants and contracts financing from government and non-government sources. We will continue to work on these programs as time and resources permit. In addition, we continue to develop novel technologies such as ADIF™ (“Accurate-Drug-In-Field™”) which may possibly represent one of the best scientific approaches against manmade and natural novel disease agents. Outbreaks of natural novel viral diseases, such as MERS-CoV, SARS-CoV, H7N9 Influenza, and others, will continue to occur. At present, there is no feasible therapeutic intervention for outbreaks of novel viruses, such as new MERS coronavirus outbreak reported recently.

We have added two marquee independent board members to our Board of Directors in May/June, 2013. Dr. Milton Boniuk is the Caroline F. Elles Chair Professor of Ophthalmology, in the Alkek Eye Center at the Baylor College of Medicine, Houston, TX, a practicing ophthalmic surgeon, an astute businessperson, a renowned humanitarian, and a strong investor in and supporter of the Company. To date, he has invested $7M into NanoViricides, Inc., through various entities. Dr. Mukund S. Kulkarni, MBA, PhD, is currently the Chancellor of Penn State University, and continues to be Professor of Finance. Together with Mr. Stanley Glick, Practicing CPA and Chair of our Audit Committee, we now have a majority of independent board members.

We have continued to successfully raise financing. We had previously completed a $6M convertible debentures placement with our prior investors with long positions in February, 2013. In addition, we completed a registered direct offering of approximately $10M on September 9, 2013, after reverse-split of our common stock by a factor of 3.5 old common shares for 1 new common share. With the newly established stock price, subsequently, we met the eligibility criteria for both NASDAQ and NYSE MKT.

On September, 25, 2013, the Company’s common stock began trading on the NYSE MKT exchange under the symbol NNVC. This up-listing from OTC bulletin board was the culmination of a year long effort spearheaded by Dr. Anil R. Diwan, our founder. The Company had announced at its annual meeting on January 16, 2013, that it had undertaken an initiative to improve its corporate governance, build a stronger and independent board of directors, and prepare the Company for uplisting to a major national exchange. The Company studied and evaluated the processes and performance at the major national exchanges and determined that it was in the best interests of our shareholders to uplist to NYSE MKT. Midtown Capital Partners, LLC, and Chardan Capital Markets, LLC advised the Company throughout this process and also served as the joint placement agents for the $10M registered direct offering referenced above.

This uplisting is a major milestone for the Company and an important advance in the Company’s corporate lifecycle.

The annual meeting of the Company’s shareholders was held on December 9th in Stamford, CT. The meeting was well attended in spite of poor weather conditions. All of the Directors of the Company were present. Professor MukundKulkarni and Mr. Stanley Glick were present in person. Dr. Milton Boniuk had sent Ms. Debra Boniuk, his daughter and legal counsel to his charitable foundation, as his representative. In addition, two of the Company’s Scientific Advisory Board members, namely Dr. Harmon Aronson, and Professor Thomas Lentz, also attended the meeting. The Company has unveiled its completely redesigned website in time for the annual meeting. The new website provides access to the CEO’s presentation, our press releases, our technologies, as well as our SEC filings and other documents. This website is built with modern technologies including CSS and HTML5 to allow flexible design and simplifying future updates.

As of December 31, 2013, the Company has current assets of approximately $17MM and additional cash provided as security deposits for the new facility of $2M, for a total of $19MM available cash.. The Company continues to be frugal in its expenditures, and has successfully held the rate of operational cash expenditures at approximately $1.75M this quarter. We believe we have sufficient funds in hand for more than two years of operations at the current rate of expenditure.

Subsequent to the reporting period, we have raised approximately $20MM (or approximately $18.8MM net of commissions) on January 21, 2014. With this additional cash,we believe we have sufficient funds in hand to complete Phase I and Phase IIa human clinical studies for at least one of our drug candidates, and advance, at least, one more drug candidate into human clinical studies. Our estimate is based on a number of assumptions and cost estimates provided by outside parties. The Company itself does not have the expertise in taking a drug through human clinical trials and as such depends upon outside experts to generate such estimates as well as to help the Company formulate and conduct its drug development programs. As such, these estimates may be grossly in error and there may also be hidden costs that we are not aware of.

Our strategy is to minimize capital expenditure. We therefore rely on third party collaborations for the testing of our drug candidates. We continue to engage with our previous collaborators.

In November 2013, we renewed our contract with the Professor Eva Harris lab at the University of California at Berkeley for evaluation and development of our Denguecide drug candidate. With cases in Florida, Texas and recently in New York, in addition to 25,000 suspected cases reported in Puerto Rico this past summer, dengue virus is clearly becoming an important pathogen of concern in the United States.

We have engaged Biologics Consulting Group, Inc., to help us with the US FDA regulatory submissions. We are also engaged with Australian Biologics Pty, Ltd to help us with clinical trials and regulatory approvals in Australia. We believe that cGMP-like manufactured product is acceptable for entering human clinical trials in Australia.

In addition, we have recently signed “confidential disclosure agreements” (CDAs) with (1) Lovelace Respiratory Research Institute (LRRI), New Mexico, USA, (2) Public Health England (PHE), UK, and most recently (3) Viroclinics Biosciences, BV, the Netherlands. We anticipate completing master services agreements with these parties and, thereafter, initiate antiviral testing programs. In particular, we anticipate the IND-enabling studies involving testing of FluCide against several influenza strains to be conducted at these facilities. In addition, PHE-UK and Viroclinics have both been at the frontiers of the study of novel virus infection breakouts, such as MERS (Middle East Respiratory Virus), and previously, SARS.

We have continued to achieve significant milestones in our drug development activities. All of our drug development programs are presently at pre-clinical stage. We continue to test several drug candidates under each program even though we may achieve extremely strong results with some of the candidates.

The Company reports summaries of its studies as the data becomes available to the Company, after analyzing and verifying the same, in its press releases.

In July-August 2011, we reported on the anti-HIV studies that were designed to discriminate the comparative effectiveness of different ligands. We reported that our lead anti-HIV candidate achieved anti-HIV efficacy equivalent to a HAART (highly active anti-retroviral therapy) triple drug cocktail in this recently completed animal study. Treatment with this lead anti-HIV nanoviricide reduced HIV levels and protected the human T cells (CD4+/CD8+) to the same extent as treatment with the HAART cocktail. The three drug HAART cocktail used for comparison in this study is one of the combination therapies recommended for initial therapy in humans. No evidence of drug toxicity was observed in the case of nanoviricide drug candidates. We later reported that this lead anti-HIV drug candidate achieved a long term anti-HIV effect with a much shorter dosing regimen and a markedly lower total drug dose than the HAART drug cocktail therapy in a recent animal study. The antiviral effect of the anti-HIV nanoviricide ("HIVCide™") continued throughout the 48 days of study even though HIVCide dosing was discontinued after only 20 days. The clinical benefit of HIVCide was found to be sustained for at least four weeks after the last drug dose. Treatment with the lead anti-HIV nanoviricide both (1) reduced the HIV viral load and (2) also protected the human T cells (CD4+,CD8+), equally well as compared to treatment with the three-drug HAART cocktail, at 24-days as well as at 48-days, even though the HIVCide treatment was stopped at 20 days. The lead candidate is now undergoing further optimization.

In September 2013, we announced that we had further improved the HIVCide drug candidates, based on results of cell culture studies conducted by Southern Research Institute, Frederick, MD. A broad-spectrum anti-HIV-I activity was demonstrated in that HIV-1 Ba-L, a CCR5-using strain as well as HIV-1 IIIB, a CXCR4-using strain, were both inhibited equally well by two different nanoviricide drug candidates in the standard MAGI HIV Antiviral Assay

A long and sustained effect of HIVCide would lead to improved patient compliance, which is a sought after goal in HIV therapy. With this new study, we believe that we are close to a “Functional Cure” of HIV wherein the patient can take treatment until the viral load is undetectable and then stop treatment until an episode of virus reawakening occurs. Anti-HIV drug development is very expensive and therefore the Company continues to keep this program at a lower priority than our other drug development programs.

In September 2011, we announced that we have selected a clinical candidate, now designated NV-INF-1, for FDA submission in our highly successful FluCide™ anti-influenza therapeutics program. The Company is now developing certain additional information on NV-INF-1, with input from its FDA consultants, for the pre-IND application to the FDA. The Company is planning on two separate indications for NV-INF-1: High strength dosage form for hospitalized patients with severe influenza, and a single course therapy for the out-patients with less severe influenza. We are currently working on putting together the FluCide information in a pre-IND application to the US FDA.

In July 2011, we retained the Biologics Consulting Group to help us with our regulatory filings. This led to our pre-IND meeting request to the US FDA in December, 2011, and a pre-IND meeting with the US FDA in March, 2012.

In July 2012, we retained Australian Biologics Pty. Ltd., a regulatory affairs consulting firm, to coordinate the regulatory review and approval to conduct the first human trials in Australia for Flucide™, the Company’s broad-spectrum anti-influenza drug. Australian Biologics will also facilitate clinical trial site(s) selection and development of the clinical trials agreements. Dr. Jim Ackland, the Manager of Australian Biologics Pty, Ltd, has extensive experience in this field. Prior to becoming managing director of this company, he was Vice-President, West Coast and Asia Pacific operations for the Biologics Consulting Group, the Company’s US FDA regulatory affairs consulting group. In the 1990’s, he was the Head of Regulatory Affairs, Vaccines, for the CSL Group in Australia. The CSL Group is a global, specialty biopharmaceutical company that researches, develops, manufactures and markets products to treat and prevent serious human medical conditions.

In August 2012, we reported that oral effectiveness of anti-influenza FluCide drug was demonstrated in a lethal animal model. Certain anti-influenza drug candidates under our FluCide™ program, when given orally, were nearly as effective as when administered as IV injections. Two different anti-influenza drug candidates were tested in Oral vs. IV comparison, and both of them showed similar results that indicated strong oral effectiveness. The results clearly demonstrated that oral administration of both of these FluCide drug candidates resulted in substantially superior animal protection compared to oseltamivir (Tamiflu®), a standard of care for influenza at present. The studies involved the same highly lethal animal model the Company has continued to use for its influenza drug development program.

One of the FluCide drug candidates, when administered orally, enabled the animals to survive as long as 347.4±4.6 hrs. (14.5 days), and when given as an injectable, it allowed the animals to combat the lethal influenza infection for

376.8±7.5 hrs. (15.7 days). Another drug candidate (with a different anti-viral ligand), when given orally, resulted in the animals surviving for as long as 301.3±5.2 hrs. (12.6 days), and when given as a tail-vein injection, for 349.0±3.9 hrs. (14.5 days). For comparison, untreated control animals died in 119.5±1 hrs. (5 days), and oseltamivir (Tamiflu®) treated animals died within just 181.7±4.6 hrs. (7.6 days).

The survival data clearly showed that oral as well as IV administration of FluCide drug candidates was substantially superior to oseltamivir. In addition, they showed that FluCide drug candidates when given orally had substantial efficacy, almost matching the effectiveness of the injectable form given at 0.3X of the oral dosage level.

One of the FluCide drug candidates, when administered orally, resulted in 1.30 log reduction (or 20X reduction) in lung viral load and matched the viral load reduction on the same drug candidate given as an IV injection. Another drug candidate resulted in 1.23 log viral load reduction when given orally and 1.31 log viral load reduction when given as an injectable. In contrast, oseltamivir (Tamiflu®, given orally at 40mg/kg/d) resulted in only 0.6 log viral load reduction (or only 4X reduction) compared to negative controls. These were the results of lung viral load measured at 108 hours post-infection (hpi). Further, at 180 hpi, the lung viral load remained controlled at about the same level as at 108 hpi with the nanoviricide® drug candidates. In contrast, lung viral load in the oseltamivir treated mice increased to the same level as the negative control (infected untreated) animals prior to their death and the oseltamivir group exhibited a survival of only 182±4 hours.

The number of lung plaques and plaque areas (resulting from the influenza virus infection) also were consistent with the data from the lung viral load, and were minimal in the case of the nanoviricide drug candidates whether given as IV or orally. Oseltamivir treatment did not protect the lungs of infected animals anywhere close to the protection afforded by the FluCide drug candidates.

These data clearly demonstrated that both oral and IV treatment with nanoviricide drug candidates protected the lungs of the mice infected with influenza virus equally well. It is also clear that this lung protection was the result of the substantial decrease in the lung viral load. In addition, they show that FluCide drug candidates when given orally had substantial efficacy, almost matching the effectiveness of the injectable form given at 0.3X of the oral dosage level.

In addition to the antiviral effects, the oral FluCide drug candidates also led to generation of a strong antiviral antibody response. Two different anti-influenza drug candidates were tested in Oral vs. IV comparison. One of the FluCide drug candidates, when administered orally, resulted in 1866±90 micro-g/ml-plasma of anti-influenza antibody, and 1258±59 when administered as IV injections. Another FluCide candidate, when given orally, resulted in 1491±37 ug/ml plasma of anti-influenza antibody, and 1151±53 when administered as IV injections. The untreated infected animals had 190±22 ug/ml antibody response, which was the weakest of all, as expected. Of significance, oseltamivir (Tamiflu) resulted in only 950±64 ug/ml level of antibody response, which was far less than the two oral FluCide groups (p-value <0.0003), and also substantially less than the two IV FluCide groups (p-value <0.04). These p-values were determined for a comparison of FluCide groups against the oseltamivir group using the most stringent parameters, viz. two-tailed, paired, t-test. A smaller p-value indicates a greater confidence that the difference in observations cannot be a result of pure chance. These data also indicated that the antibody response was stronger when FluCide was given orally rather than as IV injection.

The generation of a strong antibody response is important. We believe that the strong reduction in viral load caused by FluCide treatment allows the immune system to function normally and generate appropriate antibodies. A strong antibody response implies that the FluCide drug candidates may also be useful as prophylactic therapy of uninfected health care workers and close associates of a patient in addition to treatment of infected patients.

All of these data also clearly demonstrated that both injectable and oral FluCide™ candidates were superior to oral oseltamivir (Tamiflu®, Roche), a current standard of care for influenza, in all parameters evaluated.

No adverse effects were found, indicating that the FluCide dose could be increased further to achieve much greater levels of effectiveness.

The oral FluCide candidate development was the result of chemistry optimization program that the Company has been working on.

In September 2012, we announced that the oral FluCide™ drug candidates demonstrated dramatically improved survival in animals administered a lethal dose of the H3N2 influenza A virus. Animals treated with the oral anti-influenza nanoviricide drug candidates survived for much longer as compared to Tamiflu® treated animals.

In this H3N2 infection study, animals treated with the best of the oral FluCide™ nanoviricide drug candidates survived 15.6 days while the animals treated with oral Tamiflu survived only 9.6 days. The control animals died within 5 days. The Company has previously reported that animals treated with these same oral anti-influenza nanoviricides protected mice infected with the H1N1 influenza A virus and were similarly substantially superior to oral oseltamivir (Tamiflu).

This is the first demonstration of efficacy of the Company's FluCide drug candidates against a completely unrelated type of influenza A virus (viz. H3N2) in contrast to the H1N1 Influenza A virus that the Company has used for its recent development work leading to its pre-IND application with the US FDA. H3N2 influenza virus is one of the multiple sub-types of influenza A that cause seasonal epidemics. According to the CDC, influenza causes approximately 36,000 deaths every year in the U.S. alone. The Hong Kong Flu pandemic of 1968-1969, which killed an estimated one million people worldwide, was caused by a variant strain of H3N2. The Company believes an orally administered nanoviricide that protect against multiple influenza virus sub-types would be effective in season after season of influenza epidemics. Such a highly effective, broad-spectrum anti-influenza drug is widely anticipated to be highly successful.

The Company believes that the anti-influenza drug candidates it has developed are broad-spectrum, i.e. they should work against most if not all of influenza viruses. This is because, in spite of mutations and antigenic drift, all influenza viruses bind to the same cell surface receptor called sialic acid, and the Company has developed small chemical ligands that mimic this receptor, to attack the influenza viruses. These ligands are chemically attached to the Company's polymeric micelle backbones that mimic the cell membrane, to create the nanoviricides. The Company has previously shown effectiveness of its very early anti-influenza drug candidates against two different strains of H5N1 Bird Flu virus in cell culture studies. The Company has since then improved the ligands as well as the chemistries as reported from time to time.

The Company intends to develop data about effectiveness of its drug candidates against certain unrelated influenza A viruses using both cell culture studies and animal models in a reasonable manner. These data will be needed as part of the IND application that the Company is working on. An IND application will be required for the Company to enter into human clinical trials.

Previously, in June 2010, the Company reported successful studies in two different cell culture models of dengue virus type 2 infection. These studies were conducted at the Prof. Eva Harris lab at the UC Berkeley. Our results were later confirmed and extended to animal studies.

The Company reported that its anti-Dengue drug candidates demonstrated significant protection in the initial animal survival studies of Dengue virus infection, in an animal study protocol modeled to simulate the ADE syndrome. The best nanoviricide drug candidates demonstrated 50% animal survival in this uniformly lethal mouse model. The studies were performed in the laboratory of Dr. Eva Harris, Professor of Infectious Diseases at the University of California, Berkeley (UC Berkeley).

Based on this data, the Company believes that it is feasible to develop a single nanoviricide drug against all types of dengue viruses that circumvents the primary issue of antibody-dependent enhancement (ADE) of dengue virus infection. ADE is thought to result in severe dengue disease syndromes such as dengue shock syndrome (DSS) and dengue hemorrhagic fever (DHF).

In June, 2010, we also reported that our anti-HIV drug candidates demonstrated efficacy in the recently completed cell culture studies using two distinctly different HIV-1 isolates. These studies were performed in the laboratory of Carol Lackman-Smith at the Southern Research Institute, Frederick, Maryland. These results corroborated our previous findings in Animal Studies. The Company had reported that its best nanoviricide drug candidate against HIV was more than 25 times superior to a three drug combo anti-HIV cocktail based on biomarker test response in all parameters tested. The parameters included improvement in human T cell populations in the animal model and reduction in HIV viral load. The Company has since performed additional studies to optimize the HIV binding ligand and has found ligands that are superior to the one that yielded these strong results. The Company now plans to deploy this new anti-HIV ligand connected to the full strength polymeric micelle that we have also optimized as a new anti-HIV nanoviricide drug candidate. We plan to test this optimized anti-HIV drug candidate in animal studies. Anti-HIV studies are extremely expensive. As such, the Company’s HIVCide program has been slowed down with the current slow financial markets.

In August 2010, we reported that our anti-HSV drug candidates exhibited almost complete inhibition of herpes simplex virus HSV-1 in cell culture studies conducted in Professor Ken Rosenthal lab at the Northeastern Ohio Universities Colleges of Medicine and Pharmacy. These studies employed the H129 strain of herpes simplex virus type 1 (HSV-1). H129 is an encephalitic strain that closely resembles a clinical isolate; it is known to be more virulent than classic HSV-1 laboratory strains.

In March through May 2011, the Company reported that further chemistry optimization led to dramatically improved antiviral efficacy with its optimized FluCide™ drug candidates in its most recent animal study. In the influenza mouse lethal infection model, animals treated with one of the optimized FluCide™ nanoviricide drug candidates survived beyond the stated full duration of study (21 days), and those treated with two additional drug candidates survived almost the full duration of the study. Animals in these three groups survived significantly longer (20.2 to 22.2 days) as compared to the animals treated with Oseltamivir (Tamiflu®) only 8.3 days. In addition, the post-infection treatment with these optimized FluCide™ drug candidates resulted in dramatic reduction in the number of lung lesions that are caused by a lethal influenza virus infection. Four days post virus infection, animals treated with three of the optimized FluCide™ nanoviricide drug candidates exhibited greater than 95% reduction in the number of lung lesions as compared to the infected yet untreated control animals (p-values < 0.001). In contrast, animals treated with Oseltamivir (Tamiflu®, Roche) showed only a 50% reduction. In another significant finding, no increase in the number or size of the lung lesions was observed over the entire duration of the study in the FluCide™-treated animals. This was not the case for the Oseltamivir-treated animals. This demonstrated that treatment with FluCide drug candidates provided clear and strong protection against lung damage caused by the severe influenza infection. In addition, in this study, these optimized FluCide™ drug candidates achieved 1,000-fold reduction in the levels of infectious virus in the lungs of animals with a lethal level of influenza virus infection. The amount of infectious virus in the lungs of the infected animals treated with three of the optimized FluCide™ nanoviricide drug candidates was reduced by greater than 1000-fold as compared to the infected untreated control animals (p-values < 0.001), four days after virus infection. In contrast, animals treated with Oseltamivir (Tamiflu®, Roche) showed less than a 2-fold reduction in lung viral load at the same time point. This indicated a 500-fold greater reduction in viral load by FluCide drug candidates over Oseltamivir. Of great clinical significance is the fact that 2 of the optimized FluCide™ drug candidates maintained this greatly reduced lung viral load at 7, 13 and 19 days after virus infection in this 21 day study. Thus, treatment with the optimized FluCide drug candidates appeared to protect against the complete cycle of infection, virus expansion and spread of infection in the lungs that follows the initial virus infection. This was not the case for the Oseltamivir-treated animals. Animals treated with Oseltamivir (Tamiflu®, Roche) showed less than a 2-fold reduction in lung viral load at 4 days and the viral load was increased at 7 days to the same level as that found in the infected, untreated control animals shortly before their death.

In September 2011, we announced that we have selected a clinical candidate, designated NV-INF-1, for FDA submission in our highly successful FluCide™ anti-influenza therapeutics program. The Company submitted a pre-IND application to the FDA for this clinical candidate and held a pre-IND meeting with the US FDA in March, 2012. In addition, the Company is planning a high strength “piggy-back infusion” dosage form for hospitalized patients with severe influenza. The Company will continue the development of these two drug candidates towards an IND, based on the guidance it received in the first pre- IND meeting.

The studies of biological testing of materials provide information that is relatively easy to understand and therefore readily reported. In addition, we continue to engage in substantial work that is needed for the optimization of synthesis routes and for the chemical characterization of the nanoviricide drug candidates. We also continue to work on improving the drug candidates and the virus binding ligands where necessary. We continue to work on creating the information needed for the development of controlled chemical synthesis procedures that is vital for developing c-GMP manufacturing processes.

We are also making progress in development of our cGMP manufacturing capability. The Company announced in May 2012 that it had appointed Mr. Andrew Hahn to help with the overall design and construction of its laboratory and cGMP pilot production facility. Mr. Hahn recently retired as the Senior Director of Engineering, Pharmaceutical Facilities, Global Engineering, at the Bristol-Myers-Squibb Company Worldwide Medicines Group (BMS). He has almost 30 years of experience in architecture, design and project management in the creation of new and refurbished facilities at Bristol-Myers Squibb Company.

In addition, the Company announced on October 24, 2011, that information about its novel, proprietary anti-virus platform technology has been published in the book “Bionanotechnology II: Global Prospects.” The chapter entitled “Nanoviricides - A Novel Approach to Antiviral Therapeutics” provides an in-depth presentation of the NanoViricides platform technology.

The Company also announced in May 2012 that a fundamental patent, on which the nanoviricides® technology is based, is due to be issued in the USA on May 8, 2012. The US Patent (No. 8,173,764) is granted for "Solubilization and Targeted Delivery of Drugs with Self-Assembling Amphiphilic Polymers." It was issued on May 8, 2012. The patent term is expected to last through October 1, 2028, including anticipated extensions in compensation for time spent in clinical trials. This US Patent has been allowed with a very broad range of claims to a large number of families of chemical structure compositions, pharmaceutical compositions, methods of making the same, and uses of the same. The disclosed structures enable self-assembling, biomimetic nanomedicines. NanoViricides, Inc. holds exclusive, perpetual, worldwide licenses to these technologies for a broad range of antiviral applications and diseases. The other national and regional counterparts of the international Patent Cooperation Treaty (“PCT”) application number PCT/US06/01820, which was filed in 2006,. have issued as a Singapore National Patent Publication, a South African patent, and also as an OAPI regional patent covering Benin, Burkina Faso, Cameroon, Central African Republic, Chad, Republic of Congo, Cote d'Ivoire, Equatorial Guinea, Gabon, Guinea, Guinea Bissau, Mali, Mauritania, Niger, Senegal, and Togo. It has also issued as a granted patent in New Zealand, China, Mexico, and Japan. Estimated expiry dates range nominally from 2026 to 2028 with various extensions accounting for delays in clinical trials. Additional issuances are expected in Europe, and in several other countries around the world.

In addition, the counterparts of the international PCT application PCT/US2007/001607 have issued as a granted patent in New Zealand, OAPI, Pakistan, Australia, South Africa, and Mexico to date. Additional issuances are expected in Europe, USA, and in several other countries around the world. This patent application teaches antivirals based on the TheraCour polymeric micelle technologies, their broad structures and compositions of matter, pharmaceutical compositions, methods of making the same, and their uses. The nominal expiry dates are expected to range from 2027 to 2029.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

The following discussion should be read in conjunction with the information contained in the consolidated financial statements of the Company and the notes thereto appearing elsewhere herein and in conjunction with the Management's Discussion and Analysis of Financial Condition and Results of Operations set forth in the Company's Annual Report on Form 10-K for the year ended June 30, 2013. Readers should carefully review the risk factors disclosed in this Form 10-K and other documents filed by the Company with the SEC.

As used in this report, the terms "Company", "we", "our", "us" and "NNVC" refer to NanoViricides, Inc., a Nevada corporation.

PRELIMINARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Report contains forward-looking statements within the meaning of the federal securities laws. These include statements about our expectations, beliefs, intentions or strategies for the future, which we indicate by words or phrases such as "anticipate," "expect," "intend," "plan," "will," "we believe," "NNVC believes," "management believes" and similar language. The forward-looking statements are based on the current expectations of NNVC and are subject to certain risks, uncertainties and assumptions, including those set forth in the discussion under "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this report. Actual results may differ materially from results anticipated in these forward-looking statements. We base the forward-looking statements on information currently available to us, and we assume no obligation to update them.

Investors are also advised to refer to the information in our previous filings with the Securities and Exchange Commission (SEC), especially on Forms 10-K, 10-Q and 8-K, in which we discuss in more detail various important factors that could cause actual results to differ from expected or historic results. It is not possible to foresee or identify all such factors. As such, investors should not consider any list of such factors to be an exhaustive statement of all risks and uncertainties or potentially inaccurate assumptions

The nanomedicine technologies developed by TheraCour Pharma, Inc. serve as the foundation for our intellectual property. The Company holds a worldwide exclusive perpetual license to this technology for several drugs with specific targeting mechanisms in perpetuity for the treatment of the following human viral diseases: Human Immunodeficiency Virus (HIV/AIDS), Hepatitis B Virus (HBV), Hepatitis C Virus (HCV), Rabies, Herpes Simplex Virus (HSV), Influenza and Asian Bird Flu Virus. The Company has entered into an Additional License Agreement with TheraCour granting the Company the exclusive licenses in perpetuity for technologies developed by TheraCour for the additional virus types: Dengue viruses, Japanese Encephalitis virus, West Nile Virus, Viruses causing viral Conjunctivitis (a disease of the eye) and Ocular Herpes, and Ebola/Marburg viruses. The Company may want to add further virus types to its drug pipeline. The Company would then need to negotiate with TheraCour an amendment to the Licensing Agreement to include those of such additional viruses that the Company determines it wants to follow for further development. We are seeking to add to our existing portfolio of products through our internal discovery pre-clinical development programs and through an in-licensing strategy.

The Company intends to perform the regulatory filings and own all the regulatory licenses for the drugs it is currently developing. The Company will develop these drugs in part via subcontracts to TheraCour Pharma, Inc., the exclusive source for these nanomaterials. The Company may manufacture these drugs itself, or under subcontract arrangements with external manufacturers that carry the appropriate regulatory licenses and have appropriate capabilities. The Company intends to distribute these drugs via subcontracts with distributor companies or in partnership arrangements. The Company plans to market these drugs either on its own or in conjunction with marketing partners. The Company also plans to actively pursue co-development, as well as other licensing agreements with other Pharmaceutical companies. Such agreements may entail up-front payments, milestone payments, royalties, and/or cost sharing, profit sharing and many other instruments that may bring early revenues to the Company. Such licensing and/or co-development agreements may shape the manufacturing and development options that the company may pursue. There can be no assurance that the Company will be able to enter into co-development or other licensing agreements.

To date, we have engaged in organizational activities; developing and sourcing compounds and preparing nano-materials; and experimentation involving preclinical studies using cell cultures and animals. Several of the Company’s drug candidates have shown excellent levels of efficacy and preliminary safety in animal studies in many different animal models against many different viruses. The Company determined that its anti-Influenza program, “FluCide™”, was the most advanced and obtained and held a pre-IND meeting with the US FDA for the same on March 29, 2012. The Company believes it has gained valuable guidance from the FDA that enables us to develop and execute a product development plan for our anti-influenza drug candidate with the goal of filing an Investigational New Drug (IND) application to the US FDA, and similar applications in other countries in the world.

As the Company’s drug candidates progress towards human clinical studies, it has become necessary to enable that they can be produced under “current Good Manufacturing Practices” (cGMP) guidelines of the US FDA, and other applicable international guidelines (such as WHO and ICH guidelines, as well as other country-specific and region-specific guidelines). In the US, the US FDA requires that at least two validated and consistent batches of the drug be produced under cGMP conditions before any human clinical trials can be allowed. Some other countries may allow research product materials for certain phases of human clinical trials. The Company’s management has studied the possibilities of contract manufacturing of its drug candidates over the last several years and has concluded that building a small pilot scale manufacturing facility where the special needs of the manufacture of its nanomedicines

can be met is the most appropriate solution. This approach provides the highest level of control over the quality of the materials and also keeps the intellectual property of the Company well protected. Further, to minimize capital costs to the Company, management determined that a separate entity should be allowed to purchase the real estate, renovate, build and maintain the facilities under the Company's direction and control. Subsequently, a separate entity, Inno-Haven, LLC ("Inno-Haven"), controlled by Anil R. Diwan, the Company's founder, was created for this purpose. Inno-Haven purchased an 18,000 sq. ft. light manufacturing building on a 4.2 acre land lot in Shelton, Connecticut in August, 2011. The purchase and related costs were financed by Dr. Diwan through his personal savings, and the sale of NanoViricides common stock that he had acquired as a founder, that netted approximately $900,000 after expenses and income taxes. Dr. Diwan disposed of his shares in accordance with a 10b5.1 trading plan which concluded in October, 2011. Inno-Haven has also obtained additional financing from certain other unrelated parties.. Dr. Diwan had also agreed to provide personal guarantees for potential loans and mortgages which could be drawn for the purpose of financing the building and construction costs

The Company has agreed to provide Inno-Haven the specifications and plans for the cGMP pilot facility and laboratory and office spaces that are anticipated to be built by renovating the existing building. Subsequently, on February 11, 2013, the Company entered into a binding Memorandum of Understanding ("MOU") with Inno-Haven, to lease these facilities for a four-year term. The MOU is subject to a definitive lease agreement (the "Lease Agreement") to be executed upon final determination of the cost of the facilities. Pursuant to the MOU, the Company has agreed to provide up to $2,000,000 in cash collateral for sums borrowed by Inno-Haven (collectively, the "Loans") to complete the build-out and renovation of the Leased Premises for the benefit of the Company. The Company agreed to file a registration statement for the shares of restricted NNVC Common Stock owned and provided by TheraCour Pharma, Inc., as additional collateral for any or all of the Loans (the "Registrable Shares"). The MOU further provides that, so long as there is no breach of the Lease Agreement by the Company, any distribution of the collateral in accordance with a Loan will first be made from the proceeds of life insurance policies (if applicable), then from the proceeds of the sale of the Registrable Shares, and then, should there be any balance still owing to the lender, from the cash collateral. Also on February 11, 2013, pursuant to the provisions of the MOU, the Company transferred $1,000,000 as cash collateral (the "Cash Collateral") and agreed to register a number of shares of the Company's Common Stock, which shares were provided by TheraCour Pharma, Inc., equal to $1,000,000 (the "Collateral Shares") as collateral pursuant to a Loan and Security Agreement entered into between Inno-Haven and a non-affiliated lender (the "Loan Agreement") for a loan in the principal amount of $2,000,000. On September 17, 2013, the Company transferred the remaining $1,000,000 cash collateral to Inno-Haven. Moreover, Inno-Haven is required to obtain a life insurance policy to insure the life of Dr. Diwan in the amount of $2,000,000. If Dr. Diwan dies during the term of the Loan Agreement, the lender shall have the option to demand payment of the balance of the loan, but, shall be repaid first from the proceeds of any life insurance policy (if applicable), then from the proceeds of the sale of the Collateral Shares, and then, should there be any balance still owing to the lender, from the Cash Collateral. As of December 31, 2013, the Company had expensed approximately $1.1 million in specific fixtures and improvements required by the Company. No lease has been finalized as of now. Total rent expense paid to Inno-Haven during this period amounted to $-0- for the three months ended December 31, 2013 and $-0- since February 11, 2013.

The Company does not currently have any revenue. All of the Company's products are in development stage and require successful; development through regulatory processes before commercialization. During the development stage, we have generated funding through the issuances of debt and private placement of common stock and also the sale of our registered securities. The Company does not currently have any long term debt, other than convertible debentures as disclosed earlier. We have not generated any revenues and we may not be able to generate revenues in the near future. We may not be successful in developing our drugs and start selling our products when planned, or we may not become profitable in the future. We have incurred net losses in each fiscal period since inception of our operations.

The Company's Drug Pipeline

We currently have, in early, active development, (1) an Injectible FluCide™ for hospitalized patients with severe influenza; (2) Oral FluCide™ for outpatient – both of these drug candidates are expected to be active against Epidemic Influenzas including the current novel H1N1/2009 "Swine flu" virus, H5N1 and other Highly Pathogenic Avian Influenzas (H5N, H7N, H9N HPAI, Bird Flu), as well as common seasonal human Influenzas; (3) HIV Cide, a potential "Functional Cure that is active against both the R5 and X4 strains of HIV, (4) Eye drops against viral diseases

of the eye such as Epidemic Kerato-Conjunctivitis (EKC) and Herpes Keratitis, (5) HerpeCide against Herpes virus cold sores and genital Herpes, and (6) DengueCide against Dengue viruses. In addition, we have research programs against Rabies virus, Ebola/Marburg family of viruses, as well as other Viral hemorrhagic fevers. We also have a research program called ADIF(™) “Accurate-Drug-In-Field”, that we believe is the only way to combat a novel viral threat right in the field before it becomes an epidemic like SARS, bird flu H5N1, Ebola, or other viral outbreak. Adenoviral Epidemic Kerato-Conjunctivitis (EKC) is a severe pink eye disease that may lead to blurry vision in certain patients after recovery. Herpes simplex viral infections cause keratitis of the eye, and severe cases of infection may sometimes necessitate corneal transplants. The Company's ability to achieve progress in the drugs in development is dependent upon available financing and upon the Company's ability to raise capital. The Company will negotiate with TheraCour to obtain licenses for additional viral diseases as necessary. However, there can be no assurance that TheraCour will agree to license these materials to the Company, or to do so on terms that are favorable to the Company.

Research and Development Costs

The Company does not maintain separate accounting line items for each project in development. The Company maintains aggregate expense records for all research and development conducted. Because at this time all of the Company's projects share a common core material, the Company allocates expenses across all projects at each period-end for purposes of providing accounting basis for each project. Project costs are allocated based upon labor hours performed for each project.

The Company has signed several cooperative research and development agreements with different agencies and institutions The Company expects to enter into additional cooperative agreements with other governmental and non-governmental, academic, or commercial, agencies, institutions, and companies. There can be no assurance that a final agreement may be achieved and that the Company will execute any of these agreements. However, should any of these agreements materialize, the Company will implement a system to track these costs by project and account for these projects as customer-sponsored activities and show these project costs separately.

Requirement for Additional Capital

As of December 31, 2013, we have current assets of $19.2M that is more than sufficient our operations through more than two years or December 31, 2015, at the Company's current rate of expenditure. In addition, subsequent to the reporting period, we have raised approximately $20M gross (or approximately $18.8M after commissions).

While we now have the necessary funds based on our current operations to last more than the next 24 months, we anticipate undertaking additional expenditures to accelerate our progress to regulatory submissions. With our current funds we believe that we currently have sufficient funding available to perform Toxicology Package studies, and additional animal efficacy studies, to move at least one of our drug candidates into an Investigational New Drug Application ("IND") with the US FDA or a similar application with an international regulatory agency, and to conduct Phase I and Phase IIa human clinical trials of at least one of our drug candidates. In order to file an IND application, we also need to enable manufacturing of the drug under US FDA guidelines called cGMP. We estimate that a small, 1kg/batch, production facility would be sufficient to satisfy the Company's near future needs for supporting the FluCide clinical studies, at least through Phase II. This small batch size requirement is based on the extremely high effectiveness of the influenza clinical candidate observed in animal studies, and therefore must be treated with caution. We intend to enter into lease negotiations with Inno-Haven, LLC ("Inno-Haven") to enable cGMP manufacture of our drug products. Inno-Haven is managed by its member Dr. Anil R. Diwan, who is our President and Chairman. Inno-Haven raised financing from Dr. Diwan and others, including some earlier investors of NanoViricides, Inc., and is renovating an 18,000 square foot building in Shelton, CT, on a 4.2 acre lot. Dr. Diwan raised additional financing through the sale of his NanoViricides stock that he had obtained as a founder under a 10b5-1 plan that was concluded in October, 2011. Inno-Haven has also raised significant amounts of additional financing through affiliated and un-affiliated parties. A lease agreement has not been completed , but the parties have negotiated a Memorandum of

Understanding which will form the basis of the lease terms.

We anticipate that as we progress with our first drug candidate, we may need an additional $10M to $15M to take one of our drug candidates through certain phases of human clinical trials. Further additional funding, if available, will allow us to move our other drug candidates towards IND filings. These additional funds will be needed to pay for additional personnel, increased subcontract costs related to the expansion and further development of our drug pipeline, and for additional capital and operational expenditures required to file IND applications. We will accelerate our business plans provided that we can obtain such additional funding. We believe that we currently have adequate financing for our current business plan of operations.

We anticipate that we will incur the following additional expenses over the next 24 months.

1. Research and Development of $5,000,000: Planned costs for in-vivo and in-vitro studies for pan-influenza FluCide, Eye nanoviricide, HIVCide, HerpeCide, Dengue, and Ebola/Marburg and Rabies programs.

2. Corporate overhead of $1,500,000: This amount includes budgeted office salaries, legal, accounting, investor relations, public relations, and other costs expected to be incurred by being a public reporting company.

3. Capital costs of $1,500,000: This is the estimated cost for equipment and laboratory improvements.

4. Staffing costs of $1,500,000: This is the estimated cost of hiring additional scientific staff and consulting firms to assist with FDA compliance, material characterization, pharmaco-kinetic, pharmaco-dynamic and toxicology studies, and other items related to FDA compliance, as required for development of necessary data for filing an Investigational New Drug with the United States Food and Drug Administration.

In addition the Company anticipates estimated capital costs of $4,000,000 for infrastructure and laboratory facilities for a scaled up research pilot production facility. The Company anticipates that some of this infrastructure funding will be obtained through real estate and industrial loans and related instruments. Further, we estimate approximately $5,000,000 will be needed to take our first drug candidate through Phase I and Phase IIa human clinical trials.

Subsequent to the reporting period, we have raised approximately $20M gross (or approximately $18.8M after commissions). With these additional funds, the Company is now in a position to be able to advance at least one more additional drug candidate towards human clinical trials, and possibly also conduct initial human clinical trials for this additional candidate. Our projections are based on several assumptions and preliminary quotations from providers of various services. The Company does not have direct experience in taking a drug through human clinical trials. In addition, we depend upon external collaborators, service providers and consultants for much of our drug development work. As such our projections and estimates may be significantly off from actual future results both in terms of timeline and in terms of cost budgets.

In March, 2010, the Company filed a Form S-3 Shelf Registration with the Securities and Exchange Commission (SEC) for the sale from time to time of up to $40 million of the Company’s securities. The registration statement became effective on April 29, 2010. As of December 31, 2012, the Company had drawn down $22,500,000 of the $40,000,000 S-3 Shelf Registration. In addition, on October 26, 2012, the Company has filed a new S-3 Shelf Registration Statement for $40,000,000 of common stock, preferred stock, warrants, debt securities and units comprised of those securities. Subsequently we combined the unused portion of the prior shelf registration for a total available Shelf Registration of $57,500,000. As of December 31, 2013, the Company has drawn down approximately $35,000,000 from this shelf registration. Subsequently, on January 21, 2014, the Company completed another registered direct offering based on this shelf and an additional allowance of 20%, to raise $20M and exhausting the registered shelf. The Offering was made pursuant to the Company’s shelf registration statement on Form S-3 (File No. 333-184626), which was declared effective by the Securities and Exchange Commission on December 21, 2012 and Form S-3MEF (File No. 333-193439). The Company, pursuant to Rule 424(b) under the Securities Act of 1933, has filed with the Securities and Exchange Commission a prospectus supplement relating to the Offering.

With these funds, in addition to certain clinical trials for FluCide and DengueCide, the Company anticipates that it will also be able to expedite development of its four other drug candidates, namely, Oral FluCide, HerpeCide™, HIVCide™, and EKCCide™ into the FDA approval process.

The Company anticipates it will have sufficient access to capital even if it decides to develop FluCide through Phase III on its own. The Company believes it will continue to be able to successfully raise financing as needed. If we are unable to obtain additional financing, our business plan will be significantly delayed.

The Company has limited experience with pharmaceutical drug development. Thus, our budget estimates are not based on experience, but rather based on advice given by our associates and consultants. As such these budget estimates may not be accurate. In addition, the actual work to be performed is not known at this time, other than a broad outline, as is normal with any scientific work. As further work is performed, additional work may become necessary or change in plans or workload may occur. Such changes may have an adverse impact on our estimated budget. Such changes may also have an adverse impact on our projected timeline of drug development.

We believe that our current work-plan will lead us to obtain certain information about the safety and efficacy of some of the drugs under development in animal models. If our studies are not successful, we will have to develop additional drug candidates and perform further studies. If our studies are successful, then we expect to be able to undertake further studies in animal models to obtain necessary data regarding the pharmaco-kinetic and pharmaco-dynamic profiles of our drug candidates. We believe these data will then enable us to file an Investigational New Drug (IND) application, towards the goal of obtaining FDA approval for testing the drugs in human patients.

Most pharmaceutical companies expect 4 to 10 years of study to be required before a drug candidate reaches the IND stage. We believe that because we are working in the infectious agents area, our studies will have objective response end points, and most of our studies will be of relatively short durations. Our business plan is based on these assumptions. If we find that we have underestimated the time duration of our studies, or we have to undertake additional studies, due to various reasons within or outside of our control, this will grossly and adversely impact both our timelines and our financing requirements.

Management intends to use capital and debt financing, as required, to fund the Company's operations. Management also intends to pursue non-diluting funding sources such as government grants and contracts as well as licensing agreements with other pharmaceutical companies. There can be no assurance that the Company will be able to obtain the additional capital resources necessary to fund its anticipated obligations beyond December 31, 2015. The Company currently has no long term debt other than the convertible debentures as disclosed.

The Company is considered to be a development stage company and will continue in the development stage until it generates revenues from the sales of its products or services.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, foreign currency exchange rates and commodity prices. We currently have no foreign operations and are not exposed to foreign currency fluctuations. Our primary exposure to market risk is interest rate risk associated with our short term cash equivalent investments, which the Company deems to be non-material. The Company does not have any financial instruments held for trading or other speculative purposes and does not invest in derivative financial instruments, interest rate swaps or other investments that alter interest rate exposure. The Company does not have any credit facilities with variable interest rates.

ITEM 4. CONTROLS AND PROCEDURES

(a) Evaluation of disclosure controls and procedures.

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms and that such information is accumulated and communicated to our management, including our chief executive and chief financial officer, as appropriate, to allow for timely decisions regarding required disclosure. Disclosure controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Management has designed our disclosure controls and procedures to provide reasonable assurance of achieving the desired control objectives.

As required by Exchange Act Rule 13a-15(b), we have carried out an evaluation, under the supervision and with the participation of our management, including our principal executive and principal financial officer, of the effectiveness of the design and operation of our management, including our principal executive and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of June 30, 2013.

(a) Based upon an evaluation of the effectiveness of disclosure controls and procedures, our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have concluded that as of the end of the period covered by the Annual Report on Form 10-K our disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) under the Exchange Act) were effective to provide reasonable assurance that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified by the rules and forms of the SEC and is accumulated and communicated to management, including the CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

(b) Changes in internal control over financial reporting. The Company has established an independent Board of Directors comprising three independent members. Under this Board the Company has established an Audit Committee, a Compensation Committee, a Nomination Committee, and an Executive Committee. The Company has met or exceeded corporate governance standards of the NYSE MKT, a national exchange. On September 25, 2013, the Company's common stock was listed and began trading on the NYSE MKT.

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a- 15(f) under the Securities Exchange Act of 1934, as amended. Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in the United States of America ("GAAP"). We recognize that because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

Management conducted an evaluation of the effectiveness of our internal control over financial reporting as of June 30, 2013. To evaluate the effectiveness of our internal control over financial reporting, management used the criteria described in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO Framework"). Based on its evaluation under the *Internal Control - Evaluation Framework,* management concluded that our internal control over financial reporting was effective as of June 30, 2013.

Changes in Internal Control Over Financial Reporting

In June 2013, the Company completed the process of accomplishing an independent board of directors. Simultaneously, the Company also expanded its Audit Committee, chaired by its Director, Mr. Stanley Glick, CPA, to include two additional Board Members, namely, Professor Mukund Kulkarni and Professor Dr. Milton Boniuk. In addition, the Company formalized its Compensation Committee, and Nomination Committee, with the same three independent board members serving on these committees. The Company further formulated an Executive Committee that reports directly to the Board of Directors. The Company's CEO, Dr. Eugene Seymour, MD, MPH, and its President, Anil R. Diwan, PhD, are ex-officio members of the Executive Committee.

Other than as described above, there were no material changes in our internal control over financial reporting (as defined in Rule 13a- 15(f) under the Exchange Act) that occurred as of December 31, 2013, that have materially

affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we may be a party to legal proceedings in the ordinary course of our business in addition to those described below. We do not, however, expect such other legal proceedings to have a material adverse effect on our business, financial condition or results of operations.

On or around January 18, 2012, the Nevada Agency and Transfer Company, as agent for service of process for the Company in Nevada, was served with a Summons and Complaint in the case entitled Yidam, Ltd. v. Eugene Seymour, Anil Diwan, and NanoViricides, Inc. (Case No. A-12-654437-B) answerable in the Eighth Judicial District Court of the State of Nevada – Clark County ("Court"). The Complaint seeks to compel inspection of the Company's books and records. On or about February 14, 2012 we filed a Motion to Dismiss the Complaint for failure to state a claim upon which relief can be granted. The Complaint further seeks unspecified "injunctive relief" in furtherance of the demand for inspection to which it is not entitled. The Complaint by a holder of less than 1 percent of the common stock of the Company seeks to, inter alia, inspect documents and records of the company to which it is not entitled and in a form and manner the Company argues is not authorized by statute. Management believes that this lawsuit has no merit or basis and intends to vigorously defend it. Monetary damages have not been claimed and as a result no accrual has been made in relation to this litigation. On April 9, 2012, the Court dismissed the Complaint for failure to state a Claim for which relief could be granted.

On or about April 13, 2012, the Nevada Agency and Transfer Company, as agent for service of process for the Company in Nevada, was served with a Summons and Complaint in the case entitled Yidam, Ltd. v. Eugene Seymour, Anil Diwan, and NanoViricides, Inc. (Case No. A-12-659535-B) answerable in the Eighth Judicial District Court of the State of Nevada – Clark County ("Court"). The Complaint seeks to compel inspection of the Company's books and records. On or about May 2, 2012, the Company filed a Demand for Security of Costs. Upon filing of the Demand, proceedings relative to the Company are stayed pending posting of the demanded security (or plaintiff engages in motion practice about the Demand). The Company may seek dismissal of the complaint if plaintiff has not posted the demanded security (or engaged the court). The Complaint further seeks unspecified "injunctive relief" in furtherance of the demand for inspection to which the Company believes it is not entitled. The Complaint, by a holder of less than 1 percent of the common stock of the Company, seeks to, inter alia, inspect documents and records of the company to which it is not entitled and in a form and manner the Company argues is not authorized by statute. On or about July 18, 2012, the Plaintiff moved to amend its answer. On or about August 8, 2012, we filed our opposition to Plaintiff's Motion to Amend and a Motion to Dismiss the Complaint for failure to state a claim upon which relief can be granted. On or about September 13, 2012 the court granted the Plaintiff's Motion to Amend. On or about September 17, 2012 the Plaintiff served its "Second Amended Shareholder Derivative Complaint" upon our Counsel in Nevada. As in the prior two complaints that this Plaintiff has filed in this action, the Second Amended Complaint sought to compel inspection of the Company's books and records, sought injunctive relief, an accounting and alleges breach of Fiduciary by Dr. Seymour and Dr. Diwan. On or about October 11, 2012, we filed a Motion to Dismiss the Second Amended Complaint for failure to state a claim upon which relief can be granted. On or about December 4, 2012, the Court

granted the Company's Motion to Dismiss with respect to Dr. Seymour and Dr. Diwan and ordered the case dismissed as to all claims but the Plaintiff's request to compel documents required to be maintained by the Company's registered agent in Nevada pursuant to NRS 78.105. On or about December 26, 2012, the Company provided the Plaintiff with each of the documents to which it is entitled. Management believes that the Plaintiff does not have a legal or good faith basis for inspection or copying of its shareholder's list and intends to vigorously defend the production thereof. In May, 2013, the Plaintiff filed a motion for permission to file a third amended complaint. The Company subsequently filed a motion to dismiss and for Summary Judgment. The Court denied the Motion to Dismiss and for Summary Judgment and ordered the Plaintiff to file its Third Amended Complaint. On or about July 15, 2013 the Company Petitioned the Nevada Supreme Court for a Writ of Prohibition or Mandamus reversing the trial Court's denial of Summary Judgment. Thereafter, on or about September 20, 2013, the Nevada Supreme Court denied the Company's Writ Petition. The Company filed its answer to the Third Amended Complaint, which contains only one cause of action which is identical to the sole cause of action which was not dismissed from the Second Amended Complaint. Specifically, the Third Amended Complaint seeks only to compel production of books and records required to be maintained by the Company's Registered Agent pursuant to NRS 78.105 Management believes that the Company's registered Agent has provided the Plaintiff with all documents to which it is entitled pursuant to NRS 78.105 and that this lawsuit has no merit or basis. The Company intends to vigorously defend this lawsuit. Specific monetary damages have not been claimed and as a result no accrual has been made in relation to this litigation.

On or about July 15, 2013 the same Plaintiff that had filed the repetitive complaints in the Nevada action as set forth in the preceding paragraph (Yidam, Ltd. v. Eugene Seymour, Anil Diwan, and NanoViricides, Inc.)filed a Shareholder Derivative complaint with the United States District Court for the District of Colorado . The Plaintiff asserts the action is a shareholder derivative action and the Company is solely a nominal defendant. The Company maintains that it, as well as the individual defendants, Messrs. Seymour and Diwan, have not been served in the action. However, a default had been filed against the Company, which has been vacated. The Complaint alleges that the Company has failed to deliver information requested by the Plaintiff, the identical information the Plaintiff is seeking inspection of in the Nevada action, and that the individual defendants, Messrs. Seymour and Diwan, breached their fiduciary duties to the Company and caused it financial harm. The Plaintiff demands an order to inspect the Company's records, an order revoking Messrs. Diwan and Seymour from the Board of Directors, equitable relief, and consequential and punitive damages. The Company believes these claims have no merit and the Company intends to defend this action vigorously. The Company has moved the District Court to dismiss the action in its entirety. Though consequential and punitive damages are claimed, no facts have been submitted to support such claim. Management has determined that such claims are specious and not relevant to the Company and no accrual has been made in relation to this litigation.

There are no other legal proceedings against the Company to the best of the Company's knowledge as of the date hereof and to the Company's knowledge, no action, suit or proceeding has been threatened against the Company.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

In September, 2013, the Company's Board of Directors authorized the issuance of Warrants to Midtown Partners & Co., LLC and Chardan Capital Markets, LLC (collectively, the "Placement Agents") to purchase a total of 58,910 shares of common stock at $5.25 per share expiring in September, 2018. These warrants were valued at $113,696 and recorded as Placement Agents Fees related to the sale of Common Shares and Warrants on September 10, 2013.

For the three months ended September 30, 2013, the Company's Board of Directors authorized the issuance of 10,311 shares of its common stock with a restrictive legend for consulting services. The Company recorded an expense of $21,000.

For the three months ended September 30, 2013, the Company's Board of Directors authorized the issuance of 5,501 shares of its common stock with a restrictive legend for Director services. The Company recorded an expense of $11,250.

In November, 2013, the Scientific Advisory Board (SAB) was granted warrants to purchase 17,143 shares of common stock at $6.56 per share expiring in November ,2017. These warrants were valued at $31,552 and recorded as consulting expense.

In December, 2013, the Company issued 7,143 shares of the Company’s $0.001 par value Common Stock with a restrictive legend at $3.50 per share upon the exercise of Warrants.

For the three months ended December 31, 2013, the Company's Board of Directors authorized the issuance of 4,069 shares of its common stock with a restrictive legend for consulting services. The Company recorded an expense of $21,000.

For the three months ended December 31, 2013, the Company's Board of Directors authorized the issuance of 2,220 shares of its common stock with a restrictive legend for Director services. The Company recorded an expense of $11,250.

The securities described above were offered and sold in reliance upon exemptions from registration pursuant to Section 4(2) under the Securities Act and Rule 506 of Regulation D promulgated thereunder. The agreements executed in connection with this sale contain representations to support the Registrant's reasonable belief that the Investor had access to information concerning the Registrant's operations and financial condition, the Investor acquired the securities for their own account and not with a view to the distribution thereof in the absence of an effective registration statement or an applicable exemption from registration, and that the Investor are sophisticated within the meaning of Section 4(2) of the Securities Act and are "accredited investors" (as defined by Rule 501 under the Securities Act). In addition, the issuances did not involve any public offering; the Registrant made no solicitation in connection with the sale other than communications with the Investor; the Registrant obtained representations from the Investor regarding their investment intent, experience and sophistication; and the Investor either received or had access to adequate information about the Registrant in order to make an informed investment decision. The Company has not utilized an underwriter for an offering of its securities, except in the recent financing completed on September 10, 2013 with various investors, wherein Midtown Partners & Co., LLC and Chardan Capital Markets, LLC (collectively, the "Placement Agents") were engaged as placement agents for the Company's securities sold in the offering.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Dr. Krishna Menon, our interim Consulting Regulatory Officer, has resigned from this consulting post due to health reasons. Dr. Menon was not an employee of the Company and did not receive any compensation for this role, other than the shares of founder's stock he had received at the formation of the Company. Randall W. Barton, PhD, our Chief Scientific Officer (CSO), continues to perform the duties of our interim Regulatory Officer. He is supported in this role by the Biologics Consulting Group, Inc., our consultants for regulatory affairs.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibit index

Exhibit	
31.1	Certification of Chief Executive and Interim Chief Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a) under the Securities Exchange Act of 1934, as amended.
32.1	Certification of Chief Executive Officer and Interim Chief Financial Officer required by Rule 13a-14(b) or Rule 15d-14(b) under the Securities Exchange Act of 1934, as amended, and 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) Reports on Form 8-K. During the fiscal quarter ended December 31, 2013, the Company filed the following Current Reports on Form 8-K:

On December 13, 2013, the Company filed a Current Report on Form 8-K disclosing that the Company held its Annual Meeting on December 9, 2013 and that at the Meeting, the Company's stockholders: (i) re-elected Eugene Seymour, as director of Class II for a two-year term expiring at the 2015 annual meeting of stockholders and until his successor is duly elected and qualified or until his earlier resignation or removal; (ii) voted, on an advisory basis, on the compensation of the Company's named executive officers; (iii) voted, on an advisory basis, on a three year frequency to approve the compensation of the Company's named executive officers; (iv) ratified the appointment of Li & Company, P.C. as the Company's independent registered public accounting firm for the fiscal year ending June 30, 2014. Each proposal is described in more detail in the Company's Proxy Statement filed with the Securities and Exchange Commission on October 22, 2013.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: February 14, 2014

NANOVIRICIDES, INC.

/s/ Eugene Seymour, MD
Name: Eugene Seymour, M.D.
Title: Chief Executive Officer and Director
(Principal Executive Officer)

/s/ Meeta Vyas
Name: Meeta Vyas
Title: Chief Financial Officer
(Chief Financial Officer)