NANOVIRICIDES, INC.
Form 10-Q
November 14, 2011

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 September 30, 2011

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 ¨ 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	¨	Smaller reporting	x

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 November 14, 2011 was: 146,937,064.

NanoViricides, Inc.
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NANOVIRICIDES, INC.
(A DEVELOPMENT STAGE COMPANY)
BALANCE SHEETS

	September 30, 2011 (Unaudited)	June 30, 2011
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 10,879,319	$ 9,224,023
Prepaid expenses	321,886	332,294
Total current assets	11,201,205	9,556,317
Property and equipment, net	773,000	802,367
Trademark, net	402,922	399,383
TOTAL ASSETS	$ 12,377,127	$ 10,758,067
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 97,785	$ 79,529
Accounts payable – related parties	710,388	462,955
Accrued expenses	93,919	27,173
Derivative Liability	89,066	17,519
TOTAL CURRENT LIABILITIES	991,158	587,176
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Series A Convertible Preferred stock, $0.001 par value, 10,000,000 shares designated, 8,217,500 shares issued and outstanding	8,218	8,218
Series B Convertible Preferred stock, $0.001 par value, 10,000,000 shares designated, 50,000 and 10,000 shares issued and outstanding, respectively	50	10
Common stock, $0.001 par value; 300,000,000 shares authorized; 145,763,702 and 143,548,394 shares issued and outstanding, respectively	145,764	143,582
Additional paid-in capital	35,588,822	33,235,990
Deficit accumulated during the development stage	(24,356,885)	(23,216,909)
TOTAL STOCKHOLDERS' EQUITY	11,385,969	10,170,891
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 12,377,127	$ 10,758,067

See accompanying notes to the financial statements.

NANOVIRICIDES, INC.
(A DEVELOPMENT STAGE COMPANY)
STATEMENTS OF OPERATIONS
(Unaudited)

	Three months Ending September 30, 2011	September 30, 2010	For the Period From May 12, 2005 (Inception) Through September 30, 2011
Revenues	$-	$ -	$ -
Operating expenses:			
Research and development	691,699	750,128	14,936,917
Refund credit for research and development costs	-	-	(420,842)
General and administrative	448,729	361,216	9,350,291
Total operating expenses	1,140,428	1,111,344	23,866,366
Loss from operations	(1,140,428)	(1,111,344)	23,866,366
Other income (expenses)			
Interest income, net	8,904	1,993	(174,228
Non cash interest on convertible debentures	-	-	(73,930)
Non cash interest expense on beneficial conversion feature of convertible debentures	-	-	(713,079)
Change in fair market value of derivatives	(8452)	11,860	122,262
Total other income (expenses)	452	13,853	(490,519)
Loss before income taxes	(1,139,976)	(1,097,491)	(24,356,885)
Income tax provision	-	-	-
Net loss	$(1,139,976)	$ (1,097,491)	$ (24,356,885)
Net loss per common share - basic and diluted	$(0.01)	$ (0.01)	
Weighted average common shares outstanding - basic and diluted	144,570,447	135,471,689	

See accompanying notes to the financial statements.

NanoViricides, Inc.
(A Development Stage Company)
Statement of Stockholders' Equity
For the period from May 12, 2005 (inception) through September 30, 2011
(Unaudited)

	Series A Preferred Stock: Par $0.001		Series B Preferred Stock: Par $0.001		Common Stock: Par $0.001		Additional	Stock	Deficit Accumulated During the	Total
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Paid-in Capital	Subscription Receivable	Development Stage	Stockholders' Equity
Common shares issued May 12, 2005 (Inception)					20,000	$ 20	$ -	$ (20)	$	$ -
Share exchange with Edot-com.com Inc., June 1, 2005					(20,000)	(20)	-	20		-
Common shares exchanged in reverse acquisition of Edot-com.com Inc., June 1, 2005					80,000,000	80,000	(79,980)	(20)		-
Common shares outstanding Edot-com.com Inc., June 1, 2005					20,000,000	20,000	(20,000)			-
Options granted in connection with reverse acquisition										-
										-
Net loss									(66,005)	(66,005)
Balance, June 30, 2005					100,000,000	100,000	(99,980)	(20)	(66,005)	(66,005)
Discount related to beneficial							5,277			5,277

conversion feature of Convertible debentures, July 13, 2005					
Legal expenses related private placement of common stock, July 31, 2006			(2,175)		(2,175)
Discount related to beneficial conversion feature of Convertible debentures, July 31, 2005			5,302		5,302
Warrants issued to Scientific Advisory Board, August 15, 2005			4,094		4,094
Options issued to officers, September 23, 2005			87,318		87,318
Common shares issued for consulting services valued at $.081 per share, September 30, 2005	2,300,000	2,300	184,000		186,300
Common shares issued for interest on debentures, September 30, 2005	48,177	48	4,267		4,315
Discount related to beneficial conversion feature of Convertible debentures, October 28, 2005			166,666		166,666
Discount related to beneficial conversion			166,667		166,667

feature of Convertible debentures, November 9, 2005				
Discount related to beneficial conversion feature of Convertible debentures, November 10, 2005			45,000	45,000
Discount related to beneficial conversion feature of Convertible debentures, November 11, 2005			275,000	275,000
Discount related to beneficial conversion feature of Convertible debentures, November 15, 2005			49,167	49,167
Warrants issued to Scientific Advisory Board, November 15, 2005			25,876	25,876
Common shares and warrants issued in connection with private placement of common stock, November 28, 2005	340,000	340	169,660	170,000
Common shares and warrants issued in connection with private placement of common stock, November 29,	300,000	300	149,700	150,000

2005					
Common shares and warrants issued in connection with private placement of common stock, November 30, 2005	150,000	150	74,850		75,000

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	Series A Preferred Stock: Par $0.001		Series B Preferred Stock: Par $0.001		Common Stock: Par $0.001		Additional	Stock	Deficit Accumulated During the	Total
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Paid-in Capital	Subscription Receivable	Development Stage	Stockholders' Equity
Common shares and warrants issued in connection with private placement of common stock, December 2, 2005					100,000	100	49,900			50,000
Common shares and warrants issued in connection with private placement of common stock, December 6, 2005					850,000	850	424,150			425,000
Common shares issued for legal services valued at $.95 per share, December 6, 2005					20,000	20	18,980			19,000
Common shares and warrants issued in connection with private placement of common stock, December 12,					750,000	750	374,250			375,000

2005				
Common shares and warrants issued in connection with private placement of common stock, December 13, 2005	50,000	50	24,950	25,000
Common shares and warrants issued in connection with private placement of common stock, December 14, 2005	50,000	50	24,950	25,000
Common shares issued in connection with debenture offering, December 15, 2005	50,000	50	48,950	49,000
Common shares and warrants issued in connection with private placement of common stock, December 20, 2005	50,000	50	24,950	25,000
Common shares and warrants issued in connection with private placement of common stock,	50,000	50	24,950	25,000

December 29, 2005					
Common shares and warrants issued in connection with private placement of common stock, December 30, 2005.	50,000	50	24,950		25,000
Common shares issued for interest on debentures, December 31, 2005	19,476	20	17,320		17,340
Common shares issued for consulting services valued at $1.46 per share, January 9, 2006	3,425	3	4,998		5,001
Warrants issued to Scientific Advisory Board, February 15, 2006			49,067		49,067
Warrnats issued to Scientific Advisory Board, May 15, 2006			51,048		51,048
Common shares issued for interest on debentures, March 31, 2005	7,921	8	22,184		22,192
Options exercised, May 31, 2006	1,800,000	1,800	88,200		90,000
	1,875,000	1,875	1,873,125		1,875,000

Common shares and warrants issued in connection with private placement of common stock, June 15, 2006						
Common shares issued for interest on debentures, June 30, 2006	14,426	14	22,424			22,438
Net loss					(3,284,432)	(3,284,432)
Balance, June 30, 2006	108,878,425	108,878	4,480,035	(20)	(3,350,437)	1,238,456
Common shares issued for interest on debentures, July 31, 2006	5,744	6	7,638			7,644
Common shares issued for conversion of convertible debentures, July 31, 2006	3,333,333	3,333	996,667			1,000,000
Exercise of stock warrants, July 31, 2006	200,000	200	49,800			50,000

	Series A Preferred Stock: Par $0.001		Series B Preferred Stock: Par $0.001		Common Stock: Par $0.001		Additional	Stock	Deficit Accumulated During the	Total
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Paid-in Capital	Subscription Receivable	Development Stage	Stockholders' Equity
Options issued to Scientific Advisory Board, August 15, 2006							30,184			30,184
Options issued to Scientific Advisory Board, November 15, 2006							25,888			25,888
Common shares issued for consulting services valued at $.76 per share, January 3, 2007					216,000	216	163,944			164,160
Options issued to Scientific Advisory Board, February 15, 2007							32,668			32,668
Options issued to Scientific Advisory Board, May 15, 2007							25,664			25,664
Common shares issued for consulting services valued at $1.03 per share, June 12, 2007					752	1	774			775
Common shares issued for					100,000	100	114,900			115,000

consulting services valued at $1.15 per share, June 20, 2007						
Common shares issued upon warrants conversion, June 20, 2007	930,000	930	619,070			620,000
Common shares issued upon warrants conversion, June 25, 2007	75,000	75	49,925			50,000
Common shares issued upon warrants conversion, June 30, 2007	300,000	300	199,700			200,000
Common shares issued for consulting services valued at $1.06 per share, June 30, 2007	29,890	30	31,770			31,800
Officers' compensation expense			27,062			27,062
Net loss					(3,118,963)	(3,118,963)
Balance, June 30, 2007	$ 114,069,144	114,069	$ 6,855,689	$ (20)	(6,469,400)	$ 500,338
Warrants issued to Scientific Advisory Board, August 15, 2007			14,800			14,800
Common shares and warrants issued in connection with private placement of common stock, September 21, 2007	1,500,000	1,500	748,500			750,000

Common shares issued for consulting and legal services valued at $.75 per share, September 30, 2007	25,244	25	18,375		18,400
Common shares and warrants issued in connection with private placement of common stock, October 16, 2007	3,250,000	3,250	1,621,750		1,625,000
Common shares and warrants issued in connection with private placement of common stock, October 16, 2007	250,000	250	124,750		125,000
Collection of stock subscriptions receivable, October 17, 2007				20	20
Warrants issued to Scientific Advisory Board, November 15, 2007			7,200		7,200
Common shares issued for consulting and legal services valued at $.49 per share, December 31, 2007	57,152	57	26,843		26,900
Options issued to officers, January 1, 2008			7,044		7,044

	Series A Preferred Stock: Par $0.001		Series B Preferred Stock: Par $0.001		Common Stock: Par $0.001		Additional	Stock	Deficit Accumulated During the	Total
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Paid-in Capital	Subscription Receivable	Development Stage	Stockholders' Equity
Warrants issued to Scientific Advisory Board, February 15, 2008							8,500			8,500
Common shares issued for consulting and legal services valued at $ .45 per share,March 31, 2008					61,546	62	27,838			27,900
Common shares issued for consulting services valued at $.39 per share, April , 2008					27,750	28	10,793			10,821
Warrants issued to Scientific Advisory Board, May 15, 2008							32,253			32,253
Common shares issued for consulting services valued at $1.03 per share, June 30, 2008					29,841	30	27,870			27,900
Net loss									(2,738,337)	(2,738,337)
Balance, June 30, 2008	-	-	-	-	119,270,677	$ 119,271	$ 9,532,205	$ -	$ (9,207,737)	$ 443,739
Common shares issued for					4,098	4	4,996			5,000

consulting and legal services valued at $ 1.22 per share, July 31, 2008				
Common shares issued for consulting services valued at $1.22 per share, July , 2008	2,295	2	2,798	2,800
Warrants issued to Scientific Advisory Board, August 15, 2008			47,500	47,500
Common shares and warrants issued in connection with private placement of common stock, August 22, 2008	3,136,000	3,136	3,132,864	3,136,000
Common shares issued to settle account payable	150,000	150	149,850	150,000
Payment of Finder's Fee to Biotech			(14,696)	(14,696)
Common shares issued in connection with Warrant Conversion, August 22, 2008	125,000	125	106,125	106,250
Common shares issued for legal services valued at $1.24per share, August 31, 2008	4,032	4	4,996	5,000
Common shares issued for consulting services valued	2,258	2	2,798	2,800

at $1.24 per share, August, 2008				
Common shares issued for legal services valued at $1.00 per share, September 30, 2008	5,000	5	4,995	5,000
Common shares issued for consulting services valued at $1.00 per share, September 30, 2008	5,600	6	5,594	5,600
Common shares issued for consulting and legal services valued at $ .71 per share, October 31, 2008	7,042	7	4,993	5,000
Common shares issued for consulting services valued at $.71 per share, October 31, 2008	7,887	8	5,592	5,600
Warrants issued to Scientific Advisory Board, November 15, 2008			30,500	30,500
Common shares issued for consulting and legal services valued at $ .67 per share, November 30, 2008	7,463	7	4,993	5,000
Common shares issued for consulting services valued	8,358	8	5,592	5,600

at $.67 per
share,
November 30,
2008

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	Series A Preferred Stock: Par $0.001 Number of Shares	Series A Preferred Stock: Par $0.001 Amount	Series B Preferred Stock: Par $0.001 Number of Shares	Series B Preferred Stock: Par $0.001 Amount	Common Stock: Par $0.001 Number of Shares	Common Stock: Par $0.001 Amount	Additional Paid-in Capital	Stock Subscription Receivable	Deficit Accumulated During the Development Stage	Total Stockholders' Equity
Common shares issued for consulting and legal services valued at $ .83 per share, December 31, 2008					6,024	6	4,994			5,000
Common shares issued for consulting services valued at $.83 per share, December 31 , 2008					6,747	7	5,593			5,600
Common shares issued for legal services valued at $ .60 per share, January 20, 2009					8,333	8	4,992			5,000
Common shares issued for consulting and legal services valued at $ .78 per share, January 31, 2009					7,463	7	4,992			4,999

Common shares issued for consulting services valued at $.78 per share, January 31, 2009	8,358	8	5,592	5,600
Common shares issued for consulting services valued at $ .70 per share, February 1, 2009	50,000	50	34,950	35,000
Warrants issued to Scientific Advisory Board, February 15, 2009			29,000	29,000
Common shares issued for consulting and legal services valued at $ .71 per share, February 28, 2009	7,042	7	4,992	4,999
Common shares issued for consulting services valued at $.71 per share, February 15, 2009	7,887	8	5,592	5,600
Common shares issued for consulting and legal	6,410	6	4,994	5,000

services valued at $ .67 per share, March 31, 2009				
Common shares issued for consulting services valued at $.67 per share, March 31 , 2009	7,179	7	5,593	5,600
Common shares issued to acquire equipment valued at $0.79 per share	172,500	173	137,327	137,500
Common shares issued for consulting and legal services valued at $0.69 per share, April 30, 2009	7,205	7	4,993	5,000
Common shares issued for consulting services valued at $.69 per share, April 30, 2009	8,069	8	5,592	5,600
Warrants issued to Scientific Advisory Board, May 15, 2009			30,600	30,600
Common shares issued for consulting and legal	7,599	8	4,992	5,000

services valued at $ .66 per share, May 31, 2009					
Common shares issued for consulting services valued at $.66 per share, May 31, 2009	8,511	9	5,590		5,599
Common shares issued for consulting services valued at $ .61 per share, June 30, 2009	24,721	25	14,975		15,000
Common shares issued for consulting and legal services valued at $ .56 per share, June 30, 2009	8,961	9	4,991		5,000
Shares issued for consulting services valued at $.56 per share, June 30, 2009	10,038	10	5,590		5,600
Common shares and warrants issued in connection with private placement of common stock, June 30, 2009	150,000	150	74,850		75,000

Common shares and warrants issued in connection with warrant conversion, June 30, 2009					2,050,700	2,051	1,023,299	(100,000)		925,350
Net loss									(2,787,798)	(2,787,798)
Balance, June 30, 2009	-	-	-	-	125,299,457	125,299	14,455,778	(100,000)	(11,995,535)	2,485,542

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	Series A Preferred Stock: Par $0.001 Number of Shares	Amount	Series B Preferred Stock: Par $0.001 Number of Shares	Amount	Common Stock: Par $0.001 Number of Shares	Amount	Additional Paid-in Capital	Stock Subscription Receivable	Deficit Accumulated During the Development Stage	Total Stockholders' Equity
Collection of stock subscription receivable								100,000		100,000
Common shares issued for consulting and legal services valued at $ .66 per share, July 31, 2009					7,576	8	4,992			5,000
Common shares issued for consulting services valued at $.66 per share, July 31, 2009					8,485	8	5,592			5,600
Warrants issued to Scientific Advisory Board, August 15, 2009							41,400			41,400
Common shares issued for consulting and legal services valued at $ .86 per share, August 31, 2009					6,512	7	4,993			5,000
Common shares issued for consulting services valued at $.86 per share, August 31, 2009					5,814	6	5,594			5,600
Common shares issued for consulting					6,292	6	5,594			5,600

services valued at $ .89 per share, September 30, 2009				
Common shares issued for consulting and legal services valued at $ .89 per share, September 30, 2009	5,618	6	4,994	5,000
Payment of Finder's Fee			(5,250)	(5,250)
Common shares and warrants issued in connection with private placement of common stock, September 30, 2009	2,675,000	2,675	1,334,825	1,337,500
Common shares and warrants issued in connection with warrant conversion, September 30, 2009	3,759,800	3,760	1,876,140	1,879,900
Common shares issued for consulting and legal services valued at $ .57 per share, October 1, 2009	35,088	35	19,965	20,000
Common shares issued for Legal services valued at $56.50 per share, October 26, 2009	12,500	13	7,050	7,063
Warrants issued for commissions, October 26,			3,570	3,570

2009				
Common shares issued for consulting and legal services valued at $ .73 per share, October 31, 2009	6,859	7	4,993	5,000
Common shares issued for consulting services valued at $.73 per share, October 31, 2009	7,682	8	5,592	5,600
Common shares issued upon conversion of Warrants, November 10, 2009	10,000	10	1,430	1,440
Warrants issued to Scientific Advisory Board, November 15, 2009			39,600	39,600
Common shares issued in payment of accounts payable, November 25, 2009	32,500	33	25,167	25,200
Common shares issued for consulting and legal services valued at $ .86 per share, November 30, 2009	5,814	6	4,994	5,000
Common shares issued for consulting services valued at $.86 per share, November 30, 2009	9,767	10	8,390	8,400
	9,917	10	8,390	8,400

Common shares issued for consulting services valued at $ .85 per share, December 31, 2009				
Common shares issued for consulting and legal services valued at $ .85 per share, December 31, 2009	5,903	6	4,994	5,000

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	Series A Preferred Stock: Par $0.001		Series B Preferred Stock: Par $0.001		Common Stock: Par $0.001		Additional	Stock	Deficit Accumulated During the	Total
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Paid-in Capital	Subscription Receivable	Development Stage	Stockholders' Equity
Common shares issued for consulting and legal services valued at $1.043 per share, January 31, 2010					4,794	5	4,995			5,000
Warrants issued to Scientific Advisory Board, February 15, 2010							40,200			40,200
Series A Preferred Shares issued for TheraCour license valued at $.001 par value, February 15, 2010	7,000,000	7,000								7,000
Common shares issued for consulting services valued at $1.096 per share, February 28, 2010					4,562	5	4,995			5,000
Common shares issued for employee stock compensation valued at $1.25 per share, March 3, 2010					125,000	125	156,125			156,250
Common shares issued for employee stock compensation valued at $1.25 per share, March 3, 2010					125,000	125	156,125			156,250

Series A Preferred Shares issued for employee stock compensation, March 3, 2010	250,000	250					513,573		513,823
Series A Preferred Shares issued for employee stock compensation, March 3, 2010	250,000	250					513,573		513,823
Series A Preferred Shares issued for employee stock compensation, March 3, 2010	93,750	94					192,590		192,684
Common shares issued for consulting and legal servies valued at $1.25 per share, March 3, 2010					1,000	1	1,249		1,250
Common shares issued for consulting services valued at $1.417 per share, March 31, 2010					3,529	4	4,996		5,000
Common shares issued in lieu of payment of accounts payable - All Sciences					39,625	40	31,660		31,700
Common shares issued for consulting and legal services valued at $2.087 per share, April 30, 2010					2,396	2	4,998		5,000
			500,000	500			4,999,500		5,000,000

Series B Preferred Shares issued to SeaSide 88, LP, May 12, 2010							
Placement Agents Fees related to sale of Convertible Preferred shares, May 12, 2010					(400,000)		(400,000)
Legal Fees related to Sale of Convertible Preferred Stock, May 12, 2010					(50,000)		(50,000)
Derivative Liability - Issuance of Series B Preferred Shares					(1,787,379)		(1,787,379)
Common shares issued for conversion of Series B Preferred Shares at $1.88 per share, May 12, 2010			319,331	319			319
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, May 12, 2010	(60,000)	(60)					(60)
Derivative Liability - Retirement of Series B Preferred Shares, May 12, 2010					128,053		128,053
Warrants issued to Scientific Advisory					82,800		82,800

Board, May 15, 2010							
Common shares issued for conversion of Series B Preferred Shares at $1.51 per share, May 26, 2010			398,189	398		398	
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, May 26, 2010	(60,000)	(60)				(60	)

	Series A Preferred Stock: Par $0.001		Series B Preferred Stock: Par $0.001		Common Stock: Par $0.001		Additional	Stock	Deficit Accumulated During the	Total
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Paid-in Capital	Subscription Receivable	Development Stage	Stockholders' Equity
Dividend paid to Seaside 88, LP, May 26, 2010							(16,877)			(16,877)
Common shares issued as Dividend to Seaside 88, LP at $1.64, May 26, 2010					10,300	10	16,867			16,877
Derivative Liability - Retirement of Series B Preferred Shares, May 26, 2010							151,852			151,852
Common shares issued for consulting and legal services valued at $2.083 per share, May 31, 2010					2,400	2	4,998			5,000
Common shares issued for conversion of warrants to Common Stock at $1.00 per					195,000	195	194,805			195,000

share, June 9, 2010							
Common shares issued for conversion of Series B Preferred Shares at $1.41 per share, June 9, 2010			426,721	427			427
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, June 9, 2010	(60,000)	(60)					(60)
Dividend paid to Seaside 88, LP, June 9, 2010					(14,575)		(14,575)
Common shares issued as Dividend to Seaside 88, LP at $1.41, June 9, 2010			10,366	10	14,565		14,575
Derivative Liability - Retirement of Series B Preferred Shares, June 9, 2010					149,364		149,364
Common shares issued for consulting and legal services			11,300	11	19,989		20,000

valued at $1.77 per share, June 9, 2010						
Common shares issued for consulting and legal services valued at $1.77 per share, June 9, 2010			2,000	2	3,538	3,540
Common shares issued for conversion of Series B Preferred Shares at $1.59 per share, June 23, 2010			377,905	378		378
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, June 23, 2010	(60,000)	(60)				(60)
Dividend paid to Seaside 88, LP, June 23, 2010					(12,274)	(12,274)
Common shares issued as Dividend to Seaside 88, LP at $1.59, June 23, 2010			7,731	7	12,268	12,275
Derivative Liability -					120,254	120,254

Retirement of Series B Preferred Shares, June 23, 2010										
Common shares issued for consulting and legal services valued at $1.043 per share, June 30, 2010					2,738	2	4,998			5,000
Net loss									(4,744,208)	(4,744,208)
Balance, June 30, 2010	7,593,750	7,594	260,000	260	133,980,471	133,981	23,116,612	-	(16,739,743)	6,518,704
Common shares issued for conversion of Series B Preferred Shares at $1.51 per share, July 7, 2010					397,088	397				397
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, July 7, 2010			(60,000)	(60)						(60)
Dividend paid to Seaside 88, LP, July 7, 2010							(9,973)			(9,973)

	Series A Preferred Stock: Par $0.001		Series B Preferred Stock: Par $0.001		Common Stock: Par $0.001		Additional	Stock	Deficit Accumulated During the	Total
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Paid-in Capital	Subscription Receivable	Development Stage	Stockholders' Equity
Common shares issued as dividend to Seaside 88, LP at $1.65 per share, July 7, 2010					6,061	6	9,967			9,973
Derivative liability - retirement of Series B Preferred Shares, July 7, 2010							116,715			116,715
Common shares issued for conversion of Series B Preferred Shares at $1.30 per share, July 21, 2010					463,177	463				463
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, July 21, 2010			(60,000)	(60)						(60)
Dividend paid to Seaside 88, LP, July 21, 2010							(7,671)			(7,671)
Common shares issued as dividend to					5,794	6	7,665			7,671

Seaside 88, LP at $1.32 per share, July 21, 2010							
Derivative liability - retirement of Series B Preferred Shares, July 21, 2010					113,700		113,700
Common shares issued for consulting and legal services valued at $2.087 per share, July 31, 2010			3,086	3	4,997		5,000
Common shares issued for conversion of Series B Preferred Shares at $1.14 per share, August 4, 2010			526,916	527			527
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, August 4, 2010	(60,000)	(60)					(60)
Dividend paid to Seaside 88, LP, August 4, 2010					(5,370)		(5,370)
Common shares issued as dividend to Seaside 88, LP, at $1.14 per share, August 4, 2010			4,716	5	5,365		5,370
Derivative liability - retirement of					104,480		104,480

Series B Preferred Shares, August 4, 2010						
Warrants issued to Scientific Advisory Board, August 15, 2010					45,000	45,000
Common shares issued in conversion of Series B Preferred Shares at $0.99 per share, August 18, 2010			606,367	606		606
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, August 18, 2010	(60,000)	(60)				(60)
Dividend paid to Seaside 88, LP, August 18, 2010					(3,068)	(3,068)
Common shares issued as dividend to Seaside 88, LP at $0.99 per share, August 18, 2010			3,101	3	3,065	3,068
Derivative liability - retirement of Series B Preferred Shares, August 18, 2010					104,795	104,795
Common shares issued for consulting and legal			4,032	4	4,996	5,000

services valued at $1.24 per share, August 31, 2010							
Common shares issued for conversion of Series B Preferred Shares at $0.93 per share, September 1, 2010			215,332	215			215
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, September 1, 2010	(20,000)	(20)					(20)
Dividend paid to Seaside 88, LP, September 1, 2010					(767)		(767)
Common shares issued as dividend to Seaside 88, LP at $1.00 per share, September 1, 2010			766	1	766		767

	Series A Preferred Stock: Par $0.001		Series B Preferred Stock: Par $0.001		Common Stock: Par $0.001		Additional	Stock	Deficit Accumulated During the	Total
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Paid-in Capital	Subscription Receivable	Development Stage	Stockholders' Equity
Derivative liability - retirement of Series B Preferred Shares, September 1, 2010							34,841			34,841
Series B Preferred Shares issued to SeaSide 88, LP, September 21, 2010			250,000	250			2,499,750			2,500,000
Placement Agents fees related to sale of Convertible Preferred shares, September 21, 2010							(195,000)			(195,000)
Legal fees related to sale of Convertible Preferred Stock, September 21, 2010							(10,000)			(10,000)
Derivative liability - issuance of Series B Preferred Shares							(328,086)			(328,086)
Common shares issued for conversion of Series B Preferred Shares at $0.93 per share, September 21, 2010					430,015	430				430

Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, September 21, 2010	(40,000)	(40)					(40)
Derivative liability - retirement of Series B Preferred Shares, September 21, 2010					103,012		103,012
Common shares issued for consulting and legal services valued at $1.07 per share, September 30, 2010			4,673	5	4,995		5,000
Common shares issued for conversion of Series B Preferred Shares at $0.87 per share, October 5, 2010			460,246	460			460
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, October 5, 2010	(40,000)	(40)					(40)
Dividend paid to Seaside 88, LP, on October 5, 2010					(8,055)		(8,055)
Common shares issued as dividend to Seaside 88, LP at $0.87 per share, October 5, 2010			9,268	9	8,046		8,055
Derivative liability -					103,330		103,330

Retirement of Series B Preferred Shares, October 5, 2010								
Common shares issued for conversion of Series B Preferred Shares at $0.88 per share, October 19, 2010					452,965	453		453
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, October 19, 2010			(40,000)	(40)				(40)
Dividend paid to Seaside 88, LP, October 19, 2010							(6,521)	(6,521)
Common shares issued as dividend to Seaside 88, LP at $0.88 per share, October 19, 2010					7,384	7	6,514	6,521
Derivative liability - Retirement of Series B Preferred Shares, October 19, 2010							69,635	69,635
Common shares issued for consulting and legal services valued at $1.03 per share, October 31, 2010					4,854	5	4,995	5,000
Series A Preferred Shares issued for employee stock compensation, November 1, 2010	30,000	30					53,903	53,933
Common shares issued for					461,313	461		461

conversion of Series B Preferred Shares at $0.87 per share, November 2, 2010				
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, August 4, 2010	(40,000)	(40)		(40)
Dividend paid to Seaside 88, LP, November 2, 2010			(4,986)	(4,986)

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	Series A Preferred Stock: Par $0.001 Number of Shares	Series A Preferred Stock: Par $0.001 Amount	Series B Preferred Stock: Par $0.001 Number of Shares	Series B Preferred Stock: Par $0.001 Amount	Common Stock: Par $0.001 Number of Shares	Common Stock: Par $0.001 Amount	Additional Paid-in Capital	Stock Subscription Receivable	Deficit Accumulated During the Development Stage	Total Stockholders' Equity
Common shares issued as dividend to Seaside 88, LP at $0.87 per share, November 2, 2010					5,751	6	4,980			4,986
Derivative liability - retirement of Series B Preferred Shares, November 2, 2010							69,104			69,104
Warrants issued to Scientific Advisory Board, November 15, 2010							55,800			55,800
Common shares issued for conversion of Series B Preferred Shares at $1.16 per share, November 16, 2010					345,817	346				346
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, November 16, 2010			(40,000)	(40)						(40)
Dividend paid to Seaside 88, LP,							(3,452)			(3,452)

November 16, 2010							
Common shares issued as dividend to Seaside 88, LP at $1.16 per share, November 16, 2010			2,984	3	3,449		3,452
Derivative liability - Retirement of Series B Preferred Shares, November 16, 2010					69,187		69,187
Common shares issued for conversion of Series B Preferred Shares at $1.35 per share, November 30, 2010			310,566	311			311
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, November 30, 2010	(40,000)	(40)					(40)
Dividend paid to Seaside 88, LP, November 30, 2010					(1,918)		(1,918)
Common shares issued as dividend to Seaside 88, LP at $1.35 per share, November 30, 2010			1,417	1	1,917		1,918
Derivative liability - Retirement of Series B Preferred Shares,					69,449		69,449

November 30, 2010							
Common shares issued for consulting and legal services valued at $1.46 per share, November 30, 2010			3,425	3	4,997		5,000
Common shares issued for conversion of warrants to Common Stock at $1.00 per share, December 10, 2010			25,000	25	24,975		25,000
Common shares issued as compensation pursuant to S-8 at $1.28 per share, December 10, 2010			50,000	50	63,950		64,000
Common shares issued for conversion of Series B Preferred Shares at $1.10 per share, December 14, 2010			90,840	91			91
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, December 14, 2010	(10,000)	(10)					(10)
Dividend paid to Seaside 88, LP, December 14 2010					(384)		(384)
Common shares issued as Dividend to Seaside 88, LP, at $1.10 per			348	-	384		384

share, December 14, 2010							
Derivative liability - retirement of Series B Preferred Shares, December 14, 2010					17,438		17,438
Series B Preferred Shares issued to SeaSide 88, LP, December 21, 2010	250,000	250			2,499,750		2,500,000
Placement Agents fees related to sale of Convertible Preferred shares, December 21, 2010					(200,000)		(200,000)
Common shares issued for consulting and legal services valued at $1.32 per share, December 31, 2010			4,545	5	5,995		6,000

	Series A Preferred Stock: Par $0.001		Series B Preferred Stock: Par $0.001		Common Stock: Par $0.001		Additional	Stock	Deficit Accumulated During the	Total
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Paid-in Capital	Subscription Receivable	Development Stage	Stockholders' Equity
Adjustment						33				33
Common shares issued for conversion of Series B Preferred Shares at $1.16 per share, January 3, 2011					343,796	344				344
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, January 3, 2011			(40,000)	(40)						(40)
Dividend paid to Seaside 88, LP, January 3, 2011							(8,904)			(8,904)
Common shares issued as dividend to Seaside 88, LP at $1.16 per share, January 3, 2011					7,653	8	8,896			8,904
Derivative liability - retirement of Series B Preferred Shares, January 3, 2011							73,532			73,532
					317,965	318				318

Common shares issued for conversion of Series B 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	(40,000)	(40)				(40)
Dividend paid to Seaside 88, LP, January 17, 2011					(8,055)	(8,055)
Common shares issued as dividend to Seaside 88, LP at $1.26 per share, January 17, 2011			6,403	6	8,049	8,055
Derivative liability - retirement of Series B Preferred Shares, January 17, 2011					70,882	70,882
Common shares issued for conversion of Series B Preferred Shares at $1.12 per share, January 31, 2011			356,422	356		356
Retirement of Series B Preferred Shares converted into	(40,000)	(40)				(40)

common stock by SeaSide 88, LP, January 31, 2011							
Dividend paid to Seaside 88, LP, January 31, 2011					(6,521)		(6,521)
Common shares issued as dividend to Seaside 88, LP at $1.24 per share, January 31, 2011			5,271	5	6,516		6,521
Derivative liability - retirement ofSeries B Preferred Shares, January 31, 2011					72,432		72,432
Common shares issued for consulting and legal services valued at $1.47 per share, January 31, 2011			4,087	4	5,996		6,000
Common shares issued for conversion of warrants at $1.00 per share, February 4, 2011			25,000	25	24,975		25,000
Common shares issued for conversion of Series B Preferred Shares at $1.08 per share, February 14, 2011			370,017	370			370
Retirement of Series B Preferred Shares	(40,000)	(40)					(40)

converted into common stock by SeaSide 88, LP, February 14, 2011				
Dividend paid to Seaside 88, LP, February 14, 2011			(4,986)	(4,986)
Common shares issued as dividend to Seaside 88, LP, at $1.08 per share, February 14, 2011	4,613	5	4,981	4,986
Derivative liability - retirement of Series B Preferred Shares, February 14, 2011			71,699	71,699
Warrants issued to Scientific Advisory Board, Feburary 15, 2011			54,000	54,000

	Series A Preferred Stock: Par $0.001		Series B Preferred Stock: Par $0.001		Common Stock: Par $0.001		Additional	Stock	Deficit Accumulated During the	Total
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Paid-in Capital	Subscription Receivable	Development Stage	Stockholders' Equity
Common shares issued for conversion of Series B Preferred Shares at $0.99 per share, February 28, 2011					405,610	406				406
Derivative liability - retirement of Series B Preferred Shares, February 28, 2011							71,490			71,490
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, February 28, 2011			(40,000)	(40)						(40)
Dividend paid to Seaside 88, LP, February 28, 2011							(3,452)			(3,452)
Common shares issued as dividend to Seaside 88, LP at $0.99 per shares, February 28, 2011					3,500	4	3,448			3,452
Common shares issued for consulting and legal services valued at $1.22 per share, February 28, 2011					4,902	5	5,995			6,000
Common shares issued for employee stock compensation at					125,000	125	158,000			158,125

$1.32 per share, March 3, 2011								
Common shares issued for employee stock compensation at $1.32 per share, March 3, 2011					125,000	125	158,000	158,125
Series A Preferred Shares issued for employee stock compensation, March 3, 2011	250,000	250					574,331	574,581
Series A Preferred Shares issued for employee stock compensation, March 3, 2011	250,000	250					574,331	574,581
Series A Preferred Shares issued for employee stock compensation, March 3, 2011	93,750	94					215,374	215,468
Common shares issued for conversion of Series B Preferred Shares at $1.09 per share, March 14, 2011					367,274	367		367
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, March 14, 2011			(40,000)	(40)				(40)
Dividend paid to Seaside 88, LP, March 14, 2011							(1,918)	(1,918)
Common shares issued as Dividend to Seaside 88, LP at $1.09 per shares, March 14, 2011					1,761	2	1,916	1,918
Derivative Liability - Retirement of Series B Preferred							70,566	70,566

Shares, March 14, 2011						
Common shares issued for conversion of Series B Preferred Shares at $1.11 per share, March 28, 2011			89,986	90		90
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, March 28, 2011	(10,000)	(10)				(10)
Dividend paid to Seaside 88, LP, March 28, 2011					(384)	(384)
Common shares issued as dividend to Seaside 88, LP, at $1.11 per share, March 28, 2011			345	-	384	384
Derivative liability - retirement of Series B Preferred Shares, March 28, 2011					17,525	17,525
Common shares issued for consulting and legal services valued at $1.28 per share, March 31, 2011			4,680	5	5,995	6,000
Common shares issued for conversion of warrants to common stock at $1.00 per share, April 10, 2011			10,000	10	9,990	10,000
Series B Preferred Shares issued to SeaSide 88, LP, April 18, 2011	250,000	250			2,499,750	2,500,000

	Series A Preferred Stock: Par $0.001 Number of Shares	Amount	Series B Preferred Stock: Par $0.001 Number of Shares	Amount	Common Stock: Par $0.001 Number of Shares	Amount	Additional Paid-in Capital	Stock Subscription Receivable	Deficit Accumulated During the Development Stage	Total Stockholders' Equity
Placement Agents fees related to sale of Convertible Preferred shares, April 18, 2011							(160,000)			(160,000)
Legal fees related to Sale of Convertible Preferred Stock, April 18, 2011							(25,000)			(25,000)
Derivative liability - issuance of Series B Preferred Shares							(429,725)			(429,725)
Common shares issued for conversion of Series B Preferred Shares at $1.28 per share, April 18, 2011					312,163	312	(272)			40
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, April 18, 2011			(40,000)	(40)						(40)
Derivative liability -							68,756			68,756

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

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

converted into common stock by SeaSide 88, LP, May 30, 2011					
Derivative liability - retirement of Series B Preferred Shares, May 30, 2011			69,464		69,464
Dividend paid to Seaside 88, LP, May 30, 2011			(4,986)		(4,986)
Common shares issued as Dividend to Seaside 88, LP at $1.23 per share, May 30, 2011	4,070	4	4,982		4,986
Common shares issued for consulting and legal services valued at $1.47 per share, May 31, 2011	4,087	4	5,996		6,000

	Series A Preferred Stock: Par $0.001		Series B Preferred Stock: Par $0.001		Common Stock: Par $0.001		Additional	Stock	Deficit Accumulated During the	Total
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Paid-in Capital	Subscription Receivable	Development Stage	Stockholders' Equity
Common shares issued for conversion of Series B Preferred Shares at $1.18 per share, June 13, 2011					339,971	340	(300)			40
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, June 13, 2011			(40,000)	(40)						(40)
Derivative liability - retirement of Series B Preferred Shares, June 13, 2011							69,727			69,727
Dividend paid to Seaside 88, LP, June 13, 2011							(3,452)			(3,452)
Common shares issued as Dividend to Seaside 88,					2,934	3	3,449			3,452

LP at $1.18 per share, June 13, 2011							
Common shares issued for conversion of Series B Preferred Shares at $1.02 per share, June 27, 2011			391,850	392	(352)		40
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, June 27, 2011	(40,000)	(40)					(40)
Derivative Liability - Retirement of Series B Preferred Share, June 27, 2011					69,973		69,973
Dividend paid to Seaside 88, LP, June 27, 2011					(1,918)		(1,918)
Common shares issued as Dividend to Seaside 88, LP at $1.10 per share, June 27, 2011			1,741	2	1,916		1,918
Common shares issued for consulting			4,902	5	5,995		6,000

and legal services valued at $1.22 per share, June 30, 2011										
Net loss									(6,477,166)	(6,477,166)
Balance, June 30, 2011	8,217,500	8,218	10,000	10	143,548,394	143,582	33,235,990	-	(23,216,909)	10,170,891
Adjustment						(33)	33			-
Common shares issued for conversion of Series B Preferred Shares at $1.11 per share, July 11, 2011					89,986	90				90
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, July 11, 2011			(10,000)	(10)						(10)
Derivative liability - retirement of Series B Preferred Shares, July 11, 2011							17,880			17,880
Dividend to Seaside 88, LP, paid on July 11, 2011							(381)			(381)
Common shares issued as					345	-	381			381

dividend to Seaside 88, LP at $1.18 per share, July 11, 2011							
Series B Preferred Shares issued to SeaSide 88, LP, on July 26, 2011	250,000	250			2,499,750		2,500,000
Placement Agents fees related to sale of Convertible Preferred shares, July 26, 2011					(150,000)		(150,000)
Derivative liability - issuance of Series B Preferred Shares					(429,768)		(429,768)
Legal Fees related to Sale of Convertible Preferred Stock, July 26, 2011					(6,250)		(6,250)
Common shares issued in conversion of Series B Preferred Shares to common stock at $1.18 per share, July 26, 2011			377,800	378			378

	Series A Preferred Stock: Par $0.001		Series B Preferred Stock: Par $0.001		Common Stock: Par $0.001		Additional	Stock	Deficit Accumulated During the	Total
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Paid-in Capital	Subscription Receivable	Development Stage	Stockholders' Equity
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, July 26, 2011			(40,000)	(40)						(40)
Derivative liability - retirement of Series B Preferred Shares, July 26, 2011							68,425			68,425
Common shares issued for consulting and legal services valued at $1.26 per share, July 31, 2011					4,762	5	5,995			6,000
Warrants issued to Scientific Advisory Board, August 15, 2011							56,400			56,400
Common shares issued for conversion of Series B Preferred Shares at $0.92 per share, August 8, 2011					437,187	437				437
			(40,000)	(40)						(40)

Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, August 8, 2011						
Derivative liability - retirement of Series B Preferred Shares, August 8, 2011					69,193	69,193
Dividend to Seaside 88, LP, paid on August 8, 2011					(8,055)	(8,055)
Common shares issued as Dividend to Seaside 88, LP at $0.98 per share, August 8, 2011			8,205	8	8,047	8,055
Common shares issued for conversion of Series B Preferred Shares at $0.95 per share, August 23, 2011			419,829	420		420
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, August 23, 2011	(40,000)	(40)				(40)
Derivative liability - retirement of Series B Preferred					69,351	69,351

Shares, August 23, 2011							
Dividend paid to Seaside 88, LP, August 23, 2011					(6,521)		(6,521)
Common shares issued as Dividend to Seaside 88, LP at $0.95 per share, August 23, 2011			6,844	7	6,514		6,521
Common shares issued for consulting and legal services valued at $1.14 per share, August 31, 2011			5,263	5	5,995		6,000
Common shares issued for conversion of Series B Preferred Shares at $0.95 per share, September 6, 2011			422,873	423			423
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, September 6, 2011	(40,000)	(40)					(40)
Derivative liability - retirement of Series B Preferred Shares, September 6, 2011					69,887		69,887
Dividend paid to Seaside 88,					(4,986)		(4,986)

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

	Series A Preferred Stock: Par $0.001		Series B Preferred Stock: Par $0.001		Common Stock: Par $0.001		Additional	Stock	Deficit Accumulated During the	Total
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Paid-in Capital	Subscription Receivable	Development Stage	Stockholders' Equity
Common shares issued as Dividend to Seaside 88, LP at $0.94 per share, September 19, 2011					3,691	3	3,449			3,452
Common shares issued for consulting and legal services valued at $1.07 per share, September 30, 2011					5,607	6	5,994			6,000
Net loss									(1,139,976)	(1,139,976)
Balance, September 30, 2011	8,217,500	$8,218	50,000	$50	145,763,702	$145,764	$35,588,822	$-	$(24,356,885)	$11,385,969

See accompanying notes to the financial statements.

NANOVIRICIDES, INC.
(A DEVELOPMENT STAGE COMPANY)
STATEMENTS OF CASH FLOWS
(Unaudited)

	Three months Ending September 30, 2011	Three months Ending September 30, 2010	For the Period From May 12, 2005 (Inception) Through September 30, 2011
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	$(1,139,976)	$ (1,097,491)	(24,356,885)
Adjustments to reconcile net loss to net cash used in operating activities:			
Preferred shares issued for license	-	-	7,000
Preferred shares issued as compensation	-	-	1,220,330
Common shares and warrants issued for services	18,000	15,000	3,161,494
Warrants granted to scientific advisory board	56,400	45,000	910,441
Amortization of deferred compensation	-	-	121,424
Depreciation and amortization	54,913	51,115	694,281
Change in fair value of derivative liability	(8,452)	(11,860)	(139,166)
Amortization of deferred financing expenses	-	-	51,175
Non cash interest on convertible debenture	-	-	73,930
Non cash interest expense on beneficial conversion feature of convertible debentures	-	-	713,079
Changes in operating assets and liabilities:			
Prepaid expenses	10,408	14,116	(313,886)
Other current assets	-	-	(8,001)
Deferred expenses	-	-	(2,175)
Accounts payable	18,255	56,933	442,164
Accounts payable – related parties	247,433	(534,906)	710,388
Accrued expenses	66,746	13,411	93,919
Net cash used in operating activities	(676,273)	(1,448,682)	(16,620,488)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property and equipment	(23,352)	(106,686)	(1,440,717)
Purchase of trademark	(5,733)	(17,810)	(429,488)
Net cash used in investing activities	(29,085)	(124,496)	(1,870,205)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of Series B convertible Preferred Stock	2,360,654	2,295,000	14,820,654
Proceeds from issuance of common stock in connection with the private placement of common stock, net of issuing cost	-	-	11,296,748
Proceeds from exercise of stock options	-	-	90,000
Proceeds from exercise of warrants	-	-	3,162,590
Stock subscription received	-	-	20
Net cash provided by financing activities	2,360,654	2,295,000	29,370,012

NET INCREASE IN CASH AND CASH EQUIVALENTS	1,655,296	721,821	10,879,319
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	9,224,023	6,955,733	
CASH AND CASH EQUIVALENT, ENDING OF PERIOD	$ 10,879,319	$ 7,677,554	$ 10,879,319
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:			
INTEREST PAID	$ -	$ -	$ -
INCOME TAX PAID	$ -	$ -	$ 3,017

See accompanying notes to the financial statements.

NANOVIRICIDES, INC.
(A DEVELOPMENT STAGE COMPANY)
STATEMENTS OF CASH FLOWS (CONTINUED)
(Unaudited)

	Three months ended September 30, 2011	Three months ended September 30, 2010	For the Period From May 12, 2005 (Inception) through September 30, 2011
NON-CASH FINANCING AND INVESTING ACTIVITIES			
Common stock issued for services	$18,000	$11,791	$ 11,742,929
Preferred Stock Issued as compensation	-	-	2,638,915
Stock options issued to the officers as compensation	-	-	121,424
Stock warrants granted to scientific advisory board	56,400	45,000	910,441
Stock warrants granted to brokers	-	-	3,563
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 for conversion of Series B Preferred Stock	2,175,327	300,000	14,575,327
Common Stock issued for dividends on Series B Preferred Stock	24349	26,849	179,390
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)
September 30, 2011 AND 2010
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. and 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 the Company 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 7,000,000 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 four 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 four 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 7,000,000 shares were valued at the par value of $7,000.

We focus our research and clinical programs on specific anti-viral therapeutics. 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 recently declared a clinical candidate for all Influenza viruses in its FluCide™ program. To date, the Company does not have any commercialized products.

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, 2011 filed with the SEC on October 13, 2011.

For a summary of significant accounting policies (which have not changed from June 30, 2011), see the Company’s Annual Report on Form 10-K for the fiscal year ended June 30, 2011.

Recently Issued Accounting Pronouncements

In May 2011, the FASB issued the FASB Accounting Standards Update No. 2011-04 “Fair Value Measurement” (“ASU 2011-04”). This amendment and guidance are the result of the work by the FASB and the IASB to develop common requirements for measuring fair value and for disclosing information about fair value measurements in accordance with U.S. GAAP and International Financial Reporting Standards (IFRSs).

This update does not modify the requirements for when fair value measurements apply; rather, they generally represent clarifications on how to measure and disclose fair value under ASC 820, Fair Value Measurement, including the following revisions:

- An entity that holds a group of financial assets and financial liabilities whose market risk (that is, interest rate risk, currency risk, or other price risk) and credit risk are managed on the basis of the entity’s net risk exposure may apply an exception to the fair value requirements in ASC 820 if certain criteria are met. The exception allows such financial instruments to be measured on the basis of the reporting entity’s net, rather than gross, exposure to those risks.

- In the absence of a Level 1 input, a reporting entity should apply premiums or discounts when market participants would do so when pricing the asset or liability consistent with the unit of account.

- Additional disclosures about fair value measurements.

The amendments in this Update are to be applied prospectively and are effective for public entity during interim and annual periods beginning after December 15, 2011.

In June 2011, the FASB issued the FASB Accounting Standards Update No. 2011-05 "Comprehensive Income" ("ASU 2011-05"), which was the result of a joint project with the IASB and amends the guidance in ASC 220, Comprehensive Income, by eliminating the option to present components of other comprehensive income (OCI) in the statement of stockholders' equity. Instead, the new guidance now gives entities the option to present all non-owner changes in stockholders' equity either as a single continuous statement of comprehensive income or as two separate but consecutive statements. Regardless of whether an entity chooses to present comprehensive income in a single continuous statement or in two separate but consecutive statements, the amendments require entities to present all reclassification adjustments from OCI to net income on the face of the statement of comprehensive income.

The amendments in this Update should be applied retrospectively and are effective for public entity for fiscal years, and interim periods within those years, beginning after December 15, 2011.

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 September 30, 2011 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 September 30, 2011 the Company had a cash and cash equivalent of $10,879,319.

While the Company continues to incur significant operating losses and has significant capital requirements, the Company has been able to finance its business through sale of its securities (See Note 8). Additionally, subsequent to the reported period, on November 2, 2011, the Company entered into an additional Securities Purchase Agreement (the "Agreement") with Seaside 88, LP ("Seaside"), relating to the offering and sale (the "Offering") of up to 500,000 shares of the Company's Series B Convertible Preferred Stock, par value $0.001 per share (the "Series B Preferred Stock") at the purchase price of $10.00 per share (the "Purchase Price"). On November 2, 2011, Seaside purchased an initial 250,000 shares of the Series B Preferred Stock for an aggregate purchase price of $2,500,000 (the "Initial Closing"). Fourteen weeks following the Initial Closing, conditioned upon the Company's satisfaction of conditions precedent set forth in the Agreement, Seaside will purchase the remaining 250,000 shares of the Series B Preferred Stock for the purchase price of $2,500,000 (the "Subsequent Closing").   The Company has sufficient capital to continue its business, at least, through September 30, 2013, 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.

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 $24,356,884 at September 30, 2011 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 2011and 2010 and a cash and cash equivalent balance of $10,879,319 at September 30, 2011, 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 believes it can adjust its priorities of drug development and its Plan of Operations as necessary, if it is unable to raise such 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 four 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 four 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 7,000,000 shares was valued at their par value or $7,000.

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 $416,679 and $295,443 for the three months ended September 30, 2011, and 2010, respectively and $5,319,554 since inception. As of September 30, 2011, pursuant to its license agreement, the Company has paid a security advance of $306,160 to and held by TheraCour which is reflected in Prepaid Expenses. No royalties are due TheraCour from the Company’s inception through September 30, 2011.

TheraCour is affiliated with the Company through the common control of it and our Company by Anil Diwan, President, who is a director of each corporation, and owns approximately 70% of the common stock of TheraCour, which itself owns approximately 24.90% of the Common stock of the Company.

TheraCour owns 33,360,000 shares of the Company’s outstanding common stock as of September 30, 2011.

KARD Scientific, Inc.

In June 2005, the Company engaged KARD Scientific to conduct pre clinical 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 three months ended September 30, 2011, and 2010, were $-0- and $204,480 respectively and $1,352,637 since inception.

KARD Scientific Inc. of Wilmington, 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:

	September 30, 2011	June 30, 2011
TheraCour Pharma, Inc.	$ 306,160	$306,160

Prepaid Others	15,726	26,134
	$ 321,886	$332,294

Note 6 – Equity Transactions

On April 18, 2011, the Company entered into an additional Securities Purchase Agreement (the “Agreement”) with Seaside 88, LP (“Seaside”) relating to the offering and sale (the “Offering”) of up to 500,000 shares of the Company’s Series B Convertible Preferred Stock, par value $0.001 per share (the “Series B Preferred Stock”) at the purchase price of $10.00 per share (the “Purchase Price”). On April 19, 2011, Seaside purchased an initial 250,000 shares of the Series B Preferred Stock for an aggregate purchase price of $2,500,000 (the “Initial Closing”). The First Follow-on closing occurred on July 26, 2011 at which Seaside purchased the remaining 250,000 shares of the Series B Preferred Stock for the purchase price of $2,500,000 (the “Subsequent Closing”). 40,000 shares of the Series B Preferred Stock automatically converted into shares of the Company’s common stock, par value $0.001 per share (the “Common Stock”) at a conversion price of $0.782 per share

The Agreement contains representations and warranties and covenants for each party, which must be true and have been performed at each closing. Additionally, the Company has agreed to indemnify and hold harmless Seaside against certain liabilities in connection with the issuance and sale of the Series B Preferred Stock under the Agreement.

The offering was made pursuant to the Company’s shelf registration statement on Form S-3 (File No. 333-165221), which was declared effective by the Securities and Exchange Commission on April 29, 2010. 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 entered into by and between Midtown Partners & Co., LLC (“Midtown”) and the Company on March 3, 2010 (the “Placement Agent Agreement”), the Company paid Midtown a cash fee representing 8% of the gross purchase price paid by Seaside for the Series B Preferred Stock.

In connection with the Offering, pursuant to a Placement Agency Agreement entered into by and between Midtown and the Company, as amended by an Underwriter Agent Agreement Amendment No. 1, dated March 28, 2011 (as amended, the “Placement Agency Agreement”), the Company will pay Midtown a cash fee representing 6% of the gross purchase price paid by Seaside for the Series B Preferred Stock.

During the three months ended September 30, 2011, Seaside converted the following amounts of Series B Preferred Stock into the Company’s Common Stock:

Date of Conversion	Number of Shares of Series B Converted	Conversion Price	Number of Shares of .001 par value Common Stock Issued Pursuant to Conversion	Dividend Conversion Price	Dividend Shares Issued	Total Shares of .001 par value Common Stock Issued to Seaside
07/11/2011	10,000	1.11129	89,986	1.11129	345	90,331
07/26/2011	40,000	1.05876	377,800	-	-	377,800
08/08/2011	40,000	0.91494	437,187	0.98167	8,205	445,392
08/23/2011	40,000	0.95277	419,829	0.95277	6,844	426,673
09/06/2011	40,000	0.94591	422,873	0.94733	5,264	428,137
09/19/2011	40,000	0.93534	427,652	0.93534	3,691	431,343

Unregistered Securities

In August, 2011, the Scientific Advisory Board (SAB) was granted warrants to purchase 60,000 shares of common stock at $1.41 per share expiring in October, 2014. These warrants was valued at $56,400 and recorded as consulting expense.

For the three months ended September 30, 2011, the Company's Board of Directors authorized the issuance of 15,632 shares of its common stock with a restrictive legend for consulting services. The Company recorded an expense of $18,000.

Note 7 - 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 $7,311. The term of lease expired on February 28, 2011 and is now on a month-by-month basis. The lease can be cancelled by the Company upon six months written notice.

Total rent expense amounted to $26,085 and $25,012 for the three months ended September 30, 2011 and 2010, respectively.

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 were certain reportable subsequent events to be disclosed as follows:

On November 2, 2011, the Company entered into an additional Securities Purchase Agreement (the “Agreement”) with Seaside 88, LP (“Seaside”), a Florida limited partnership, relating to the offering and sale (the “Offering”) of up to 500,000 shares of the Company’s Series B Convertible Preferred Stock, par value $0.001 per share (the “Series B Preferred Stock”) at the purchase price of $10.00 per share (the “Purchase Price”). On November 2, 2011, Seaside purchased an initial 250,000 shares of the Series B Preferred Stock for an aggregate purchase price of $2,500,000 (the “Initial Closing”). Fourteen weeks following the Initial Closing, conditioned upon the Company’s satisfaction of conditions precedent set forth in the Agreement, Seaside will purchase the remaining 250,000 shares of the Series B Preferred Stock for the purchase price of $2,500,000 (the “Subsequent Closing”). 40,000 shares of the Series B Preferred Stock shall automatically convert into shares of the Company’s common stock, par value $0.001 per share (the “Common Stock”) at each of the Initial Closing and the Subsequent Closing and every fourteenth day thereafter at a conversion price equal to the Purchase Price divided by the lower of (i) the daily volume weighted average of actual trading prices of the Common Stock on the trading market (the “VWAP”) for the ten consecutive trading days immediately prior to a conversion date multiplied by 0.85 and (ii) the VWAP for the trading day immediately prior to a conversion date multiplied by 0.88. In the event that the conversion price does not equal or exceed $0.20 (the “Floor”), as calculated with respect to any subsequent conversion date, then such conversion will not occur and the shares not converted on that date will be added to the conversion on the following conversion date.

The Agreement contains representations and warranties and covenants for each party, which must be true and have been performed at each closing. Additionally, the Company has agreed to indemnify and hold harmless Seaside against certain liabilities in connection with the issuance and sale of the Series B Preferred Stock under the Agreement.

The conversion price per share for the Initial Closing was $0.782, and the Company raised gross proceeds from the offering of $2,500,000, before estimated offering expenses of approximately $180,000 which includes placement agent and attorneys’ fees.

The Offering was made pursuant to the Company’s shelf registration statement on Form S-3 (File No. 333-165221), which was declared effective by the Securities and Exchange Commission on April 29, 2010. The Company, pursuant to Rule 424(b) under the Securities Act of 1933, 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 entered into by and between Midtown and the Company, as amended by an Underwriter Agent Agreement Amendment No. 1, dated March 28, 2011 (as amended, the “Placement Agency Agreement”), the Company will pay Midtown a cash fee representing 6% of the gross purchase price paid by Seaside for the Series B Preferred Stock.

The Company has evaluated all events that occurred after the balance sheet through the date when the financial statements were issued to determine if they must be reported. The Management of the Company determined that there were no additional reportable subsequent events to be disclosed.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND PLAN 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, 2011. 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.

Management’s Plan of Operation

The Company’s drug development business model was formed in May 2005 with a license to the patents and intellectual property held by TheraCour Pharma, Inc., that enabled creation of drugs engineered specifically to combat viral diseases in humans. This exclusive license from TheraCour Pharma serves as a foundation for our intellectual property. The Company was granted 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. We have generated funding through the issuances of debt and private placement of common stock (see Item 5 Recent Sales of Unregistered Securities), and also the sale of our registered securities. The Company does not currently have any long term debt. 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.

Collaborative Agreements and Contracts

On December 23, 2005, the Company signed a Memorandum of Understanding (MOU) with the National Institute of Hygiene and Epidemiology in Hanoi (NIHE), a unit of the Vietnamese Government's Ministry of Health. This Memorandum of Understanding calls for cooperation in the development and testing of certain nanoviricides. The parties agreed that NanoViricides will retain all intellectual property rights with respect to any resulting product and that the initial target would be the development of drugs against H5N1 (avian influenza). NIHE thereafter requested that we develop a drug for rabies, a request to which we agreed. The initial phase of this agreement called first for laboratory testing, followed by animal testing of several drug candidates developed by the Company. Preliminary laboratory testing of FluCide(™)-I, AviFluCide(™) -and AviFluCide-HP(™) were successfully performed at the laboratories of the National Institute of Hygiene and Epidemiology in Hanoi (NIHE), against both clade 1 and clade 2 of H5N1 virus isolated in Vietnam. Successful animal testing of RabiCide(™), the company's rabies drug, was performed in Vietnam during the first half of 2007, and reproducibly repeated in 2008. Rabies testing can safely be done at their BSL2 facility. The H5N1 animal testing requires a BSL3 (biological safety laboratory level 3) laboratory. NIHE has acquired a BSL3 animal testing capacity during 2008. While the MOU provides for a final agreement between the Company and NIHE, we have not yet discussed a "final agreement" with NIHE and continue to work under the existing MOU. There are no financial obligations or responsibilities for either the Company or NIHE pursuant to the provisions of the MOU.

We have finalized execution of a Materials Cooperative Research and Development Agreement (M-CRADA) with the Centers for Disease Control and Prevention (CDC), Atlanta, GA in July, 2008. This agreement was initiated based on our success against Rabies in the animal studies conducted at NIHE Vietnam. Preliminary animal studies against Rabies were expected to start in the last quarter of calendar year 2009 or first quarter of calendar year 2010. The Company has lowered the priority of this program during the recent economic crisis in order to employ our resources most effectively. Subsequent to the agreement execution, the Company has supplied certain materials to CDC for testing. This testing, if successful, is expected to expand to involve potential use of nanoviricides as (1) a post-infection therapeutic drug against rabies, possibly in conjunction with a rabies vaccine, and (2) a post-exposure prophylactic drug against rabies, to replace costly human or monoclonal antibodies, possibly in conjunction with a rabies vaccine. To date, there is no effective post-infection therapeutic against rabies. Post-exposure prophylaxis market has been estimated to be as much $300M to $500M worldwide.

We have finalized a Materials Transfer Agreement (MTA) with the United States Army Institute of Infectious Diseases (USAMRIID) to develop antiviral agents against Ebola, Marburg and other hemorrhagic viruses in October 2007. Preliminary studies began in February, 2008. Certain nanoviricides candidates were found to be highly successful against Ebola virus in pre-clinical cell culture studies. Ebola virus is known to produce, in vivo, a soluble decoy protein that is a portion of its surface glycoprotein. If the nanoviricides that were successful in the in vitro studies bind to the decoy protein portion of the Ebola virus envelope, then we would expect that the nanoviricides would be neutralized in vivo by the decoy protein. We are therefore developing novel ligands that would potentially bind to the Ebola virus glycoprotein portion that is known to be not a part of the decoy protein. The MTA was extended for another year in October, 2009 to continue these studies. The Company has lowered the priority of this program during the recent economic crisis in order to employ our resources most effectively.

We have finalized an agreement with a Medical Institute to perform animal studies of our eye drop formulation of nanoviricides against viral EKC (viral Epidemic Kerato-conjunctivitis) in March, 2008. The first EKC-Cide(™) animal study was completed in June, 2008. Biochemical testing of the samples is continuing. The study indicated that the best nanoviricide drug candidate showed excellent clearance of clinical signs of the disease, viz. redness of the eye as well as sticky exudates, in a short time after treatment.

On May 6, 2009, the Company entered into a Clinical Study Agreement with THEVAC, LLC, a company affiliated with the Emerging Technology Center of the Louisiana State University. At present, TheVac is performing biological testing of anti-herpes nanoviricides. TheVac is conducting studies on the effect of anti-herpes nanoviricide drug candidates against herpes cold sores and genital herpes in cell culture models. In addition, TheVac is also conducting studies on the effect of anti-herpes nanoviricides drug candidates in a mouse model of herpes keratitis. Professor Gus Kousoulas and his team at Louisiana State University have validated and published on this animal model extensively in peer-reviewed scientific journals.

On February 16, 2010, the Company announced that it had signed a research and development agreement with Dr. Eva Harris's laboratory at the University of California, Berkeley (UC Berkeley). Under this agreement, Dr. Harris and coworkers will evaluate the effectiveness of nanoviricides® drug candidates against various dengue viruses. Cell culture models as well as in vivo animal studies will be employed for testing the drug candidates. Dr. Eva Harris is a Professor of Infectious Diseases at UC Berkeley. She is a leading researcher in the field of dengue. Her group has developed a unique animal model for dengue virus infection and disease that effectively emulates the pathology seen in humans. In particular, the critical problem of dengue virus infection, called "Antibody-Dependent Enhancement" (ADE), is reproduced in this animal model. When a person who was previously infected with one serotype of dengue virus is later infected by a different serotype, the antibodies produced by the immune system can lead to increased severity of the second dengue infection, instead of controlling it. ADE thus can lead to severe dengue disease or dengue hemorrhagic fever (DHF).

On May 13, 2010, the Company announced that it had entered into a Research and Development Agreement with Professor Ken Rosenthal Lab at NEOUCOM (now called NEOMED). Professor Rosenthal has developed in vitro or cell culture based tests for identifying the effectiveness of antiviral agents against HSV. He has also developed a skin lesion mouse model for HSV infection. Dr. Rosenthal has been involved in the evaluation of HSV vaccines as well as anti-HSV drugs. His laboratory has developed an improved mouse model of skin-infection with HSV to follow the disease progression. This model has been shown to provide highly uniform and reproducible results. A uniform disease pattern including onset of lesions and further progression to zosteriform lesions is observed in all animals in this model. This uniformity makes it an ideal model for comparative testing of various drug candidates. Dr. Rosenthal is a professor of microbiology, immunology and biochemistry at Northeastern Ohio Universities Colleges of Medicine and Pharmacy (NEOUCOM). He is a leading researcher in the field of herpes viruses. His research interests encompass several aspects of how herpes simplex virus (HSV) interacts with the host to cause disease. His research has addressed how HSV infects skin cells and examined viral properties that facilitate its virulence and ability to cause encephalitis. In addition, Dr. Rosenthal has also been studying a viral protein that makes the HSV more virulent by helping the virus to take over the cellular machinery to make copies of its various parts, assemble these parts together into virus particles and release the virus to infect other cells. He is also researching how the human host immune response works against HSV for the development of protective and therapeutic vaccines.

On August 16, 2010, the Company reported that its anti-Herpes drug candidates demonstrated significant efficacy in the recently completed cell culture studies in Dr. Rosenthal Lab at NEOUCOM. Several of the anti-Herpes nanoviricides® demonstrated a dose-dependent maximal inhibition of Herpes virus infectivity in a cell culture model. Almost complete inhibition of the virus production was observed at clinically usable concentrations. 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. The H129 strain will be used in subsequent animal testing of nanoviricides.

On May 17, 2010, the Company announced that it had signed a research and development agreement with the University of California, San Francisco (UCSF), for the testing of its anti-HIV drug candidates. Cheryl Stoddart, PhD, Assistant Professor in the UCSF Division of Experimental Medicine, will be the Principal Investigator. The Company plans to continue its anti-HIV in vitro (cell culture) testing program at the Southern Research Institute in Frederick, MD. The Company also plans to continue its anti-HIV in vivo (animal model) testing program at KARD Scientific, MA. The animal model for HIV, the SCID-hu mouse model is a complex and expensive model. Due to budgetary constraints, our anti-HIV program had to be slowed down in the last few years.

Subsequent Event.

On November 2, 2011 the Company entered into an additional Securities Purchase Agreement (the “Agreement”) with Seaside, relating to the offering and sale (the “Offering”) of up to 500,000 shares of the Company’s Series B Convertible Preferred Stock, par value $0.001 per share (the “Series B Preferred Stock”) at the purchase price of $10.00 per share (the “Purchase Price”). On April 19, 2011, Seaside purchased an initial 250,000 shares of the Series B Preferred Stock for an aggregate purchase price of $2,500,000 (the “Initial Closing”). Fourteen weeks following the Initial Closing, conditioned upon the Company’s satisfaction of conditions precedent set forth in the Agreement, Seaside will purchase the remaining 250,000 shares of the Series B Preferred Stock for the purchase price of $2,500,000 (the “Subsequent Closing”). 40,000 shares of the Series B Preferred Stock shall automatically convert into shares of the Company’s common stock, par value $0.001 per share (the “Common Stock”) at each of the Initial Closing and the Subsequent Closing and every fourteenth day thereafter at a conversion price equal to the Purchase Price divided by the lower of (i) the daily volume weighted average of actual trading prices of the Common Stock on the trading market (the “VWAP”) for the ten consecutive trading days immediately prior to a conversion date multiplied by 0.85 and (ii) the VWAP for the trading day immediately prior to a conversion date multiplied by 0.88. In the event that the conversion price does not equal or exceed $0.20 (the “Floor”), as calculated with respect to any subsequent conversion date, then such conversion will not occur and the shares not converted on that date will be added to the conversion on the following conversion date.

The Agreement contains representations and warranties and covenants for each party, which must be true and have been performed at each closing. Additionally, the Company has agreed to indemnify and hold harmless Seaside against certain liabilities in connection with the issuance and sale of the Series B Preferred Stock under the Agreement.

The conversion price per share for the Initial Closing was $0.782, and the Company raised gross proceeds from the offering of $2,500,000, before estimated offering expenses of approximately $180,000 which includes placement agent and attorneys’ fees.

The Offering was made pursuant to the Company’s shelf registration statement on Form S-3 (File No. 333-165221), which was declared effective by the Securities and Exchange Commission on April 29, 2010. The Company, pursuant to Rule 424(b) under the Securities Act of 1933, 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 entered into by and between Midtown and the Company, as amended by an Underwriter Agent Agreement Amendment No. 1, dated March 28, 2011 (as amended, the “Placement Agency Agreement”), the Company paid Midtown a cash fee representing 6% of the gross purchase price paid by Seaside for the Series B Preferred Stock.

The Company’s Drug Pipeline

Management believes that it has achieved significant milestones in the development of a number of antiviral nanoviricide drug candidates. We now have high efficacy lead drug candidates against five commercially important diseases, namely, (1) All Influenza viruses (FluCide-I™), (2) HIV (HIVCide-I™), (3) Nanoviricide Eye Drops for Viral Infections of the External Eye, (4) a nanoviricide against Herpes “Cold Sores” and genital herpes, and (5) Dengue viruses. Further, the Company has identified highly active nanoviricide drug candidates against Ebola/Marburg, and against Rabies. In addition, the Company has also established the technology feasibility for (a) broad-spectrum nanoviricides, and (b) Just-in-Time ADIF(™) technology; both of which are well suited for stockpiling to defend against known as well as novel infectious diseases.

We continue to achieve significant success in our drug development programs.

The Company has declared a clinical candidate against all Influenza viruses, namely, NV-INF-1, in its FluCide(™) program. The Company has successfully completed its candidate optimization program against influenzas resulting in drug candidates that are as much as 1,000 times more effective than oseltamivir (Tamiflu®) in reducing lung viral load in lethally H1N1-infected animals and several other observed parameters. With the extremely high efficacy levels of our anti-influenza drug candidates, we were able to combine our multiple influenza drug programs and formulate a single Pan-Influenza drug program, FluCide(™), last year. We optimized the drug candidates in the FluCide program this year and were pleasantly surprised to achieve even greater levels of effectiveness, while the drug still appears to be as safe as in previous studies.

These FluCide studies as well as HIVCide studies were conducted by Dr. Krishna Menon, PhD, VMD, MRCS, at KARD Scientific, MA. One million virus particles of Influenza A Strain A/WS/33 (H1N1) were aspirated directly into the lungs of mice. The same quantity of virus infection was repeated at 22 hrs. This influenza model was designed to be uniformly fatal in 100% of the infected, untreated animals within 5 days after infection. Treatment with the FluCide candidates and Tamiflu® (Roche) commenced 24 hours after the first viral infection. The duration of study was set at 21 days in the protocol. It was extended in order to properly evaluate the longest surviving animals.

These drug candidates were also found to offer significant protection against devastating lung lesions in this lethal influenza infection animal study.

We have reported that post-infection treatment with its 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, we also found that these FluCide™ drug candidates led to significant reduction in the damaging white blood cell presence in lung tissue in the same study. These optimized FluCide™ drug candidates resulted in significant reduction in lung tissue presence of leukocytes, and in particular, that of eosinophils in a lethal influenza infection animal model.

Eosinophil expansion occurs in response to a viral infection, and is indicative of a viral infection. Various white blood cells (leukocytes) also increase in response to a viral infection. These phenomena are part of the normal immune response. In severe influenza cases, it is thought that patients can go into a stage called "cytokine storm syndrome". This may be thought of as an all-out attack by an expanded army of white blood cells in response to an uncontrolled viral infection. In an attempt to control the viral infection, the immune system attacks the infected cells as well as nearby normal cells. This can lead to severe lung damage that may rapidly become fatal.

We observed that the reduced white blood cell and eosinophil counts were consistent with the dramatic reduction in lung lesions that we had found to occur upon FluCide treatment in lethally influenza infected animals.

We also found that treatment with the FluCide™ drug candidates resulted in a 1000-fold reduction of influenza viral load in the lungs of animals infected with lethal dose of influenza virus in this study.

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 >1,000-fold greater reduction in viral load by FluCide drug candidates >700x by a third drug candidate over Oseltamivir.

Of great clinical significance is the fact that two 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 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.

The Company had previously reported 18.3 days mean survival, in conjunction with a thirty-fold (30X) lung viral load reduction, with its then best anti-influenza drug candidate in the same animal model. After that, our FluCide program progressed to process chemistry optimizations that were expected to provide additional benefits in terms of efficacy and safety improvements. We have reported that these improvements have led to animal survival over the full defined 21 day duration of study for one drug candidate, with two additional drug candidates close behind the top candidate, at 20.2 and 20.4 days, along with a 1,000X reduction in the lung viral load, indicating the success of our process chemistry optimizations.

Based on this information, the Company has declared a clinical drug candidate against Influenza that the Company believes is on course for further development towards an IND submission to the FDA.

A single dose therapy of normal influenza infection appears to be feasible with this anti-influenza nanoviricide clinical candidate. A single injection can be easily administered by a medical officer when the patient goes for the first clinical visit. The Company believes that in most instances no follow-on treatment would be necessary. This expectation is based on the following results from its animal studies: (1) the extremely high treatment effectiveness in inhibiting the cycle of infection, virus expansion and spread of infection and, (2) the significantly long lasting effects of the drug treatment after the drug is discontinued.

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.

We also reported the results of our recent anti-HIV drug development study in the standard humanized mouse model in the HIVCide program. In this model, the immune system of the mouse is replaced by human immune system. Then HIV infection is given. HIV infects the human immune system. The antivirals are then given and tested for their effect on the interaction of HIV with the implanted human immune system. In the previous anti-HIV study, we had found that three different unoptimized anti-HIV nanoviricides exhibited extremely strong effectiveness that was equal to or better than a three drug HAART cocktail (highly effective antiretroviral treatment) in this animal model. We have since developed better optimized ligands to attack the HIV virus particle. In order to find the best ligand, we reduced the amount of ligand attached to the polymer chain in this new study. We believe that we were able to select the best nanoviricide anti-HIV ligand in the new study, which appears to be better than all the ligands tested in the previous study. This nanoviricide's effect was still equal to or better than the same 3 drug HAART cocktail, although we had expected a reduced effect.

What is more, the new anti-HIV nanoviricide drug candidate continued to maintain HIV-1 viral load suppression for at least 28 days after last drug dosing in this recent study. So we believe that an intermittent therapy against HIV/AIDS is feasible with nanoviricides. We believe that such a therapy would allow patients to achieve nominally HIV-free status, and have a normal life, for long periods without drugs. We are now further optimizing the HIVCide drug candidates. In effect, we believe that HIVCide would enable a "functional cure" for HIV, although much work needs to be done as this program matures into a clinical candidate.

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; (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.

Other drug candidates:

In addition to the declared clinical candidate for Influenza, and the anti-HIV drug candidates discussed above, the Company continues to work on pre-clinical studies towards the optimization of drug candidates against HSV, Dengue, and external eye viral diseases. In addition, nanoviricides against Rabies, Ebola/Marburg, Hepatitis C Virus (HCV), and several other viral diseases are at various early stages of research and development and involve a substantial amount of uncertainty as to the development of these drug candidates. Many of these drug programs are expected to result in clinical drug candidates against the respective viral diseases. Thus the Company has a very broad pipeline that is expected to continue to fuel its growth for several years to come.

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.

The Company is currently engaged in developing its pilot-scale manufacturing capability. The manufacturing portion of the facility will eventually need to be certified by the FDA in order for the Company to produce experimental materials that can be used in human clinical trials. It is preferable to use the same quality of materials for pharmaco-kinetic, pharmaco-dynamic and toxicology studies, although the materials for these pre-IND studies do not need to be manufactured in a cGMP-certified facility. These three sets of studies must be completed prior to the Company filing an IND with the FDA to begin the human safety and efficacy trials (Phase I, II and III).

The Company has not yet performed detailed safety profile studies to be included in a “Tox Package” for submission to the FDA for any of our drug candidates. Our studies regarding safety of the various nanoviricide drug candidates to date have been preliminary and of a limited nature. However, the nanoviricides have been well tolerated with no overt adverse effects observed even in animals treated for more than 7 weeks. Management’s beliefs are based on results of pre-clinical cell culture studies and in vivo animal studies using mice.

The Company thus has a strong and growing drug pipeline to take us several years into the future. The Company already has technologies in development that promise to yield even better drugs against various diseases as the drugs we are developing now approach their product end of lifecycle.

It should be noted that all of our studies to date were preliminary. Thus, the evidence we have developed is indicative, but not considered confirmative, of the capabilities of the nanoviricides technology's potential.

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 September 30, 2011, we have a cash and cash equivalent balance of $10,879,319, and subsequently on November 2, 2011, we have obtained an additional $2,500,000 in cash through sale of equities, which will be sufficient to fund our currently budgeted operations through more than two years or September 30, 2013 at the Company’s current rate of expenditure.

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 the recent $5M raise subsequent to this reported period, 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. 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, less than 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 has purchased an 18,000 square foot building in Shelton, CT, on a 4 acre lot, enabling future expansion of operations. 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 recently concluded. Inno-Haven plans to raise the balance of financing through applicable and available loan programs such as the SBA-guaranteed bank loans and mortgages, and additional investors.. No lease agreement has been drawn up and terms of lease have not been negotiated yet.

We anticipate that as we file an IND application, 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 raise additional funding. We are currently evaluating several vehicles for raising these additional funds in the near future. We believe that we currently have adequate financing for our current business plan of operations.

We anticipate that we will incur the following expenses over the next 18 months.

1. Research and Development of $6,000,000: 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 $1,250,000: 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 $ $2,000,000: This is the estimated cost for equipment and laboratory improvements.

4. Staffing costs of $2,000,000: 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 Application (IND) with the United States Food and Drug Administration.

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 September 30, 2011, the Company has drawn down $15,000,000 of the $40,000,000 S-3 Shelf Registration. Subsequently, on November 2, 2011, the Company has drawn down an additional $5,000,000, for a total of $20,000,000 from the $40,000,000 S-3 shelf registration. The Company anticipates further draw downs on this S-3 Shelf Registration to fund its additional capital requirements and expenditures as required. 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 September, 2013. The Company currently has no long term debt.

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.

Not required for smaller reporting companies.

ITEM 4. CONTROLS AND PROCEDURES

(a)Evaluation of disclosure controls and procedures.

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 this Quarterly Report on Form 10-Q 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.

Management conducted an evaluation of the effectiveness of our internal control over financial reporting as of September 30, 2011. Our management's evaluation of our internal control was based on the framework in "Internal Control – Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO Framework"). Management concluded that a material weakness existed in that the Company currently does not have any independent Board members, and does not have an Audit Committee chaired by an appropriate financial expert who is an independent board member. As an SEC-filing company trading on the over-the-counter bulletin-board, the Company is currently not required to appoint independent board members, and is not required to appoint an independent board member financial expert to chair its Audit Committee. Based on its evaluation under the Internal Control - Evaluation Framework, due to the material weakness described above, management concluded that our internal control over financial reporting was not effective as of September 30, 2011. A material weakness is a control deficiency, or combination of control deficiencies, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected on a timely basis by the Board in the normal course of their duties.

The Company's annual report, form 10K, includes an attestation report of our registered public accounting firm regarding internal control over financial reporting. The final paragraph of the Auditor's Report states:

"Also in our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of September 30, 2011 and 2010 and the results of its operations and its cash flows for the fiscal years then ended and for the period from May 12, 2005 (inception) through September 30, 2011 in conformity with accounting principles generally accepted in the United States of America."

Although its By-laws provide for the appointment of one, the Company is not yet required to have an Audit Committee as a result of the fact that our common stock is not considered a "listed security" as defined in Rule 10A-3 of the Exchange Act, however, Management has initiated an active search for qualified, independent directors for the audit committee, including one or more members with financial expertise.

b)Changes in internal control over financial reporting.

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 September 30, 2011, 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

None.

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

In August, 2011, the Scientific Advisory Board (SAB) was granted warrants to purchase 60,000 shares of common stock at $1.47 per share. These warrants, if not exercised, will expire in August, 2015. The fair value of these warrants in the amount of $56,400 was recorded as consulting expense.

For the three months ended September 30, 2011, the Company's Board of Directors authorized the issuance of 15,632 shares of its common stock with a restrictive legend for consulting services. The Company recorded an expense of $18,000.

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 financings completed on May 11, 2010, and September 16, 2010, December 21, 2010, and April 18, 2011, and subsequent to this reporting period, on November 2, 2011, with Seaside 88, LP, wherein Midtown Capital Partners, LLC were engaged as placement agent for the Company’s securities sold in each of these offerings.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. (REMOVED AND RESERVED)

ITEM 5. OTHER INFORMATION

None.

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 September 30, 2011, the Company filed the following Current Reports on Form 8-K:

None.

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: November 14, 2011

NANOVIRICIDES, INC.

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

/s/ Anil Diwan
Name: Anil Diwan
Title: President and Chairman of the Board of Directors