NANOVIRICIDES, INC.
Form 10-Q
May 21, 2012

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 March 31, 2012

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

NANOVIRICIDES, INC.

(Exact name of Company as specified in its charter)

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

135 Wood Street, Suite 205

West Haven, Connecticut 06516

(Address of principal executive offices and zip code)

(203) 937-6137

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

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

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

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

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

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

Yes ¨ No x

The number of shares outstanding of the Company's Common Stock as of May 17, 2012 was: 155,285,345.

NanoViricides, Inc.

FORM 10-Q

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NANOVIRICIDES, INC.

(A DEVELOPMENT STAGE COMPANY)

BALANCE SHEETS

	March 31, 2012 (Unaudited)	June 30, 2011
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$12,984,397	$9,224,023
Prepaid expenses	295,749	332,294
Total current assets	13,280,146	9,556,317
Property and equipment, net	667,561	802,367
Trademark, net	428,001	399,383
TOTAL ASSETS	$14,375,708	$10,758,067
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$209,016	$79,529
Accounts payable – related parties	384,929	462,955
Accrued expenses	50,987	27,173
Derivative liability	159,138	17,519
TOTAL CURRENT LIABILITIES	804,070	587,176
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Series A Convertible Preferred stock, $0.001 par value, 10,000,000 shares designated, 8,811,250 and 8,217,500 shares issued and outstanding, respectively	8,811	8,218
Series B Convertible Preferred stock, $0.001 par value, 10,000,000 shares designated, 90,000 and 10,000 shares issued and outstanding, respectively	90	10
Common stock, $0.001 par value; 300,000,000 shares authorized; 153,630,000 and 143,548,394 shares issued and outstanding, respectively	153,662	143,582
Additional paid-in capital	41,189,132	33,235,990
Deficit accumulated during the development stage	(27,780,057)	(23,216,909)
TOTAL STOCKHOLDERS' EQUITY	13,571,638	10,170,891
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$14,375,708	$10,758,067

See accompanying notes to the financial statements.

NANOVIRICIDES, INC.

(A DEVELOPMENT STAGE COMPANY)

STATEMENTS OF OPERATIONS

(Unaudited)

	Three Months Ended March 31,		Nine Months Ended March 31,		Period from May 12, 2005 (Inception) through March 31,
	2012	2011	2012	2011	2012
Revenues	$—	$—	$—	$—	$—
Operating expenses:					
Research and development	1,582,705	1,652,309	3,252,745	3,524,784	17,497,963
Refund credit research and development costs	—	42,265	—	42,265	(420,842)
General and administrative	494,080	863,083	1,281,755	1,600,867	10,183,317
Total operating expenses	2,076,785	2,557,657	4,534,500	5,167,916	27,260,438
Loss from operations	(2,076,785)	(2,557,657)	(4,534,500)	(5,167,916)	(27,260,438)
Other income (expense):					
Interest income	30,801	882	40,283	6,572	205,607
Non cash interest on convertible debentures	—	—	—	—	(73,930)
Non cash interest expense on beneficial conversion of convertible debentures	—	—	—	—	(713,079)
Change in fair market value of derivative liability	14,131	10,088	(68,931)	(58,200)	61,783
Total other income (expense)	44,932	10,970	(28,648)	(51,628)	(519,619)
Loss before income taxes	(2,031,853)	(2,546,687)	(4,563,148)	(5,219,544)	(27,780,057)
Income tax provision	—	—	—	—	—
Net loss	$(2,031,853)	$(2,546,687)	$(4,563,148)	$(5,219,544)	$(27,780,057)
Net loss per common share: - basic and diluted	$(0.013)	$(0.02)	$(0.031)	$(0.04)	
Weighted average common shares outstanding: - basic and diluted	151,556,920	140,222,753	147,890,395	137,995,662	

See accompanying notes to the financial statements.

NANOVIRICIDES, INC.

(A DEVELOPMENT STAGE COMPANY)

STATEMENTS OF CASH FLOWS

(Unaudited)

	Nine months Ended		For the Period From May 12, 2005 (Inception) Through March 31, 2012
	March 31, 2012	March 31, 2011	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	$(4,563,148)	$ (5,219,544)	(27,780,057)
Adjustments to reconcile net loss to net cash used in operating activities:			
Preferred shares issued for license	—	—	7,000
Preferred shares issued as compensation	634,408	1,418,565	1,854,738
Common shares and warrants issued for services	235,875	429,250	3,379,369
Warrants granted to scientific advisory board	163,800	154,800	1,017,841
Amortization of deferred compensation	—	—	121,424
Depreciation and amortization	164,739	157,880	804,107
Change in fair value of derivative liability	(68,961)	58,200	(199,675)
Amortization of deferred financing expenses	—	—	51,175
Non cash interest on convertible debentures	—	—	73,930
Non cash interest expense on beneficial conversion feature of convertible debentures	—	—	713,079
Changes in operating assets and liabilities:			
Prepaid expenses	36,545	(15,070)	(287,749)
Other current assets	—	42,265	(8,001)
Deferred expenses	—	—	(2,175)
Accounts payable	129,487	198,217	553,396
Accounts payable – related parties	(78,026)	(754,015)	384,929
Accrued expenses	23,814	(114,209)	50,987
Accrued payroll to officers and related payroll tax expense	—	(22,917)	—
Net cash used in operating activities	(3,321,467)	(3,666,578)	(19,265,649)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property and equipment	(23,352)	(131,107)	(1,440,717)
Trademark and Patent costs	(35,199)	(39,657)	(458,954)
Net cash used in investing activities	(58,552)	(170,764)	(1,899,671)
CASH FLOWS FROM FINANCING ACTIVITIES:			

Proceeds from issuance of Series B convertible Preferred Stock	7,140,362	4,595,000	19,600,362
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 attached to convertible debentures	—	50,000	3,162,590
Stock subscription received	—	—	20
Net cash provided by financing activities	7,140,362	4,645,000	34,149,718
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,760,374	807,658	12,984,397
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	9,224,023	6,955,733	—
CASH AND CASH EQUIVALENT, ENDING OF PERIOD	$12,984,397	$ 7,763,391	$12,984,397
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)

	Nine months ended March 31,		For the Period From May 12, 2005 (Inception) through March 31,
	2012	2011	2012
NON-CASH FINANCING AND INVESTING ACTIVITIES			
Common stock issued for services	$54,000	$429,250	$11,796,929
Preferred Stock Issued as compensation	—	1,418,565	2,638,915
Stock options issued to the officers as compensation	—	—	121,424
Stock warrants granted to scientific advisory board	163,800	154,800	1,074,241
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	6,275,327	—	18,675,327
Common Stock issued for dividends on Series B Preferred Stock	69,425	77,481	225,418
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)

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	T
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Paid-in Capital	Subscription Receivable	Development Stage	S
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)
Balance, June 30, 2005	100,000,000	100,000	(99,980)	(20)	(66,005)
Discount related to beneficial conversion feature of Convertible debentures, July 13, 2005			5,277		
Legal expenses related private placement of common stock, July 31, 2006			(2,175)		
Discount related to beneficial conversion feature of Convertible debentures, July 31, 2005			5,302		
Warrants issued to Scientific Advisory Board, August 15, 2005			4,094		
Options issued to officers, September 23, 2005			87,318		
Common shares issued for consulting services valued at $.081 per share, September 30, 2005	2,300,000	2,300	184,000		
Common shares issued for interest on debentures,	48,177	48	4,267		

September 30, 2005 Discount related to beneficial conversion feature of Convertible debentures, October 28, 2005	166,666
Discount related to beneficial conversion feature of Convertible debentures, November 9, 2005	166,667
Discount related to beneficial conversion feature of Convertible debentures, November 10, 2005	45,000
Discount related to beneficial conversion feature of Convertible debentures, November 11, 2005	275,000
Discount related to beneficial conversion feature of Convertible debentures, November 15, 2005	49,167
Warrants issued to Scientific Advisory	25,876

Board, November 15, 2005			
Common shares and warrants issued in connection with private placement of common stock, November 28, 2005	340,000	340	169,660
Common shares and warrants issued in connection with private placement of common stock, November 29, 2005	300,000	300	149,700
Common shares and warrants issued in connection with private placement of common stock, November 30, 2005	150,000	150	74,850
Common shares and warrants issued in connection with private placement of common stock, December 2, 2005	100,000	100	49,900
Common shares and warrants issued in connection with private placement of common stock, December 6, 2005	850,000	850	424,150
Common shares issued for legal	20,000	20	18,980

services valued at $.95 per share, December 6, 2005			
Common shares and warrants issued in connection with private placement of common stock, December 12, 2005	750,000	750	374,250
Common shares and warrants issued in connection with private placement of common stock, December 13, 2005	50,000	50	24,950
Common shares and warrants issued in connection with private placement of common stock, December 14, 2005	50,000	50	24,950
Common shares issued in connection with debenture offering, December 15, 2005	50,000	50	48,950
Common shares and warrants issued in connection with private placement of common stock, December 20, 2005	50,000	50	24,950
Common shares and warrants issued	50,000	50	24,950

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

Common shares and warrants issued in connection with private placement of common stock, June 15, 2006	1,875,000	1,875	1,873,125		
Common shares issued for interest on debentures, June 30, 2006	14,426	14	22,424		
Net loss					(3,284,432)
Balance, June 30, 2006	108,878,425	108,878	4,480,035	(20)	(3,350,437)
Common shares issued for interest on debentures, July 31, 2006	5,744	6	7,638		
Common shares issued for conversion of convertible debentures, July 31, 2006	3,333,333	3,333	996,667		
Exercise of stock warrants, July 31, 2006	200,000	200	49,800		
Options issued to Scientific Advisory Board, August 15, 2006			30,184		
Options issued to Scientific Advisory Board, November 15, 2006			25,888		
Common shares issued for consulting services valued at $.76 per share, January	216,000	216	163,944		

3, 2007			
Options issued to Scientific Advisory Board, February 15, 2007			32,668
Options issued to Scientific Advisory Board, May 15, 2007			25,664
Common shares issued for consulting services valued at $1.03 per share, June 12, 2007	752	1	774
Common shares issued for consulting services valued at $1.15 per share, June 20, 2007	100,000	100	114,900
Common shares issued upon warrants conversion, June 20, 2007	930,000	930	619,070
Common shares issued upon warrants conversion, June 25, 2007	75,000	75	49,925
Common shares issued upon warrants conversion, June 30, 2007	300,000	300	199,700
Common shares issued for consulting services valued at $1.06 per share, June 30, 2007	29,890	30	31,770
			27,062

Officers' compensation expense							
Net loss						(3,118,963)	
Balance, June 30, 2007	$	114,069,144	114,069	$6,855,689	$(20)	(6,469,400)	$
Warrants issued to Scientific Advisory Board, August 15, 2007				14,800			
Common shares and warrants issued in connection with private placement of common stock, September 21, 2007		1,500,000	1,500	748,500			
Common shares issued for consulting and legal services valued at $.75 per share, September 30, 2007		25,244	25	18,375			
Common shares and warrants issued in connection with private placement of common stock, October 16, 2007		3,250,000	3,250	1,621,750			
Common shares and warrants issued in connection with private placement of common stock, October 16, 2007		250,000	250	124,750			

Collection of stock subscriptions receivable, October 17, 2007				20
Warrants issued to Scientific Advisory Board, November 15, 2007			7,200	
Common shares issued for consulting and legal services valued at $.49 per share, December 31, 2007	57,152	57	26,843	
Options issued to officers, January 1, 2008			7,044	
Warrants issued to Scientific Advisory Board, February 15, 2008			8,500	
Common shares issued for consulting and legal services valued at $ .45 per share,March 31, 2008	61,546	62	27,838	
Common shares issued for consulting services valued at $.39 per share, April , 2008	27,750	28	10,793	
Warrants issued to			32,253	

Scientific Advisory Board, May 15, 2008										
Common shares issued for consulting services valued at $1.03 per share, June 30, 2008					29,841	30	27,870			
Net loss									(2,738,337	)
Balance, June 30, 2008	-	-	-	-	119,270,677	$119,271	$9,532,205	$-	$(9,207,737	) $
Common shares issued for consulting and legal services valued at $ 1.22 per share, July 31, 2008					4,098	4	4,996			
Common shares issued for consulting services valued at $1.22 per share, July , 2008					2,295	2	2,798			
Warrants issued to Scientific Advisory Board, August 15, 2008							47,500			
Common shares and warrants issued in connection with private placement of common stock, August 22, 2008					3,136,000	3,136	3,132,864			
Common shares issued to settle account					150,000	150	149,850			

payable			
Payment of Finder's Fee to Biotech			(14,696)
Common shares issued in connection with Warrant Conversion, August 22, 2008	125,000	125	106,125
Common shares issued for legal services valued at $1.24per share, August 31, 2008	4,032	4	4,996
Common shares issued for consulting services valued at $1.24 per share, August, 2008	2,258	2	2,798
Common shares issued for legal services valued at $1.00 per share, September 30, 2008	5,000	5	4,995
Common shares issued for consulting services valued at $1.00 per share, September 30, 2008	5,600	6	5,594
Common shares issued for consulting and legal services valued at $ .71 per share, October 31, 2008	7,042	7	4,993
	7,887	8	5,592

Common shares issued for consulting services valued at $.71 per share, October 31, 2008			
Warrants issued to Scientific Advisory Board, November 15, 2008			30,500
Common shares issued for consulting and legal services valued at $ .67 per share, November 30, 2008	7,463	7	4,993
Common shares issued for consulting services valued at $.67 per share, November 30, 2008	8,358	8	5,592
Common shares issued for consulting and legal services valued at $ .83 per share, December 31, 2008	6,024	6	4,994
Common shares issued for consulting services valued at $.83 per share, December 31 , 2008	6,747	7	5,593
Common shares issued for legal	8,333	8	4,992

services valued at $ .60 per share, January 20, 2009			
Common shares issued for consulting and legal services valued at $ .78 per share, January 31, 2009	7,463	7	4,992
Common shares issued for consulting services valued at $.78 per share, January 31, 2009	8,358	8	5,592
Common shares issued for consulting services valued at $ .70 per share, February 1, 2009	50,000	50	34,950
Warrants issued to Scientific Advisory Board, February 15, 2009			29,000
Common shares issued for consulting and legal services valued at $ .71 per share, February 28, 2009	7,042	7	4,992
Common shares issued for consulting services valued at $.71 per share, February 15, 2009	7,887	8	5,592
Common shares issued for consulting	6,410	6	4,994

and legal 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
Common shares issued to acquire equipment valued at $0.79 per share	172,500	173	137,327
Common shares issued for consulting and legal services valued at $0.69 per share, April 30, 2009	7,205	7	4,993
Common shares issued for consulting services valued at $.69 per share, April 30, 2009	8,069	8	5,592
Warrants issued to Scientific Advisory Board, May 15, 2009			30,600
Common shares issued for consulting and legal services valued at $ .66 per share, May 31, 2009	7,599	8	4,992
Common shares issued for consulting services valued	8,511	9	5,590

at $.66 per share, May 31, 2009								
Common shares issued for consulting services valued at $ .61 per share, June 30, 2009					24,721	25	14,975	
Common shares issued for consulting and legal services valued at $ .56 per share, June 30, 2009					8,961	9	4,991	
Shares issued for consulting services valued at $.56 per share, June 30, 2009					10,038	10	5,590	
Common shares and warrants issued in connection with private placement of common stock, June 30, 2009					150,000	150	74,850	
Common shares and warrants issued in connection with warrant conversion, June 30, 2009					2,050,700	2,051	1,023,299	(100,000)
Net loss								(2,787,798)
Balance, June 30, 2009	-	-	-	-	125,299,457	125,299	14,455,778	(100,000) (11,995,535)
Collection of stock subscription receivable								100,000
Common shares issued					7,576	8	4,992	

for consulting and legal services valued at $ .66 per share, July 31, 2009			
Common shares issued for consulting services valued at $.66 per share, July 31, 2009	8,485	8	5,592
Warrants issued to Scientific Advisory Board, August 15, 2009			41,400
Common shares issued for consulting and legal services valued at $ .86 per share, August 31, 2009	6,512	7	4,993
Common shares issued for consulting services valued at $.86 per share, August 31, 2009	5,814	6	5,594
Common shares issued for consulting services valued at $ .89 per share, September 30, 2009	6,292	6	5,594
Common shares issued for consulting and legal services valued at $ .89 per share, September 30, 2009	5,618	6	4,994

Payment of Finder's Fee			(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
Common shares and warrants issued in connection with warrant conversion, September 30, 2009	3,759,800	3,760	1,876,140
Common shares issued for consulting and legal services valued at $ .57 per share, October 1, 2009	35,088	35	19,965
Common shares issued for Legal services valued at $56.50 per share, October 26, 2009	12,500	13	7,050
Warrants issued for commissions, October 26, 2009			3,570
Common shares issued for consulting and legal services valued at $ .73 per share, October 31, 2009	6,859	7	4,993
Common shares issued	7,682	8	5,592

for consulting services valued at $.73 per share, October 31, 2009			
Common shares issued upon conversion of Warrants, November 10, 2009	10,000	10	1,430
Warrants issued to Scientific Advisory Board, November 15, 2009			39,600
Common shares issued in payment of accounts payable, November 25, 2009	32,500	33	25,167
Common shares issued for consulting and legal services valued at $ .86 per share, November 30, 2009	5,814	6	4,994
Common shares issued for consulting services valued at $.86 per share, November 30, 2009	9,767	10	8,390
Common shares issued for consulting services valued at $ .85 per share, December 31, 2009	9,917	10	8,390

Common shares issued for consulting and legal services valued at $ .85 per share, December 31, 2009			5,903	6	4,994
Common shares issued for consulting and legal services valued at $1.043 per share, January 31, 2010			4,794	5	4,995
Warrants issued to Scientific Advisory Board, February 15, 2010					40,200
Series A Preferred Shares issued for TheraCour license valued at $.001 par value, February 15, 2010	7,000,000	7,000			
Common shares issued for consulting services valued at $1.096 per share, February 28, 2010			4,562	5	4,995
Common shares issued for employee stock compensation valued at $1.25 per share, March 3, 2010			125,000	125	156,125
Common shares issued for employee			125,000	125	156,125

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

for consulting and legal services valued at $2.087 per share, April 30, 2010					
Series B Preferred Shares issued to SeaSide 88, LP, May 12, 2010	500,000	500			4,999,500
Placement Agents Fees related to sale of Convertible Preferred shares, May 12, 2010					(400,000)
Legal Fees related to Sale of Convertible Preferred Stock, May 12, 2010					(50,000)
Derivative Liability - Issuance of Series B Preferred Shares					(1,787,379)
Common shares issued for conversion of Series B Preferred Shares at $1.88 per share, May 12, 2010			319,331	319	
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, May 12, 2010	(60,000)	(60)			
Derivative Liability -					128,053

Retirement of Series B Preferred Shares, May 12, 2010					
Warrants issued to Scientific Advisory Board, May 15, 2010					82,800
Common shares issued for conversion of Series B Preferred Shares at $1.51 per share, May 26, 2010			398,189	398	
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, May 26, 2010	(60,000)	(60)			
Dividend paid to Seaside 88, LP, May 26, 2010					(16,877)
Common shares issued as Dividend to Seaside 88, LP at $1.64, May 26, 2010			10,300	10	16,867
Derivative Liability - Retirement of Series B Preferred Shares, May 26, 2010					151,852
Common shares issued for consulting and legal services valued at $2.083 per			2,400	2	4,998

share, May 31, 2010					
Common shares issued for conversion of warrants to Common Stock at $1.00 per share, June 9, 2010			195,000	195	194,805
Common shares issued for conversion of Series B Preferred Shares at $1.41 per share, June 9, 2010			426,721	427	
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, June 9, 2010	(60,000)	(60)			
Dividend paid to Seaside 88, LP, June 9, 2010					(14,575)
Common shares issued as Dividend to Seaside 88, LP at $1.41, June 9, 2010			10,366	10	14,565
Derivative Liability - Retirement of Series B Preferred Shares, June 9, 2010					149,364
Common shares issued for consulting and legal services valued at $1.77 per			11,300	11	19,989

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
Common shares issued for conversion of Series B Preferred Shares at $1.59 per share, June 23, 2010			377,905	378	
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, June 23, 2010	(60,000)	(60)			
Dividend paid to Seaside 88, LP, June 23, 2010					(12,274)
Common shares issued as Dividend to Seaside 88, LP at $1.59, June 23, 2010			7,731	7	12,268
Derivative Liability - Retirement of Series B Preferred Shares, June 23, 2010					120,254
Common shares issued for consulting and legal services valued at $1.043 per			2,738	2	4,998

share, June 30, 2010									
Net loss									(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)
Common shares issued for conversion of Series B Preferred Shares at $1.51 per share, July 7, 2010					397,088	397			
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, July 7, 2010			(60,000)	(60)					
Dividend paid to Seaside 88, LP, July 7, 2010							(9,973)		
Common shares issued as dividend to Seaside 88, LP at $1.65 per share, July 7, 2010					6,061	6	9,967		
Derivative liability - retirement of Series B Preferred Shares, July 7, 2010							116,715		
Common shares issued for conversion of Series B Preferred Shares at $1.30 per share, July					463,177	463			

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

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

Common shares issued as dividend to Seaside 88, LP at $0.99 per share, August 18, 2010			3,101	3	3,065
Derivative liability - retirement of Series B Preferred Shares, August 18, 2010					104,795
Common shares issued for consulting and legal services valued at $1.24 per share, August 31, 2010			4,032	4	4,996
Common shares issued for conversion of Series B Preferred Shares at $0.93 per share, September 1, 2010			215,332	215	
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, September 1, 2010	(20,000)	(20)			
Dividend paid to Seaside 88, LP, September 1, 2010					(767)
Common shares issued as dividend to Seaside 88, LP at $1.00 per share,			766	1	766

September 1, 2010					
Derivative liability - retirement of Series B Preferred Shares, September 1, 2010					34,841
Series B Preferred Shares issued to SeaSide 88, LP, September 21, 2010	250,000	250			2,499,750
Placement Agents fees related to sale of Convertible Preferred shares, September 21, 2010					(195,000)
Legal fees related to sale of Convertible Preferred Stock, September 21, 2010					(10,000)
Derivative liability - issuance of Series B Preferred Shares					(328,086)
Common shares issued for conversion of Series B Preferred Shares at $0.93 per share, September 21, 2010			430,015	430	
Retirement of Series B Preferred Shares	(40,000)	(40)			

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

5, 2010					
Derivative liability - Retirement of Series B Preferred Shares, October 5, 2010					103,330
Common shares issued for conversion of Series B Preferred Shares at $0.88 per share, October 19, 2010			452,965	453	
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, October 19, 2010	(40,000)	(40)			
Dividend paid to Seaside 88, LP, October 19, 2010					(6,521)
Common shares issued as dividend to Seaside 88, LP at $0.88 per share, October 19, 2010			7,384	7	6,514
Derivative liability - Retirement of Series B Preferred Shares, October 19, 2010					69,635
Common shares issued for consulting and legal			4,854	5	4,995

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

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

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

2010 Common shares issued as compensation pursuant to S-8 at $1.28 per share, December 10, 2010			50,000	50	63,950
Common shares issued for conversion of Series B Preferred Shares at $1.10 per share, December 14, 2010			90,840	91	
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, December 14, 2010	(10,000)	(10)			
Dividend paid to Seaside 88, LP, December 14 2010					(384)
Common shares issued as Dividend to Seaside 88, LP, at $1.10 per share, December 14, 2010			348	-	384
Derivative liability - retirement of Series B Preferred Shares, December 14, 2010					17,438
Series B Preferred	250,000	250			2,499,750

Shares issued to SeaSide 88, LP, December 21, 2010					
Placement Agents fees related to sale of Convertible Preferred shares, December 21, 2010					(200,000)
Common shares issued for consulting and legal services valued at $1.32 per share, December 31, 2010			4,545	5	5,995
Adjustment				33	
Common shares issued for conversion of Series B Preferred Shares at $1.16 per share, January 3, 2011			343,796	344	
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, January 3, 2011	(40,000)	(40)			
Dividend paid to Seaside 88, LP, January 3, 2011					(8,904)
Common shares issued as dividend to Seaside 88, LP at $1.16 per share, January			7,653	8	8,896

3, 2011					
Derivative liability - retirement of Series B Preferred Shares, January 3, 2011				73,532	
Common shares issued for conversion of Series B Preferred Shares at $1.26 per share, January 17, 2011			317,965	318	
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, January 17, 2011	(40,000)	(40)			
Dividend paid to Seaside 88, LP, January 17, 2011				(8,055)	
Common shares issued as dividend to Seaside 88, LP at $1.26 per share, January 17, 2011			6,403	6	8,049
Derivative liability - retirement of Series B Preferred Shares, January 17, 2011				70,882	
Common shares issued for conversion of Series B			356,422	356	

Preferred Shares at $1.12 per share, January 31, 2011					
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, January 31, 2011		(40,000)	(40)		
Dividend paid to Seaside 88, LP, January 31, 2011					(6,521)
Common shares issued as dividend to Seaside 88, LP at $1.24 per share, January 31, 2011			5,271	5	6,516
Derivative liability - retirement ofSeries B Preferred Shares, January 31, 2011					72,432
Common shares issued for consulting and legal services valued at $1.47 per share, January 31, 2011			4,087	4	5,996
Common shares issued for conversion of warrants at $1.00 per share, February 4, 2011			25,000	25	24,975
Common shares issued			370,017	370	

for conversion of Series B Preferred Shares at $1.08 per share, February 14, 2011					
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, February 14, 2011	(40,000)	(40)			
Dividend paid to Seaside 88, LP, February 14, 2011					(4,986)
Common shares issued as dividend to Seaside 88, LP, at $1.08 per share, February 14, 2011			4,613	5	4,981
Derivative liability - retirement of Series B Preferred Shares, February 14, 2011					71,699
Warrants issued to Scientific Advisory Board, Feburary 15, 2011					54,000
Common shares issued for conversion of Series B Preferred Shares at $0.99 per share, February 28,			405,610	406	

2011					
Derivative liability - retirement of Series B Preferred Shares, February 28, 2011					71,490
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, February 28, 2011	(40,000)	(40)			
Dividend paid to Seaside 88, LP, February 28, 2011					(3,452)
Common shares issued as dividend to Seaside 88, LP at $0.99 per shares, February 28, 2011			3,500	4	3,448
Common shares issued for consulting and legal services valued at $1.22 per share, February 28, 2011			4,902	5	5,995
Common shares issued for employee stock compensation at $1.32 per share, March 3, 2011			125,000	125	158,000
Common shares issued for employee stock			125,000	125	158,000

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

Seaside 88, LP at $1.09 per shares, March 14, 2011					
Derivative Liability - Retirement of Series B Preferred Shares, March 14, 2011					70,566
Common shares issued for conversion of Series B Preferred Shares at $1.11 per share, March 28, 2011			89,986	90	
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, March 28, 2011	(10,000)	(10)			
Dividend paid to Seaside 88, LP, March 28, 2011					(384)
Common shares issued as dividend to Seaside 88, LP, at $1.11 per share, March 28, 2011			345	-	384
Derivative liability - retirement of Series B Preferred Shares, March 28, 2011					17,525
Common shares issued for consulting			4,680	5	5,995

and legal services valued at $1.28 per share, March 31, 2011					
Common shares issued for conversion of warrants to common stock at $1.00 per share, April 10, 2011			10,000	10	9,990
Series B Preferred Shares issued to SeaSide 88, LP, April 18, 2011	250,000	250			2,499,750
Placement Agents fees related to sale of Convertible Preferred shares, April 18, 2011					(160,000)
Legal fees related to Sale of Convertible Preferred Stock, April 18, 2011					(25,000)
Derivative liability - issuance of Series B Preferred Shares					(429,725)
Common shares issued for conversion of Series B Preferred Shares at $1.28 per share, April 18, 2011			312,163	312	(272)
Retirement of Series B Preferred Shares	(40,000)	(40)			

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

as dividend to Seaside 88, LP at $1.18 per shares, May 2, 2011					
Warrants issued to Scientific Advisory Board, May 15, 2011				50,400	
Common shares issued for conversion of Series B Preferred Shares at $1.19 per share, May 16, 2011			336,501	337	(297)
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, May 16, 2011	(40,000)	(40)			
Derivative liability - retirement of Series B Preferred Shares, May 16, 2011				69,194	
Dividend paid to Seaside 88, LP, May 16, 2011				(6,521)	
Common shares issued as dividend to Seaside 88, LP at $1.20 per shares, May 16, 2011			5,438	5	6,516
Common shares issued for conversion of Series B			326,480	326	(286)

Preferred Shares at $1.23 per share, May 30, 2011						
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, May 30, 2011	(40,000)	(40)				
Derivative liability - retirement of Series B Preferred Shares, May 30, 2011					69,464	
Dividend paid to Seaside 88, LP, May 30, 2011					(4,986)	
Common shares issued as Dividend to Seaside 88, LP at $1.23 per share, May 30, 2011			4,070	4	4,982	
Common shares issued for consulting and legal services valued at $1.47 per share, May 31, 2011			4,087	4	5,996	
Common shares issued for conversion of Series B Preferred Shares at $1.18 per share, June 13, 2011			339,971	340	(300)	
Retirement of Series B Preferred	(40,000)	(40)				

Shares converted into common stock by SeaSide 88, LP, June 13, 2011					
Derivative liability - retirement of Series B Preferred Shares, June 13, 2011				69,727	
Dividend paid to Seaside 88, LP, June 13, 2011				(3,452	)
Common shares issued as Dividend to Seaside 88, LP at $1.18 per share, June 13, 2011			2,934	3	3,449
Common shares issued for conversion of Series B Preferred Shares at $1.02 per share, June 27, 2011			391,850	392	(352)
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, June 27, 2011	(40,000)	(40)			
Derivative Liability - Retirement of Series B Preferred Share, June 27, 2011				69,973	
				(1,918	)

Dividend paid to Seaside 88, LP, June 27, 2011									
Common shares issued as Dividend to Seaside 88, LP at $1.10 per share, June 27, 2011					1,741	2	1,916		
Common shares issued for consulting and legal services valued at $1.22 per share, June 30, 2011					4,902	5	5,995		
Net loss									(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)
Common shares issued for conversion of Series B Preferred Shares at $1.11 per share, July 11, 2011					89,986	90			
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, July 11, 2011			(10,000)	(10)					
Derivative liability - retirement of Series B Preferred Shares, July 11, 2011							17,880		

Dividend to Seaside 88, LP, paid on July 11, 2011					(381)
Common shares issued as dividend to Seaside 88, LP at $1.18 per share, July 11, 2011			345	-	381
Series B Preferred Shares issued to SeaSide 88, LP, on July 26, 2011	250,000	250			2,499,750
Placement Agents fees related to sale of Convertible Preferred shares, July 26, 2011					(150,000)
Derivative liability - issuance of Series B Preferred Shares					(429,768)
Legal Fees related to Sale of Convertible Preferred Stock, July 26, 2011					(6,250)
Common shares issued in conversion of Series B Preferred Shares to common stock at $1.18 per share, July 26, 2011			377,800	378	
Retirement of Series B Preferred Shares	(40,000)	(40)			

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

Dividend to Seaside 88, LP, paid on August 8, 2011					(8,055)
Common shares issued as Dividend to Seaside 88, LP at $0.98 per share, August 8, 2011			8,205	8	8,047
Common shares issued for conversion of Series B Preferred Shares at $0.95 per share, August 23, 2011			419,829	420	
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, August 23, 2011	(40,000)	(40)			
Derivative liability - retirement of Series B Preferred Shares, August 23, 2011					69,351
Dividend paid to Seaside 88, LP, August 23, 2011					(6,521)
Common shares issued as Dividend to Seaside 88, LP at $0.95 per share, August 23, 2011			6,844	7	6,514
Common shares issued for consulting			5,263	5	5,995

and legal services valued at $1.14 per share, August 31, 2011						
Common shares issued for conversion of Series B Preferred Shares at $0.95 per share, September 6, 2011			422,873	423		
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, September 6, 2011	(40,000)	(40)				
Derivative liability - retirement of Series B Preferred Shares, September 6, 2011					69,887	
Dividend paid to Seaside 88, LP, September 6, 2011					(4,986)	
Common shares issued as Dividend to Seaside 88, LP at $0.95 per share, September 6, 2011			5,264	5	4,981	
Common shares issued in conversion of Series B Preferred Shares at $0.94 per share,			427,652	428		

September 19, 2011					
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, September 19, 2011	(40,000)	(40)			
Derivative liability - retirement of Series B Preferred Share, September 19, 2011					69,970
Dividend to Seaside 88, LP, paid on September 19, 2011					(3,452)
Common shares issued as Dividend to Seaside 88, LP at $0.94 per share, September 19, 2011			3,691	3	3,449
Common shares issued for consulting and legal services valued at $1.07 per share, September 30, 2011			5,607	6	5,994
Shares issued in conversion of Series B Preferred Shares to Common Stock at $.78 per share, .001 par			514,311	514	

value, on October 3, 2011					
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on October 3, 2011	(40,000)	(40)			
Derivative Liability - Retirement of Preferred Series B on October 3, 2011				69,496	
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.85 on October 3, 2011		2,270	2	1,916	
Dividend to Seaside 88, LP, paid on October 3, 2011				(1,918)	
Shares issued in conversion of Series B Preferred Shares to Common Stock at $0.69 per share, .001 par value, on October 17, 2011		144,484	144		

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

November 1, 2011					
Placement Agents Fees related to sale of Convertible Preferred shares on November 1, 2011					(160,000)
Derivative Liability - Issuance of Preferred Series B					(429,804)
Legal Fees related to Sale of Convertible Preferred Stock November 1, 2011					(25,000)
Shares issued in conversion of Series B Preferred Shares to Common Stock at $0.78 per share, .001 par value, on November 1, 2011			511,787	512	
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on November 2, 2011	(40,000)	(40)			
Derivative Liability - Retirement of					68,297

Preferred Series B on November 1, 2011					
Warrants issued to Scientific Advisory Board on November 15, 2011					56,400
Shares issued in conversion of Series B Preferred Shares to Common Stock at $0.69 per share, .001 par value, on November 15, 2011			578,595	579	
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on November 15, 2011	(40,000)	(40)			
Derivative Liability - Retirement of Preferred Series B on November 15, 2011					68,411
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0..73 onNovember 15, 2011			10,311	10	7,469

Dividend to Seaside 88, LP, paid on November 15, 2011					(7,479	)
Shares issued in conversion of Series B Preferred Shares to Common Stock at $0.62 per share, .001 par value, on November 29, 2011			642,735	643		
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on November 29, 2011	(40,000)	(40)				
Derivative Liability - Retirement of Preferred Series B on November 29, 2011					68,591	
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.64 on November 29, 2011			10,139	10	6,511	
Dividend to Seaside 88, LP, paid on November 29,					(6,521	)

2011					
Shares issued for consulting and legal services rendered at $0.81 per share on November 30, 2011			7,373	7	5,993
Shares issued in conversion of Series B Preferred Shares to Common Stock at $0.53 per share, .001 par value, on December 13, 2011			751,315	751	
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on December 13, 2011	(40,000)	(40)			
Derivative Liability - Retirement of Preferred Series B on December 13, 2011					68,753
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.57 on December 13, 2011			8,798	9	4,977

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

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

Dividend to Seaside 88, LP, paid on January 10, 2012					(1,918)
Shares issued in conversion of Series B Preferred Shares to Common Stock at $0.48 per share, .001 par value, on January 24, 2012			208,546	209	
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on January 24, 2012	(10,000)	(10)			
Derivative Liability - Retirement of Preferred Series B on January 24, 2012					69,883
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.49 on January 24, 2012			786		383
Dividend to Seaside 88, LP, paid on January 24,					(384)

2012					
Shares issued for consulting and legal services rendered at $0.58 per share on January 31, 2012			10,367	10	5,990
Series B Preferred Shares issued to SeaSide 88, LP, $.001 par value on February 8, 2012	250,000	250			2,499,750
Placement Agents Fees related to sale of Convertible Preferred shares on February 8, 2012					(150,000)
Derivative Liability - Issuance of Preferred Series B					(430,283)
Legal Fees related to Sale of Convertible Preferred Stock February 8, 2012					(6,250)
Shares issued in conversion of Series B Preferred Shares to Common Stock at $0.56 per share, .001 par value, on February 8,			717,142	717	

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

Derivative Liability - Retirement of Preferred Series B on February 22, 2012			68,424	
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.69 on February 22, 2012	11,600	12	7,467	
Dividend to Seaside 88, LP, paid on February 22, 2012			(7,479	)
Shares issued for consulting and legal services rendered at $0.77 per share on February 29, 2012	7,767	8	5,992	
Common shares issued for employee stock compensation at $.73 per share, March 3, 2012	125,000	125	90,812	
Common shares issued for employee stock compensation at $.73 per share, March 3, 2012	125,000	125	90,812	

Series A Preferred Shares issued for employee stock compensation, March 3, 2012	250,000	250				266,869
Series A Preferred Shares issued for employee stock compensation, March 3, 2012	250,000	250				266,869
Series A Preferred Shares issued for employee stock compensation, March 3, 2012	93,750	93				100,076
Shares issued in conversion of Series B Preferred Shares to Common Stock at $0.64 per share, .001 par value, on March 07, 2012				628,289	628	
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on March 7, 2012			(40,000)	(40)		
Derivative Liability - Retirement of Preferred						68,602

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

.001 par value common stock at $0.64 on March 21, 2012									
Dividend to Seaside 88, LP, paid on March 21, 2012							(4,986)		
Shares issued for consulting and legal services rendered at $0.78 per share on March 31, 2012					7,728	8	5,992		
Net loss for the nine months ended March 31, 2012									(4,563,148)
	8,811,250	8,811	90,000	90	153,630,000	153,662	41,189,132	-	(27,780,057)

See accompanying notes to the financial statements

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NANOVIRICIDES, INC.

(A DEVELOPMENT STAGE COMPANY)

MARCH 31, 2012 AND 2011

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 filed a pre-IND application to the US FDA for its clinical candidate NV-INF-1 in the FluCide™ program. This anti-influenza therapeutic candidate is expected to be effective against most if not all types of influenzas including Bird Flu H5N1, Highly Pathogenic Influenzas (HPI/HPAI), Epidemic Influenzas such as the 2009 "swine flu" H1N1/A/2009, and Seasonal Influenzas. 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

FASB Accounting Standards Update No. 2011-05

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.

FASB Accounting Standards Update No. 2011-08

In September 2011, the FASB issued the FASB Accounting Standards Update No. 2011-08 "*Intangibles—Goodwill and Other: Testing Goodwill for Impairment" ("ASU 2011-08").* This Update is to simplify how public and nonpublic entities test goodwill for impairment. The amendments permit an entity to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test described in Topic 350. Under the amendments in this Update, an entity is not required to calculate the fair value of a reporting unit unless the entity determines that it is more likely than not that its fair value is less than its carrying amount.

The guidance is effective for interim and annual periods beginning on or after December 15, 2011. Early adoption is permitted.

FASB Accounting Standards Update No. 2011-10

In December 2011, the FASB issued the FASB Accounting Standards Update No. 2011-10 *"Property, Plant and Equipment: Derecognition of in Substance Real Estate-a Scope Clarification" ("ASU 2011-09").* This Update is to resolve the diversity in practice as to how financial statements have been reflecting circumstances when parent company reporting entities cease to have controlling financial interests in subsidiaries that are in substance real estate, where the situation arises as a result of default on nonrecourse debt of the subsidiaries.

The amended guidance is effective for annual reporting periods ending after June 15, 2012 for public entities. Early adoption is permitted.

FASB Accounting Standards Update No. 2011-11

In December 2011, the FASB issued the FASB Accounting Standards Update No. 2011-11 *"Balance Sheet: Disclosures about Offsetting Assets and Liabilities" ("ASU 2011-11").* This Update requires an entity to disclose information about offsetting and related arrangements to enable users of its financial statements to understand the effect of those arrangements on its financial position. The objective of this disclosure is to facilitate comparison between those entities that prepare their financial statements on the basis of U.S. GAAP and those entities that prepare their financial statements on the basis of IFRS.

The amended guidance is effective for annual reporting periods beginning on or after January 1, 2013, and interim periods within those annual periods.

FASB Accounting Standards Update No. 2011-12

In December 2011, the FASB issued the FASB Accounting Standards Update No. 2011-12 *"Comprehensive Income: Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05" ("ASU 2011-12").* This Update is a deferral of the effective date pertaining to reclassification adjustments out of accumulated other comprehensive income in

ASU 2011-05. FASB is to going to reassess the costs and benefits of those provisions in ASU 2011-05 related to reclassifications out of accumulated other comprehensive income. Due to the time required to properly make such a reassessment and to evaluate alternative presentation formats, the FASB decided that it is necessary to reinstate the requirements for the presentation of reclassifications out of accumulated other comprehensive income that were in place before the issuance of Update 2011-05.

All other requirements in Update 2011-05 are not affected by this Update, including the requirement to report comprehensive income either in a single continuous financial statement or in two separate but consecutive financial statements. Public entities should apply these requirements for fiscal years, and interim periods within those years, beginning after December 15, 2011.

Other Recently Issued, but Not Yet Effective Accounting Pronouncements

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 March 31, 2012 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 March 31, 2012 the Company had cash and cash equivalents of $12,984,397. The Company does not currently have any long term debt. The Company has sufficient capital to continue its business, at least, through March 31, 2014, at the current rate of expenditure. The Company therefore would not be considered to have risks relative to its ability to continue as a going concern within the applicable guidelines.

While the Company continues to incur significant operating losses and has significant capital requirements, the Company has been able to finance its business through the sale of its securities (See Note 6). On November 2, 2011, the Company entered into an 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"). On February 8, 2012 Seaside purchased 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 March 31, 2014, 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 $27,780,057 at March 31, 2012 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 2011 and 2010 and a cash and cash equivalent balance of $12,984,397 at March 31, 2012, substantial additional financing will be required in future periods. The Company may require additional capital to finance planned and currently unplanned capital costs, and additional staffing requirements during the next twenty four months. The Company has, in the past, adjusted its priorities and goals in line with the cash on hand and capital availability. The Company believes it can adjust its priorities of drug development and its Plan of Operations as necessary, if it is unable to raise such additional funds.

Note 4 – Significant Alliances and Related Parties

TheraCour Pharma, Inc.

Pursuant to an Exclusive License Agreement we entered into with TheraCour Pharma, Inc., (TheraCour), the Company was granted exclusive licenses in perpetuity for technologies developed by TheraCour for the virus types: HIV, HCV, Herpes, Asian (bird) flu, Influenza and rabies. In consideration for obtaining this exclusive license, we agreed: (1) that TheraCour can charge its costs (direct and indirect) plus no more than 30% of direct costs as a Development Fee and such development fees shall be due and payable in periodic installments as billed, (2) we will pay $25,000 per month for usage of lab supplies and chemicals from existing stock held by TheraCour, (3) we will pay $2,000 or actual costs, whichever is higher for other general and administrative expenses incurred by TheraCour on our behalf, (4) make royalty payments (calculated as a percentage of net sales of the licensed drugs) of 15% to TheraCour Pharma, Inc. and (5) agreed that TheraCour Pharma, Inc. retains the exclusive right to develop and manufacture the licensed drugs. TheraCour Pharma, Inc. agreed that it will manufacture the licensed drugs exclusively for NanoViricides, and unless such license is terminated, will not manufacture such product for its own sake or for others.

On February 15, 2010, the Company executed an Additional License Agreement with TheraCour Pharma, Inc. ("TheraCour"). Pursuant to the exclusive Additional License Agreement, the Company was granted exclusive licenses, in perpetuity, for technologies developed by TheraCour for the development of drug candidates for the treatment of Dengue viruses, Ebola/Marburg viruses, Japanese Encephalitis, viruses causing viral Conjunctivitis (a disease of the eye) and Ocular Herpes. As consideration for obtaining these exclusive licenses, we agreed to pay a onetime licensing fee equal to seven million shares of the Company's Series A Convertible Preferred Stock (the "Series A Preferred Stock"). The Series A Preferred Stock is convertible, only upon sale or merger of the company, or the sale of or license of substantially all of the Company's intellectual property, into shares of the Company's common stock at the rate of 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 $1,359,100 and $876,860 for the nine months ended March 31, 2012, and 2011, respectively and $6,262,005 since inception. As of March 31, 2012, pursuant to its license agreement, the Company has paid a security advance of $256,284 to and held by TheraCour which is reflected in Prepaid Expenses. No royalties are due TheraCour from the Company's inception through March 31, 2012.

Anil R. Diwan, President, and a director of the Company, is also a Director and President of TheraCour. Dr. Diwan owns approximately 70% of the common stock of TheraCour, which itself owns approximately 21.71% of the Common stock of the Company.

TheraCour owns 33,360,000 shares of the Company's outstanding common stock as of March 31, 2012.

KARD Scientific, Inc.

In June 2005, the Company engaged KARD Scientific to conduct preclinical animal studies and provide the Company with a full history of the study and final report with the data collected from Good Laboratory Practices (CGLP) style studies. Dr. Krishna Menon, the Company's Consulting Chief Regulatory Officer, a non-executive position, is also an officer and principal owner of KARD Scientific. Lab fees charged by KARD Scientific for services for the nine months ended March 31, 2012, and 2011, were $336,420 and $719,462 respectively, and $1,689,057 since inception.

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

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

Note 5 - Prepaid Expenses

Prepaid Expenses are summarized as follows:

	March 31, 2011	June 30, 2011
TheraCour Pharma, Inc.	$ 256,284	$ 306,160
Prepaid Others	39,465	26,134
	$ 295,749	$ 332,294

Note 6 – Equity Transactions

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”). No warrants were issued in connection with this offering. 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”). Also on November 2, 2011, 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 Follow-on closing occurred on February 8, 2012 at which time Seaside purchased the remaining 250,000 shares of the Series B Preferred Stock for the purchase price of $2,500,000 (the “Subsequent Closing).

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, as amended by an Underwriter Agent Agreement Amendment No. 1, dated March 28, 2011 (as amended, the “Placement Agency Agreement”), on November 3, 2011 (the “Placement Agent Agreement”), the Company paid Midtown a cash fee representing 6% of the gross purchase price paid by Seaside for the Series B Preferred Stock, totaling $150,000. The Company also paid a one-time legal expenses fee of $ 25,000 To Midtown on November 3, 2011. In addition, subsequent to the February 8, 2012 follow-on closing (see above), the Company paid Midtown a cash fee representing 6% of the gross purchase price paid by Seaside for the Series B Preferred Stock, totaling $150,000.

During the nine months ended March 31, 2012, 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
10/03/2011	40,000	0.77774	514,311	0.84473	2,270	516,581

10/17/2011	10,000	0.69212	144,484	0.75149	510	144,994
11/02/2011	40,000	0.781575	511787	—	—	511,787
11/15/2011	40,000	0.69133	578,595	0.72539	10,311	588,906
11/29/2011	40,000	0.62234	642,735	0.64311	10,139	652,874
12/13/2011	40,000	0.5324	751,315	0.56678	8,798	760,113
12/27/2011	40,000	0.50635	796,785	0.50635	6,818	803,603
01/10/2012	40,000	0.50758	788,053	0.50758	3,742	791,795
01/24/2012	10,000	0.47951	208,546	0.48773	786	209,322
02/08/2012	40,000	0.55777	717,142	0.00000	-	717,142
02/22/2012	40,000	0.69437	576,062	0.69437	11,600	587,662
03/07/2012	40,000	0.63665	628,289	0.63665	10,242	638,531
03/21/2012	40,000	0.62894	635,991	0.63827	7,812	643,803

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 February ,2015. These warrants were valued at $56,400 and recorded as consulting expense.

In November, 2011, the Scientific Advisory Board (SAB) was granted warrants to purchase 60,000 shares of common stock at $.948 per share expiring in November, 2015. These warrants were valued at $56,400 and recorded as consulting expense.

In February, 2012, the Scientific Advisory Board (SAB) was granted warrants to purchase 60,000 shares of common stock at $1.09 per share expiring in February, 2016. These warrants were valued at $51,000 and recorded as consulting expense.

For the nine months ended March 31, 2012, the Company's Board of Directors authorized the issuance of 64,807 shares of its common stock with a restrictive legend for consulting services. The Company recorded an expense of $54,000.

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.

Total rent expense amounted to $87,767 and $75,395 for the nine months ended March 31, 2012 and 2011, respectively.

Legal Proceedings

On or around December 22, 2011, the Connecticut Secretary of the State, as agent for service of process for the Company, was served with a Summons and Complaint in the case entitled David F. Gencarelli, Esq. d/b/a Gencarelli Group v. Nanoviricides, Inc. (Case No. 2011-CA-006555-B) filed in the Superior Court for the district of Columbia Civil Division. The Complaint for breach of contract, unjust enrichment, and quantum merit claims unpaid legal fees of $77,601.00 Management believes that the lawsuit has no merit or basis and intends to defend the lawsuit vigorously, and as a result no accrual has been made in relation to this litigation.

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

On or around April 13, 2012, the Nevada Agency and Transfer Company, as agent for service of process for the Company in Nevada, was served with a Summons and Complaint in the case entitled Yidam, Ltd. v. Eugene Seymour, Anil Diwan, and Nanoviricides, Inc. ((Case No. A-12-659535-B) answerable in the Eighth Judicial District Court of the State of Nevada – Clark County ("Court"). The Complaint seeks to compel inspection of the Company's books and records. On or about May 2, 2012, we filed a Demand for Security of Costs. Upon filing of the Demand, proceedings relative to the Company are stayed pending posting of the demanded security (or plaintiff engages in motion practice about the Demand). 30 days (+3 for mailing) from service, the Company may seek dismissal of the complaint if plaintiff has not posted the demanded security (or engaged the court). The Company will have 10 days after service of notice of posting within which to answer or otherwise respond to the complaint. The Complaint further seeks unspecified "injunctive relief" in furtherance of the demand for inspection to which it is not entitled. The Complaint, by a holder of less than 1 percent of the common stock of the Company, seeks to, inter alia, inspect documents and records of the company to which it is not entitled and in a form and manner the Company argues is not authorized by statute. Management believes that this lawsuit has no merit or basis and intends to vigorously defend it. Monetary damages have not been claimed and as a result no accrual has been made in relation to this litigation

Note 8 – Subsequent Events

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

On May 8, 2012, the United States Patent and Trademark Office granted Patent No. 8,173,764 for "Solubilization and Targeted Delivery of Drugs with Self-Assembling Amphiphilic Polymers" to the inventors Anil R. Diwan, PhD, Jayant G. Tatake, PhD, and Ann L. Onton, all of who are among the founders of NanoViricides, Inc. The patents have been assigned to AllExcel, Inc., the Company at which the ground-breaking work was performed. AllExcel, Inc. has contractually transferred this intellectual property to TheraCour Pharma, Inc.

NanoViricides, Inc. holds exclusive worldwide licenses to these technologies for a broad range of antiviral applications and diseases that include All Influenzas including Asian Bird Flu Virus, Human Immunodeficiency Virus (HIV/AIDS), Hepatitis B Virus (HBV), Hepatitis C Virus (HCV), Herpes Simplex Virus (HSV), Dengue viruses, Rabies virus, Ebola/Marburg viruses, Japanese Encephalitis virus, as well as viruses causing viral

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

The following discussion should be read in conjunction with the information contained in the consolidated financial statements of the Company and the notes thereto appearing elsewhere herein and in conjunction with the Management's Discussion and Analysis of Financial Condition and Results of Operations set forth in the Company's Annual Report on Form 10-K for the year ended June 30, 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, perpetual, world-wide license from TheraCour Pharma serves as the 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. Several of the Company's drug candidates have shown excellent levels of efficacy and preliminary safety in animal studies in many different animal models against many different viruses. The Company determined that its anti-Influenza program, "FluCide™", was the most advanced and obtained and held a pre-IND meeting with the US FDA for the same on March

29, 2012. The Company believes it has gained valuable guidance from the FDA that enables us to develop and execute a product development plan for our anti-influenza drug candidate with the goal of filing an Investigational New Drug (IND) application to the US FDA, and similar applications in other countries in the world.

As the Company's drug candidates progress towards human clinical studies, it has become necessary to enable that they can be produced under "current Good Manufacturing Practices" (cGMP) guidelines of the US FDA, and other applicable international guidelines (such as WHO and ICH guidelines, as well as other country-specific and region-specific guidelines). In the US, the US FDA requires that at least two validated and consistent batches of the drug be produced under cGMP conditions before any human clinical trials can be allowed. Some other countries may allow research product materials for certain phases of human clinical trials. The Company's management has studied the possibilities of contract manufacturing of its drug candidates over the last several years and has concluded that building a small pilot scale manufacturing facility where the special needs of the manufacture of its nanomedicines can be met is the most appropriate solution. This approach provides the highest level of control over the quality of the materials and also keeps the intellectual property of the Company well protected. Further, to minimize capital costs to the Company, management determined that a separate entity should be allowed to purchase the real estate, renovate, build and maintain the facilities under the Company's direction and control. Some of the original investors of NanoViricides, Inc. had shown interest in obtaining a controlling share in such a separate entity. However, as of now these parties have not engaged into financing this entity, citing the extremely low rate of return on this potentially high risk investment. A separate entity, Inno-Haven, LLC ("Inno-Haven"), controlled by Anil R. Diwan, the Company's founder, was created for this purpose. Inno-Haven purchased an 18,000 sq. ft. light manufacturing building on a 4.2 acre land lot in Shelton, Connecticut in August, 2011. The purchase and related costs were financed by Dr. Diwan through his personal savings, and the saleof NanoViricides common stockthat he had acquired as a founder, that netted approximately $900,000 after expenses and income taxes. The 10b(5) plan was concluded in October, 2011. Inno-Haven has also obtained additional financing from certain other parties. Inno-Haven intends to obtain additional financing from investors other than Dr. Diwan. Dr. Diwan has also agreed to provide personal guarantees for possible loans and mortgages that would be drawn for the purpose of financing the building and construction costs for the extensive renovation intended.

The Company has agreed to provide Inno-Haven the specifications and plans for the cGMP pilot facility and laboratory and office spaces that are anticipated to be built by renovating the existing building. As of date, the Company does not have a lease or other written contract agreement with Inno-Haven other than an intent, and the Company is not bound to execute on this plan if it can find a superior alternative.

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 anti-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 following the economic crisis of 2008-2009 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. 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 Events.

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

On April 2, 2012, the Company announced that its previously announced pre-IND Meeting was held with the USFDA on March 29th, 2012, as scheduled. This pre-IND meeting focused on FluCide™, designated as NV-INF-1, the Company’s novel anti-influenza drug. The Company received US FDA comments and exchanged a list of questions with the US FDA prior to the Meeting. The Company believes that the US FDA has given us a good roadmap for advancing towards an IND application.

On May 7, 2012, the Company announced that a fundamental patent, on which the Nanoviricides® technology is based, was due to be issued in the USA on May 8, 2012. The US Patent (No. 8,173,764) is granted for "Solubilization and Targeted Delivery of Drugs with Self-Assembling Amphiphilic Polymers." The patent term is expected to last through October 1, 2026, including an anticipated extension, with the possibility of further extensions in compensation for time spent in clinical trials.

This US Patent has been allowed with a very broad range of claims to a large number of families of chemical structure compositions, pharmaceutical compositions, methods of making the same, and uses of the same. The disclosed

structures enable self-assembling, biomimetic nanomedicines. NanoViricides, Inc. holds exclusive, perpetual, worldwide licenses to these technologies for a broad range of antiviral applications and diseases.

Based on international PCT application number WO 2007/1084126, which was filed in 2006, corresponding patents have also been issued in Mexico, New Zealand, South Africa, and as a regional (OAPI) patent valid in sixteen other African states. Additional issuances are expected in Europe, and in several other countries around the world.

On May 8, 2012 the United States Patent and Trademark Office granted Patent No. 8,173,764 for "Solubilization and Targeted Delivery of Drugs with Self-Assembling Amphiphilic Polymers" to the inventors Anil R. Diwan, PhD, Jayant G. Tatake, PhD, and Ann L. Onton, all of who are among the founders of NanoViricides, Inc. The patents have been assigned to AllExcel, Inc., the Company at which the ground-breaking work was performed. AllExcel, Inc. has contractually transferred this intellectual property to TheraCour Pharma, Inc.

NanoViricides, Inc. holds exclusive worldwide licenses to these technologies for a broad range of antiviral applications and diseases that include All Influenzas including Asian Bird Flu Virus, Human Immunodeficiency Virus (HIV/AIDS), Hepatitis B Virus (HBV), Hepatitis C Virus (HCV), Herpes Simplex Virus (HSV), Dengue viruses, Rabies virus, Ebola/Marburg viruses, Japanese Encephalitis virus, as well as viruses causing viral Conjunctivitis (a disease of the eye) and Ocular Herpes, and Ebola/Marburg viruses.

Additional patents have also been filed to protect portions of the proprietary intellectual property on which the licenses from TheraCour to NanoViricides are based.

On May 14, 2012, the Company announced that it has retained Mr. Andrew Hahn as a consultant to help with the overall design and construction of its laboratory and cGMP pilot production facility. This facility will be built by renovating an existing 18,000 sq. ft. light manufacturing plant on a 4.2 acre lot in Shelton, CT, as previously announced. Mr. Hahn will help the Company in the overall design, architecture, engineering, and construction of the whole facility that includes the cGMP facility, laboratories, and office spaces. Mr. Hahn recently retired as the Senior Director of Engineering, Pharmaceutical Facilities, Global Engineering, at the Bristol-Myers-Squibb Company Worldwide Medicines Group (BMS). He has almost 30 years of experience in architecture, design and project management in the creation of new and refurbished facilities at Bristol-Myers Squibb Company.

Of importance to the Company's project, he was responsible for the worldwide design and construction of pharmaceutical plants, pilot plants and clinical supply facilities as well as research laboratories and offices while at BMS. Mr. Hahn holds a BA in Architecture from Princeton University. His responsibilities at BMS included overall management of facilities engineering, design, construction, and validation initiatives, overall project planning and management, as well as team-building and staff training in various aspects from architectural and engineering challenges to project management issues.

The Company has previously announced the acquisition of the Shelton light industrial building that will house the cGMP pilot production plant, research laboratories and offices, by a separate real-estate holding company called Inno-Haven, LLC. The cGMP pilot plant is being designed to produce sufficient quantities of the drug needed for human clinical trials for each of the various nanoviricides® drug candidates as they advance into the clinical pipeline. This cGMP plant is not intended for the commercial production of drugs for sale. The Company believes that as its drugs progress through the human clinical trials, it will be able to license or partner further drug development and commercialization activities to another pharmaceutical company. There can be no assurance that the Company will be able to enter into co-development or other licensing agreements.

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.

Our anti-Influenza drug candidate - Flucide

On March 29, 2012, the Company held a pre-IND Meeting with the US FAD for NV-INF-1, its anti-Influenza clinical drug candidate in the FluCide™ program. The Company had filed a pre-IND meeting request to the US FDA on December 5, 2011. On January 31, 2012, the Company announced that it had submitted the pre-IND Briefing Documents regarding FluCide to the US FDA. The Company plans to seek two different indications for this drug candidate: (1) uncomplicated out-patient influenza, and (2) hospitalized patients presenting with influenza-like-illness (ILI). The Company received US FDA comments and exchanged a list of questions with the US FDA prior to the pre-IND Meeting. The Company believes that the US FDA has given us a good roadmap for advancing towards an IND application. The Company now intends to undertake the extensive “CMC” (The Chemical, Manufacturing and Controls) studies , safety-toxicology studies as well as additional animal efficacy studies as necessary.

This anti-influenza therapeutic candidate is expected to be effective against most if not all types of influenzas including Bird Flu H5N1, Highly Pathogenic Influenzas (HPI/HPAI), Epidemic Influenzas such as the 2009 “swine flu” H1N1/A/2009, and Seasonal Influenzas.

The Company believes that a single-dose therapy, readily administered when the patient first visits the clinic, is likely for out-patient influenza cases. For hospitalized influenza patients, the Company is developing a drug solution that would be piggy-backed onto the customary IV-fluid treatment. These projections are based on our anti-influenza studies in a small animal (mouse) model.

On January 31, 2012, the Company announced that it had submitted the pre-IND Briefing Documents regarding FluCide to the US FDA. The Company plans to seek two different indications for this drug candidate: (1) uncomplicated out-patient influenza, and (2) hospitalized patients presenting with influenza-like-illness (ILI).

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. One of these highly effective drug candidates was nominated as the clinical drug candidate, NV-INF-1. The Company also has several back-up clinical quality candidates for influenza therapy that have resulted from this program.

These FluCide 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. This is a lethality-based model in which all of the untreated animals die within 5 days, and all of the animals treated with 40mg/kg oseltamivir (oral) die within 8 days. Test animals survived the full duration of the study upon treatment with our Flucide™ drug candidate, indicating an extremely high level of effectiveness against the Influenza virus.

These FluCide 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. The Company has filed a pre-IND Meeting application to the FDA. Subsequently, the Company has submitted the necessary pre-IND Briefing documents regarding its clinical candidate for influenza, NV-INF-1, to the FDA, on January 31, 2012.

A single dose therapy of normal influenza infection appears to be feasible with this anti-influenza nanoviricide clinical candidate. This 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.

Our anti HIV/Aids drug candidate – HIVCide.

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 new nanoviricide's effect was still equal to or better than the same three 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.

Our HIVCide studies were conducted by Dr. Krishna Menon, PhD, VMD, MRCS, at KARD Scientific, MA.

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 in the human body; (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 a 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 March 31, 2012, we have a cash and cash equivalent balance of $12,984,397 which will be sufficient to fund our operations through more than two years or March 31, 2014, 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 in 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, 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 concluded in October, 2011. Inno-Haven plans to raise the balance of financing through applicable and available loan programs such as the SBA-guaranteed bank loans and mortgages, the State of Connecticut programs for development of high tech industry, and additional investors. No lease agreement has been drawn up and the terms of lease have not yet been negotiated.

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 obtain such additional funding. We believe that we currently have adequate financing for our current business plan of operations.

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

1. Research and Development of $6,700,000: Planned costs for IND-enabling studies for pan-influenza drug candidate, 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 March 31, 2012, the Company has drawn down $20,000,000 of 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 March 31, 2014. 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.

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

ITEM 4. CONTROLS AND PROCEDURES

(a) Evaluation of disclosure controls and procedures.

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 not 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 June 30, 2011. To evaluate the effectiveness of our internal control over financial reporting, management used the criteria described in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO Framework"). 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 March 31, 2012. 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. ***See***, **AUDITOR'S OPINION PARAGRAPH BELOW.**

The material weakness relates to a lack of a functioning audit committee and a lack of outside directors on the Company's Board of Directors. We intend to initiate measures to remediate the identified material weakness by establishing a formal audit committee and the appointment of additional outside directors, one or more of whom may be appointed to a fully functioning audit committee.

The Company's annual report on Form 10-K, as amended, 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 June 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 June 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, the Company is in the process of addressing this issue by establishing an Audit Committee, and 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 March 31 ,2012, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

On or around December 22, 3011, the Connecticut Secretary of the State, as agent for service of process for the Company, was served with a Summons and Complaint in the case entitled David F. Gencarelli, Esq. d/b/a Gencarelli Group v. Nanoviricides, Inc. (Case No. 2011-CA-006555-B) filed in the Superior Court for the district of Columbia Civil Division. The Complaint for breach of contract, unjust enrichment, and quantum meruit claims unpaid legal fees of $77,601.00. On January 20, 2012, the case was removed to the United States District Court for the District of Columbia and the Company filed an Answer denying the claim and setting forth additional affirmative defenses and a counterclaim for legal fees. .Management believes that this lawsuit has no merit or basis and intends to defend the lawsuit vigorously, and as a result no accrual has been made in relation to this litigation.

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

On or around April 13, 2012, the Nevada Agency and Transfer Company, as agent for service of process for the Company in Nevada, was served with a Summons and Complaint in the case entitled Yidam, Ltd. v. Eugene Seymour, Anil Diwan, and Nanoviricides, Inc. ((Case No. A-12-659535-B) answerable in the Eighth Judicial District Court of the State of Nevada – Clark County (“Court”). The Complaint seeks to compel inspection of the Company’s books and records. On or about May 2, 2012 we filed a Demand for Security of Costs. Upon filing of the Demand, proceedings relative to the Company are stayed pending posting of the demanded security (or plaintiff engages in motion practice about the Demand). 30 days (+3 for mailing) from service, the Company may seek dismissal of the complaint if plaintiff has not posted the demanded security (or engaged the court). the Company will have 10 days after service of

notice of posting within which to answer or otherwise respond to the complaint The Complaint further seeks unspecified “injunctive relief” in furtherance of the demand for inspection to which it is not entitled. The Complaint, by a holder of less than 1 percent of the common stock of the Company, seeks to, inter alia, inspect documents and records of the company to which it is not entitled and in a form and manner the Company argues is not authorized by statute. Management believes that this lawsuit has no merit or basis and intends to vigorously defend it. Monetary damages have not been claimed and as a result no accrual has been made in relation to this litigation

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

In February, 2012, the Scientific Advisory Board (SAB) was granted warrants to purchase 60,000 shares of common stock at $1.09 per share expiring in February , 2016.

For the three months ended March 31, 2012, the Company's Board of Directors authorized the issuance of 25,862 shares of its common stock with a restrictive legend to an unrelated party for consulting services.

The securities described above were offered and sold in reliance upon exemptions from registration pursuant to Section 4(2) under the Securities Act and Rule 506 of Regulation D promulgated thereunder. The agreements executed in connection with this sale contain representations to support the Registrant's reasonable belief that the Investor had access to information concerning the Registrant's operations and financial condition, the Investor acquired the securities for their own account and not with a view to the distribution thereof in the absence of an effective registration statement or an applicable exemption from registration, and that the Investor are sophisticated within the meaning of Section 4(2) of the Securities Act and are "accredited investors" (as defined by Rule 501 under the Securities Act). In addition, the issuances did not involve any public offering; the Registrant made no solicitation in connection with the sale other than communications with the Investor; the Registrant obtained representations from the Investor regarding their investment intent, experience and sophistication; and the Investor either received or had access to adequate information about the Registrant in order to make an informed investment decision. The Company has not utilized an underwriter for an offering of its securities, except in the recent financing completed on February 8, 2012, with Seaside 88, LP, wherein Midtown Capital Partners, LLC were engaged as placement agent for the Company's securities sold in the offering.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

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 March 31, 2012, the Company filed the following Current Reports on Form 8-K:

On February 9, 2012,the Registrant filed a Current Report on Form 8-K disclosing that on February 8, 2012, Seaside 88, LP (“Seaside”), Seaside purchased 250,000 shares of the Registrant’s Series B Convertible Preferred Stock (the “Series B Preferred Stock”) at the purchase price of $10.00 per share (the “Purchase Price”) for an aggregate purchase price of $2,500,000. The Registrant also disclosed 40,000 shares of Series B Preferred Stock automatically converted into shares of the Registrant’s common stock, par value $0.001 per share (the “Common Stock”) on February 8, 2012 and 40,000 shares (or such lesser number that remains unconverted) shall convert every fourteen (14) days thereafter.

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: May 17, 2012

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

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