NANOVIRICIDES, INC.
Form 10-Q/A
May 20, 2013

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q/A

(Amendment No. 1)

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF

THE SECURITIES EXCHANGE ACT OF 1934.

For the quarterly period ended March 31, 2013

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

NANOVIRICIDES, INC.

(Exact name of Company as specified in its charter)

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

135 Wood Street, Suite 205

West Haven, Connecticut 06516

(Address of principal executive offices and zip code)

(203) 937-6137

(C*ompany'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 15, 2013 was: 161,985,997

Explanatory Note: The sole purpose of this Amendment to NanoViricides, Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2013, filed with the Securities and Exchange Commission on May 15, 2013 (the "Form 10-Q"), is to provide the consolidated financial statements and related notes from the Form 10-Q formatted in XBRL (eXtensible Business Reporting Language) to furnish Exhibit 101 to the Form 10-Q in accordance with Rule 405 of Regulation S-T. Exhibit 101 to this report provides the consolidated financial statements and related notes from the Form 10-Q formatted in XBRL. No other changes have been made to the Form 10-Q.

Pursuant to Rule 406T of Regulation S-T, the interactive data files on Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities Act of 1934, as amended, and otherwise are not subject to liability under those sections.

NANOVIRICIDES, INC.

(A DEVELOPMENT STAGE COMPANY)

March 31, 2013 and 2012

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Nanoviricides, Inc.

(A Development Stage Company)

Balance Sheets

	March 31, 2013 (Unaudited)	June 30, 2012
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 15,457,807	$ 14,274,985
Prepaid expenses	541,634	314,174
Collateral advance for affiliate	1,000,000	-
Total Current Assets	16,999,441	14,589,159
PROPERTY AND EQUIPMENT		
Property and equipment	1,440,717	1,440,717
Accumulated depreciation	(984,033)	(825,875)
Property and equipment, net	456,684	614,842
TRADEMARK		
Trademark	458,954	458,954
Accumulated amortization	(39,727)	(33,147)
Trademark, net	419,227	425,807
Total Assets	$ 17,875,352	$ 15,629,808
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 237,661	$ 238,358
Accounts payable – related parties	630,385	365,681
Accrued expenses	147,246	96,878
Derivative liability	3,398,611	1,078,698
Total Current Liabilities	4,413,903	1,779,615
LONG TERM LIABILITIES:		
Debentures payable	3,339,067	-
Total Long Term Liabilities	3,339,067	-

Total Liabilities	7,752,970	1,779,615
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Series A Convertible Preferred stock, $0.001 par value, 10,000,000 shares designated, 10,465,000 and 9,871,250 shares issued and outstanding, respectively	10,466	9,872
Series B Convertible Preferred stock, $0.001 par value, 10,000,000 shares designated, none issued and outstanding	-	-
Series C Convertible Preferred stock, $0.001 par value, 10,000,000 shares designated, 0 and 2,353 shares issued and outstanding, respectively	-	2
Common stock, $0.001 par value; 300,000,000 shares authorized; 164,540,249 and 155,612,293 shares issued and outstanding, respectively	164,571	155,645
Additional paid-in capital	46,066,390	43,108,790
Deficit accumulated during the development stage	(36,119,045)	(29,424,116)
Total Stockholders' Equity	10,122,382	13,850,193
Total Liabilities and Stockholders' Equity	$ 17,875,352	$ 15,629,808

See accompanying notes to the financial statements

Nanoviricides, Inc.

(A Development Stage Company)

Statements of Operations

	For the Three Months Ended March 31, 2013 (Unaudited)	For the Three Months Ended March 31, 2012 (Unaudited)	For the Nine Months Ended March 31, 2013 (Unaudited)	For the Nine Months Ended March 31, 2012 (Unaudited)	For the Period from May 12, 2005 (inception) through March 31, 2013 (Unaudited)
OPERATING EXPENSES					
Research and development	$ 1,359,205	$ 1,582,705	$ 3,279,220	$ 3,252,745	$ 21,790,371
Refund credit research and development costs	-	-	-	-	(420,842)
General and administrative	831,353	494,080	1,748,582	1,281,755	12,465,960
Total operating expenses	2,190,558	2,076,785	5,027,802	4,534,500	33,835,489
LOSS FROM OPERATIONS	(2,190,558)	(2,076,785)	(5,027,802)	(4,534,500)	(33,835,489)
OTHER INCOME (EXPENSE):					
Interest income (expense), net	(822,278)	30,801	(770,825)	40,283	(558,714)
Discount on convertible debentures	-	-	-	-	(73,930)
Beneficial conversion feature of convertible debentures	-	-	-	-	(713,079)
Change in fair market value of derivatives	(669,753)	14,131	(896,302)	(68,931)	(937,833)
Other income (expense), net	(1,492,031)	44,932	(1,667,127)	(28,648)	(2,283,556)

LOSS BEFORE INCOME TAX PROVISION	(3,682,589)	(2,031,853)	(6,694,929)	(4,563,148)	(36,119,045)
INCOME TAX PROVISION	-	-	-	-	-
NET LOSS	$ (3,682,589)	$ (2,031,853)	$ (6,694,929)	(4,563,148)	$ (36,119,045)
NET LOSS PER COMMON SHARE - BASIC AND DILUTED:	$ (0.02)	$ (0.01)	$ (0.04)	(0.02)	
Weighted average common shares outstanding - basic and diluted	163,454,938	151,556,920	159,902,326	147,890,395	

See accompanying notes to the financial statements

NanoViricides, Inc.

(A Development Stage Company)

Statement of Stockholders' Equity

For the period from June 30, 2010 through March 31, 2013

(Unaudited)

	Series A Preferred Stock: Par $0.001		Series B Preferred Stock: Par $0.001		Series C Preferred Stock: Par $0.001		Common Stock: Par $0.001		Additional	Deficit Accumul
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Paid-in Capital	During th Develop Stage
Please refer to Form 10K for the fisacal year ended June 30, 2012 filed with SEC on October 15, 2012 for equity transactions occurred prior to June 30, 2009										
Balance, June 30, 2010	7,593,750	$7,594	260,000	$260	-	$-	133,980,471	$133,981	$23,116,612	$(16,739
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			(60,000)	(60)						

converted into common stock by SeaSide 88, LP, July 7, 2010					
Dividend paid to Seaside 88, LP, July 7, 2010					(9,973)
Common shares issued as dividend to Seaside 88, LP at $1.65 per share, July 7, 2010			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 21, 2010			463,177	463	
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			3,086	3	4,997

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

converted into common stock by SeaSide 88, LP, August 18, 2010					
Dividend paid to Seaside 88, LP, August 18, 2010					(3,068)
Common shares issued as dividend to Seaside 88, LP at $0.99 per share, August 18, 2010			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 converted into common stock by SeaSide 88, LP, September 21, 2010	(40,000)	(40)			
Derivative liability -					103,012

retirement of Series B Preferred Shares, September 21, 2010						
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			460,346	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 5, 2010			9,268	9	8,046	
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			452,965	453		

19, 2010							
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 services valued at $1.03 per share, October 31, 2010					4,854	5	4,995
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,			(40,000)	(40)			

August 4, 2010 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 Shares at $1.35 per share, November 30, 2010			310,566	311	
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			25,000	25	24,975

conversion of warrants to Common Stock at $1.00 per share, December 10, 2010						
Common shares issued as compensation pursuant to S-8 at $1.28 per share, December 10, 2010				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 Shares issued to SeaSide 88, LP,	250,000	250				2,499,750

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 3, 2011			7,653	8	8,896
Derivative liability - retirement of Series B Preferred Shares, January 3, 2011					73,532
Common shares issued for conversion of			317,965	318	

Series B Preferred Shares at $1.26 per share, January 17, 2011					
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, January 17, 2011	(40,000)	(40)			
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 Preferred Shares at $1.12 per share, January 31, 2011			356,422	356	
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 for conversion of Series B Preferred Shares at $1.08 per share, February 14, 2011			370,017	370	
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,					71,699

February 14, 2011					
Warrants issued to Scientific Advisory Board, Feburary 15, 2011					54,000
Common shares issued for conversion of Series B Preferred Shares at $0.99 per share, February 28, 2011			405,610	406	
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			250,000	250	316,000

employee stock compensation at $1.32 per share, March 3, 2011							
Series A Preferred Shares issued for employee stock compensation, March 3, 2011	593,750	594					1,364,036
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 Seaside 88, LP at $1.09 per shares, March 14, 2011					1,761	2	1,916
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			(10,000)	(10)			

converted into common stock by SeaSide 88, LP, March 28, 2011					
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 and legal services valued at $1.28 per share, March 31, 2011			4,680	5	5,995
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)
					(429,725)

Derivative liability - issuance of Series B Preferred Shares						
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 converted into common stock by SeaSide 88, LP, April 18, 2011	(40,000)	(40)				
Derivative liability - retirement of Series B Preferred Shares, April 18, 2011					68,756	
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					68,941	

Series B Preferred Shares, May 2, 2011						
Dividend paid to Seaside 88, LP, May 2, 2011					(8,055	)
Common shares issued as dividend to Seaside 88, LP at $1.18 per shares, May 2, 2011			6,841	7	8,048	
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 Preferred Shares			326,480	326	(286	)

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 Shares converted into common stock by SeaSide 88, LP, June 13, 2011	(40,000)	(40)				
Derivative liability - retirement of Series B					69,727	

Preferred Shares, June 13, 2011						
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	
Dividend paid to Seaside 88, LP, June 27, 2011					(1,918	)
Common shares issued as Dividend to Seaside 88, LP at $1.10 per share, June 27, 2011			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,

Balance, June 30, 2011	8,217,500	8,218	10,000	10	-	-	143,548,494	143,582	33,235,990	(23,216
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									17,881	
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)	
									(6,250)	

Legal Fees related to Sale of Convertible Preferred Stock, July 26, 2011					
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 converted into common stock by SeaSide 88, LP, July 26, 2011	(40,000)	(40)			
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	(40,000)	(40)			

SeaSide 88, LP, August 8, 2011						
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 and			5,263	5	5,995	

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, September 19, 2011			427,652	428	
Retirement of Series B Preferred Shares converted into common stock by	(40,000)	(40)			

SeaSide 88, LP, September 19, 2011					
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 value, on October 3, 2011			514,311	514	
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on October 3, 2011	(40,000)	(40)			
Derivative Liability - Retirement of Preferred Series					69,496

B on October 3, 2011						
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			6,537	5	5,995	

$0..92 per share on October 31, 2011					
Series B Preferred Shares issued to SeaSide 88, LP, $.001 par value on November 1, 2011	250,000	250			2,499,750
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 Preferred Series					68,297

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			642,735	643		

per share, .001 par value, on November 29, 2011						
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, 2011					(6,521	)
Shares issued for consulting and legal services rendered at $0.81 per share on November 30, 2011			7,373	7	5,993	
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	(40,000)	(40)				

Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on December 13, 2011						
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	
					(1,918	)

Dividend to Seaside 88, LP, paid on January 10, 2012					
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, 2012					(384)
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
					(150,000)

Placement Agents Fees related to sale of Convertible Preferred shares on February 8, 2012					
Derivative Liability - Issuance of Preferred Series B					(430,283)
Legal Fees related to Sale of Convertible Preferred Stock February 8, 2012					(6,250)
Shares issued in conversion of Series B Preferred Shares to Common Stock at $0.56 per share, .001 par value, on February 8, 2012			717,142	717	
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			576,062	576	

Stock at $0.69 per share, .001 par value, on February 22, 2012							
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					250,000	250	181,624
Series A Preferred Shares issued for employee stock compensation, March 3, 2012	593,750	594					633,814

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 Series B on March 7, 2012					68,602
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.64 on March 7, 2012			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, .001 par value common stock at $0.64 on March 21, 2012			7,812	8	4,978
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
Shares issued in conversion of Series B Preferred Shares to Common Stock at $.61 per share, .001 par value, on April 4, 2012			661,496	661	
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on April 4, 2012	(40,000)	(40)			
Derivative Liability - Retirement of Preferred Series B on April 4, 2012					69,098
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at			5,709	6	3,446

$0.61 on April 4, 2012					
Dividend to Seaside 88, LP, paid on April 4, 2012					(3,452)
Shares issued in conversion of Series B Preferred Shares to Common Stock at $0.51 per share, .001 par value, on April 18, 2012			785,453	785	
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on April 18, 2012	(40,000)	(40)			
Derivative Liability - Retirement of Preferred Series B on April 18, 2012					69,224
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.54 on April 18, 2012			3,579	4	1,914
Dividend to Seaside 88, LP, paid on April 18, 2012					(1,918)
Shares issued for consulting and legal services rendered at $0.63 per share on April 30, 2012			9,547	9	5,990
Shares issued in conversion of Series B Preferred Shares to Common			198,354	199	

Stock at $0.50 per share, .001 par value, on May 2, 2012						
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on May 2, 2012	(10,000)	(10)				
Derivative Liability - Retirement of Preferred Series B on May 2, 2012						69,892
Warrants issued to Scientific Advisory Board on May 15, 2012						47,400
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.51 on May 2, 2012				754	1	383
Dividend to Seaside 88, LP, paid on May 2, 2012						(384)
Shares issued for consulting and legal services rendered at $0.67 per share on May 31, 2012				8,962	9	5,991
Series C Preferred Shares issued to SeaSide 88, LP, $.001 par value on June 28, 2012			2,500	3		2,499,997
Placement Agents Fees related to sale of Convertible Preferred shares on June 28, 2012						(150,000)

Derivative Liability - Issuance of Preferred Series C						(1,090,017)
Legal Fees related to Sale of Convertible Preferred Stock June 28, 2012						(25,000)
Sharees of Series A Preferred issued for legal services rendered	10,000	10				3,277
Shares issued in conversion of Series C Preferred Shares to Common Stock at $0.49 per share, .001 par value, on June 28, 2012				298,472	298	
Retirement of Series C Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on June 28, 2012			(147)	-		
Derivative Liability - Retirement of Preferred Series C on June 28, 2012						63,704
Series A Preferred Shares issued for employee stock compensation, June 28, 2012	1,050,000	1,050				344,122
Shares issued for consulting and legal services rendered at $0.61 per share on June 30, 2012				9,867	10	5,990
						(6,207,3

Net loss for the year ended June 30, 2012										
Balance, June 30, 2012	9,871,250	9,872	-	-	2,353	3	155,612,293	155,644	43,108,790	(29,424
Shares issued in conversion of Series C Preferred Shares to Common Stock at $.49 per share, .001 par value, on July 12, 2012							212,398	212		
Retirement of Series C Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value onJuly 12, 2012					(103	)	(0)			
Derivative Liability - Retirement of Preferred Series C on July 12, 2012									44,190	
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.49 on JULY 12, 2012							18,397	18	9,008	
Dividend to Seaside 88, LP, paid on July 12, 2012									(9,026	)
Shares issued in conversion of Series C Preferred Shares to Common							271,373	271		

Stock at $0.47 per share, .001 par value, on July 26, 2012					
Retirement of Series C Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on July 26, 2012	(128)	(0)			
Derivative Liability - Retirement of Preferred Series B on July 26, 2012				53,032	
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.47 on July 26, 2012		18,275	18	8,611	
Dividend to Seaside 88, LP, paid on July 26, 2012				(8,629)	
Shares issued for consulting and legal services rendered at $0.55 per share on July 31, 2012		10,909	11	5,989	
Shares issued in conversion of Series C Preferred Shares to Common Stock at $0.42 per share, .001 par value, on August 8, 2012		280,944	281		

Retirement of Series C Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on August 8, 2012		(118)	(0)		
Derivative Liability - Retirement of Preferred Series C on August 8, 2012					51,555
Warrants issued to Scientific Advisory Board on August 15, 2012					40,800
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.43 on August 8, 2012			18,868	19	8,119
Dividend to Seaside 88, LP, paid on August 8, 2012					(8,138)
Shares issued in conversion of Series C Preferred Shares to Common Stock at $0.48 per share, .001 par value, on August 23, 2012			574,792	575	
Retirement of Series C Preferred Shares converted into common stock by		(276)	(0)		

SeaSide 88, LP, .001 par value on August 23, 2012				
Derivative Liability - Retirement of Preferred Series C on August 23, 2012				121,054
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.43 on August 23, 2012		16,006	16	7,668
Dividend to Seaside 88, LP, paid on August 23, 2012				(7,684)
Shares issued for consulting and legal services rendered at $0.58 per share on August 31, 2012		10,345	10	5,990
Shares issued in conversion of Series C Preferred Shares to Common Stock at $0.58 per share, .001 par value, on September 5, 2012		763,135	763	
Retirement of Series C Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on September 5, 2012	(441)	(0)		

Derivative Liability - Retirement of Preferred Series C on September 5, 2012				236,481
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.58 on September 5, 2012		11,478	11	6,614
Dividend to Seaside 88, LP, paid on September 5, 2012				(6,625)
Shares issued in conversion of Series C Preferred Shares to Common Stock at $0.52 per share, .001 par value, on September 19, 2012		553,337	553	
Retirement of Series C Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on September 19, 2012	(285)	(0)		
Derivative Liability - Retirement of Preferred Series C on September 19, 2012				182,575

Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.52 on September 19, 2012			9,572	10	4,926
Dividend to Seaside 88, LP, paid on September 19 2012					(4,936)
Shares issued for consulting and legal services rendered at $0.62 per share on September 30, 2012			9,677	10	5,990
Shares issued in conversion of Series C Preferred Shares to Common Stock at $.54 per share, .001 par value, on October 3, 2012			435,842	436	
Retirement of Series C Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on October 3, 2012	(233)	(0)			
Derivative Liability - Retirement of Preferred Series C on October 3, 2012					39,945
Shares issued as Dividend to			7,176	7	3,835

Seaside 88, LP, .001 par value common stock at $0.54 on October 3, 2012					
Dividend to Seaside 88, LP, paid on October 3, 2012					(3,842)
Shares issued in conversion of Series C Preferred Shares to Common Stock at $0.53 per share, .001 par value, on October 17, 2012			311,521	312	
Retirement of Series C Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on October 17, 2012	(165)	(0)			
Derivative Liability - Retirement of Preferred Series C on October 3, 2012					28,413
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.53 on October 17, 2012			5,550	6	2,942
Dividend to Seaside 88, LP, paid on October 17, 2012					(2,948)
Shares issued for consulting and legal services			16,630	16	9,984

rendered at $0.61 per share on October 31, 2012					
Shares issued in conversion of Series C Preferred Shares to Common Stock at $0.52 per share, .001 par value, on October 31, 2012			281,347	281	
Retirement of Series C Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on October 31, 2012		(145)	(0)		
Derivative Liability - Retirement of Preferred Series C on October 31, 2012					24,955
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.53 on October 31, 2012			4,481	5	2,308
Dividend to Seaside 88, LP, paid on October 31, 2012					(2,313)
Warrants issued to Scientific Advisory Board on November 15, 2012					34,200
			3,823	4	1,752

Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.43 on November 14, 2012					
Dividend to Seaside 88, LP, paid on November 14, 2012					(1,756)
Shares issued in conversion of Series C Preferred Shares to Common Stock at $0.43 per share, .001 par value, on November 14, 2012			383,144	383	
Retirement of Series C Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on November 14, 2012	(165)	(0)			
Derivative Liability - Retirement of Preferred Series C on November 14, 2012					28,407
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.44 on November 29, 2012			2,570	3	1,118

Dividend to Seaside 88, LP, paid on November 29, 2012					(1,121)
Shares issued for consulting and legal services rendered at $0.53 per share on November 30, 2012			13,208	13	6,987
Shares issued in conversion of Series C Preferred Shares to Common Stock at $0.44 per share, .001 par value, on November 29, 2012			390,698	391	
Retirement of Series C Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on November 29, 2012	(170)	(0)			
Derivative Liability - Retirement of Preferred Series C on November 29, 2012					29,302
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.43 on December 13, 2012			1,083	1	467

Dividend to Seaside 88, LP, paid on December 13, 2012					(468)
Shares issued in conversion of Series C Preferred Shares to Common Stock at $0.43per share, .001 par value, on December 13, 2012			282,379	282	
Retirement of Series C Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on December 13, 2012	(122)	(0)			
Derivative Liability - Retirement of Preferred Series C on December 13, 2012					20,953
Series C Preferred Shares issued to SeaSide 88, LP, $.001 par value on December 21, 2012	2,500	3			2,541,870
Placement Agents Fees related to sale of Convertible Preferred shares on December 21, 2012					(165,000)

Derivative Liability - Issuance of Preferred Series C					
Legal Fees related to Sale of Convertible Preferred Stock December 21, 2012					(12,500)
Shares issued in conversion of Series C Preferred Shares to Common Stock at $0.44 per share, .001 par value, on December 21, 2012			357,279	357	
Retirement of Series C Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on December 21, 2012		(156)	(0)		
Derivative Liability - Retirement of Preferred Series C on December 21, 2012					24,686
Shares issued for consulting and legal services rendered at $0.50 per share on December 31 , 2012			14,000	14	6,986
Shares issued to a Director for			9,032	9	4,991

services rendered at $0.55 per share on December 31 , 2012					
Shares issued in conversion of Series C Preferred Shares to Common Stock at $..41 per share, .001 par value, on January 4, 2013			349,994	350	
Retirement of Series C Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on January 4, 2013		(144) (0)			
Derivative Liability - Retirement of Preferred Series C on January 4, 2013					22,488
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.41 on Jamuary 4, 2013			21,907	22	8,970
Dividend to Seaside 88, LP, paid on January 4,2013					(8,992)
Shares issued in conversion of Series C Preferred Shares to Common Stock at $0.42 per share, .001			387,947	388	

par value, on January 17, 2013						
Retirement of Series C Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on January 17, 2013		(164)	(0)			
Derivative Liability - Retirement of Preferred Series C on January 17, 2013					26,329	
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0..42on January 17, 2013			19,998	20	8,421	
Dividend to Seaside 88, LP, paid on January 17, 2013					(8,441	)
Shares issued in conversion of Series C Preferred Shares to Common Stock at $0..42 per share, .001 par value, on January 31, 2013			275,788	276		
Retirement of Series C Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on January 31, 2013		(113)	(0)			

Derivative Liability - Retirement of Preferred Series C on January 31, 2013			18,502	
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.41 on January 31, 2013	18,901	19	7,794	
Dividend to Seaside 88, LP, paid on January 31, 2013			(7,813	)
Shares issued for consulting and legal services rendered at $0.49 per share on January 31, 2013	14,286	15	6,985	
Shares issued at $0.48 in payment of Debenture interest on February 1, 2013	2,000,000	2,000	663,497	
Warrants issued to Scientific Advisory Board on February 15, 2013			31,800	
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.41 on February 14, 2013	18,101	18	7,358	
Dividend to Seaside 88, LP, paid on February			(7,376	)

14, 2013					
Shares issued in conversion of Series C Preferred Shares to Common Stock at $0.41 per share, .001 par value, on February 14, 2013			241,062	241	
Retirement of Series C Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on February 14, 2013	(98)	(0)			
Derivative Liability - Retirement of Preferred Series C on February 14, 2014					15,985
Redemption of Series C Convertible Preferred on February 26, 2013	(1,827)	(2)			(1,714,332)
Dividend to Seaside 88, LP, paid on February 26, 2013					(6,002)
Shares issued for consulting and legal services rendered at $0.46per share on February 28, 2013			15,217	15	6,985

Derivative Liability - Redemption of Preferred Series C on February 26, 2013					42
Common shares issued for employee stock compensation at $..48 per share, March 1, 2013			125,000	125	29,875
Common shares issued for employee stock compensation at $.48 per share, March 1, 2013			125,000	125	29,875
Series A Preferred Shares issued for employee stock compensation, March 1, 2013	250,000	250			187,137
Series A Preferred Shares issued for employee stock compensation, March 1, 2013	250,000	250			187,137
Series A Preferred Shares issued for employee stock compensation, March 1, 2013	93,750	94			70,176
Shares issued for consulting and legal services rendered at $0.65 per share on March 31, 2013			10,769	10	6,989
Shares issued to a Director for			4,717	5	2,495

services rendered at $0.53 per share on maerch 31, 2013										
Net loss for the year ended June 30, 2012										(6,694,9
Balance, March 31, 2013	10,465,000	$10,466	-	$-	-	$-	164,540,249	$164,571	$46,066,390	$(36,119

See accompanying notes to the financial statements

Nanoviricides, Inc.

(A Development Stage Company)

Statements of Cash Flows

	For the Nine Months Ended March 31, 2013 (Unaudited)	For the Nine Months Ended March 31, 2012 (Unaudited)	For the Period from May 12, 2005 (inception) through March 31, 2013 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	$ (6,694,929)	$ (4,563,148)	$ (36,119,045)
Adjustments to reconcile net loss to net cash used in operating activities			
Preferred shares issued for license	-	-	7,000
Preferred shares issued as compensation	445,044	634,408	2,648,241
Common shares and warrants issued for services	130,500	235,875	3,527,867
Common shares issued for interest	665,497	-	665,497
Warrants granted to scientific advisory board	106,800	163,800	1,172,038
Amortization of deferred compensation	-	-	121,424
Depreciation	158,158	158,158	984,033
Amortization	6,580	6,581	39,726
Change in fair value of derivative liability	669,753	(68,931)	711,290
Amortization of deferred financing expenses	-	-	51,175
Discount convertible debentures	-	-	73,930
Beneficial conversion feature of convertible debentures	-	-	713,079
Changes in operating assets and liabilities:			
Prepaid expenses	(227,460)	36,545	(533,634)
Other current assets	-	-	(8,001)
Deferred expenses	-	-	(2,175)
Accounts payable - trade	(698)	129,487	582,040
Accounts payable - related parties	264,704	(78,026)	630,385
Accrued expenses	50,368	23,814	147,246
NET CASH USED IN OPERATING ACTIVITIES	(4,425,683)	(3,321,437)	(24,587,884)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Collateral advance for affiliate	(1,000,000)	-	(1,000,000)

Purchase of property and equipment	-	(23,352)	(1,440,717)
Purchase of trademark	-	(35,199)	(458,955)
NET CASH USED IN INVESTING ACTIVITIES	(1,000,000)	(58,551)	(2,899,672)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of Convertible Debentures	6,000,000		6,000,000
Proceeds from issuance of Convertible Preferred Series B stock, net	-	7,140,362	19,462,500
Proceeds from issuance of Convertible Preferred Series C stock, net	608,505	-	2,933,505
Proceeds from issuance of common stock and warrants in connection with private placements of common stock, net of issuance costs	-	-	11,296,748
Proceeds from exercise of stock options	-	-	90,000
Proceeds from exercise of warrants	-	-	3,162,590
Collection of stock subscriptions received	-	-	20
NET CASH PROVIDED BY FINANCING ACTIVITIES	6,608,505	7,140,362	42,945,363
NET CHANGE IN CASH	1,182,822	3,760,374	15,457,807
Cash at beginning of period	14,274,985	9,224,023	-
Cash at end of period	$ 15,457,807	$ 12,984,397	$ 15,457,807
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:			
Interest paid	$ -	$ -	$ -
Income tax paid	$ -	$ -	$ -
NON CASH FINANCING AND INVESTING ACTIVITIES:			
Common stock issued for services rendered	$ 130,500	$ 54,000	$ 12,109,302
Preferred stock issued as compensation	445,044	-	4,066,826
Stock options issued to the officers as compensation	-	-	121,424
Stock warrants granted to scientific advisory board	106,800	163,800	1,172,038
Stock warrants granted to brokers	-	-	3,563
Common stock issued for interest on debentures	2,000,000	-	2,073,930
Shares of common stock issued in connection with debenture offering	-	-	49,000
Common stock issued upon conversion of convertible debentures	-	-	1,000,000
Common stock issued upon conversion of Series B Preferred Stock	-	6,275,327	20,320,630
Common stock issued upon conversion of Series C Preferred Stock	6,352,980	-	5,396,661
Common stock issued for dividends on Preferred Stock	136,393	69,425	291,994
	-	-	713,079

Debt discount related to beneficial conversion feature of convertible debt			
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)

March 31, 2013 and 2012

NOTES TO 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 01, 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 licenses in perpetuity 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 approved 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 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 holders approval. The 7,000,000 shares were valued at the par value or $7,000.

We focus our research and clinical programs on specific anti-viral solutions.

We focus our research and clinical programs on specific anti-viral therapeutics. Our anti-viral therapeutics, that we call “nanoviricides® “ are designed to look to the virus like the native cell surface to which it binds. Since these binding sites for a given virus do not change despite mutations and other changes in the virus, we believe that our drugs will be broad-spectrum, i.e. effective against most if not all strains, types, or subtypes, of a given virus, provided the virus-binding portion of the nanoviricide is engineered appropriately.

NanoViricides, Inc. is the first in the world in the entire field of nanomedicines to have developed a drug that can be administered orally (by mouth). Our oral anti-influenza drug candidate, NV-INF-2, has shown extremely high broad-spectrum effectiveness against two different influenza A viruses in animal models, in our FluCide™ program. We are also developing a highly effective injectable anti-influenza drug, NV-INF-1, in this program. The Company held a pre-IND Meeting with the US FDA for its clinical drug candidate NV-INF-1 in March, 2012. The Company is developing this injectable drug (NV-INF-1) for hospitalized patients with severe influenza, including immuno-compromised patients. The Company believes that this drug may also be usable as a single-dose injection in a medical office for less severe cases of influenza. Both of these anti-influenza therapeutic candidates are “broad-spectrum”, i.e. they are expected to be effective against most if not all types of influenzas including the recently discovered novel strain of H7N9, Bird Flu H5N1, other Highly Pathogenic Influenzas (HPI/HPAI), Epidemic Influenzas such as the 2009 “swine flu” H1N1/A/2009, and Seasonal Influenzas including the recent H3N2 influenza. The Company has already demonstrated that our anti-influenza drugs have significantly superior activity when compared to oseltamivir (Tamiflu®) against two unrelated influenza A subtypes, namely, H1N1 and H3N2 in a highly lethal animal model. Both of these drug candidates can be used as prophylactics to protect at-risk personnel such as health-care workers and immediate family members and caretakers of a patient.

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

The Company is also developing broad-spectrum eye drops that are expected to be effective against a majority of the viral infections of the external eye. Most of these viral infections are from adenoviruses or from herpesviruses. The Company has shown excellent efficacy of its drug candidates against EKC (adenoviral epidemic kerato-conjunctivitis) in an animal model. In addition, the anti-HSV drug candidates have shown excellent efficacy in cell culture studies. The Company is also developing a skin cream formulation for the treatment of herpes cold sores or genital warts. Further, the Company is developing a broad-spectrum drug against Dengue viruses that is expected to be useful for the treatment of any of the four major serotypes of dengue viruses, including in severe cases of dengue (DSS) and dengue

hemorrhagic fever (DHF). DSS and DHF are thought to be caused by prior antibodies against dengue that a patient's body creates to fight a second unrelated dengue infection, and the second virus uses these antibodies effectively to hitch a ride into human cells, thereby causing a more severe infection than in naive patients. In addition to these six drugs in development, the Company also has research programs against Rabies virus, Ebola and Marburg viruses, and others. To date, the Company does not have any commercialized products. The Company continues to add to our existing portfolio of products through our internal discovery and clinical development programs and also seeks to do so through an in-licensing strategy.

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, 2012 filed with the SEC on October 15, 2012.

Fair Value of Financial Instruments

The Company applied paragraph 810-10-05-4 of the FASB Accounting Standards Codification to the preferred stock convertible to common stock associated with the Preferred Series B Convertible Debenture issued January 15, 2013. Based on the guidance in paragraph 810-10-05-4 of the FASB Accounting Standards Codification the Company concluded these instruments were required to be accounted for as derivatives as of January 15, 2013. The Company records the fair value of the preferred stock that are classified as derivatives on its balance sheet at fair value with changes in the values of these derivatives reflected in the consolidated statements of operations as "Gain (loss) on derivative liabilities." These derivative instruments are not designated as hedging instruments under paragraph 810-10-05-4 of the FASB Accounting Standards Codification and are disclosed on the balance sheet under Derivative Liabilities.

The Company follows paragraph 825-10-50-10 of the FASB Accounting Standards Codification for disclosures about fair value of its financial instruments and has adopted paragraph 820-10-35-37 of the FASB Accounting Standards Codification ("Paragraph 820-10-35-37") to measure the fair value of its financial instruments. Paragraph 820-10-35-37 establishes a framework for measuring fair value in accounting principles generally accepted in the United States of America (U.S. GAAP), and expands disclosures about fair value measurements. To increase consistency and comparability in fair value measurements and related disclosures, Paragraph 820-10-35-37 establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value into three (3) broad levels. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three (3) levels of fair value hierarchy defined by Paragraph 820-10-35-37 are described below:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are financial instruments whose values are determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant judgment or estimation. The Company's Level 3 liabilities consist of the derivative liabilities associated with the Preferred Series B convertible debenture issued January 15, 2013. At March 31, 2013, all $3,398,611 of the Company's derivative liabilities were categorized as Level 3 fair value liabilities.

If the inputs used to measure the financial assets and liabilities fall within more than one level described above, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Level 3 Valuation Techniques

Financial assets are considered Level 3 when their fair values are determined using pricing models, discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable. Level 3 financial liabilities consist of the Preferred Series B convertible debenture issued January 15, 2013 for which there is no current market for these securities such that the determination of fair value requires significant judgment or estimation. We have valued the automatic conditional conversion, re-pricing/down-round, change of control; default and follow-on offering provisions using a lattice model, with the assistance of a valuation consultant, for which management understands the methodologies. These models incorporate transaction details such as Company stock price, contractual terms, maturity, risk free rates, as well as assumptions about future financings, volatility, and holder behavior as of issuance and March 31, 2013. The primary assumptions include: projected annual volatility of 79%-197%; the follow-on securities purchase option; the conversion feature as a percentage of Market; automatic/conditional conversions; market price trigger events.

The fair value of the derivatives was $2,735,310 as of January 15, 2013 upon issuance and was $3,398,611 at March 31, 2013.

The foregoing assumptions are reviewed quarterly and are subject to change based primarily on management’s assessment of the probability of the events described occurring. Accordingly, changes to these assessments could materially affect the valuation.

Transactions involving related parties cannot be presumed to be carried out on an arm's-length basis, as the requisite conditions of competitive, free-market dealings may not exist. Representations about transactions with related parties, if made, shall not imply that the related party transactions were consummated on terms equivalent to those that prevail in arm's-length transactions unless such representations can be substantiated.

It is not, however, practical to determine the fair value of accounts payable – related parties, if any, due to their related party nature.

Financial Assets and Liabilities Measured at Fair Value on a Recurring Basis

Financial assets and liabilities measured at fair value on a recurring basis are summarized below and disclosed on the balance sheet under Derivative Liabilities:

	As of March 31, 2013				
	Carrying	Fair Value Measurements Using			
	Value	Level 1	Level 2	Level 3	Total
Liabilities					
Derivative Liabilities associated with Series B Convertible Debenture	3,398,611			3,398,611	3,398,611
Total Derivative Liabilities	3,398,611			3,398,611	3,398,611

Net Income (Loss) per Common Share

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

There were 1,825,000 options and 11,941,950 warrants excluded from the diluted net income (loss) per common share calculation as they were anti-dilutive at March 31, 2013.

Recently Issued Accounting Pronouncements

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. 2011-11

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. 2012-02

In July 2012, the FASB issued the FASB Accounting Standards Update No. 2012-02 "*Intangibles—Goodwill and Other (Topic 350) Testing Indefinite-Lived Intangible Assets for Impairment" ("ASU 2012-02").*

This Update is intended to reduce the cost and complexity of testing indefinite-lived intangible assets other than goodwill for impairment. This guidance builds upon the guidance in ASU 2011-08, entitled *Testing Goodwill for Impairment*. ASU 2011-08 was issued on September 15, 2011, and feedback from stakeholders during the exposure period related to the goodwill impairment testing guidance was that the guidance also would be helpful in impairment testing for intangible assets other than goodwill.

The revised standard allows an entity the option to first assess qualitatively whether it is more likely than not (that is, a likelihood of more than 50 percent) that an indefinite-lived intangible asset is impaired, thus necessitating that it perform the quantitative impairment test. An entity is not required to calculate the fair value of an indefinite-lived intangible asset and perform the quantitative impairment test unless the entity determines that it is more likely than not that the asset is impaired.

This Update is effective for annual and interim impairment tests performed in fiscal years beginning after September 15, 2012. Earlier implementation is permitted.

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.

For a summary of significant accounting policies (which have not changed from June 30, 2012), see the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2012.

Note 3 - Financial Condition

As reflected in the accompanying financial statements, the Company had a deficit accumulated during the development stage at March 31, 2013 and had a net loss and net cash used in operating activities for the interim period then ended. In addition, the Company has not generated any revenues and no revenues are anticipated in the foreseeable future. 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, 2013 the Company had cash and cash equivalents of $15,457,807.

While the Company continues to incur significant operating losses with significant capital requirements, the Company has been able to finance its business through sale of its securities. (See Note 9)

On November 2, 2011, NanoViricides, Inc. and Seaside 88, LP ("Seaside") entered into a Securities Purchase Agreement regarding the purchase and sale of 500,000 shares of the Company's Series B Convertible Preferred Stock (the "Series B Preferred Stock") at $10.00 per share, or $5,000,000 in aggregate. On November 2, 2011, Seaside purchased an initial 250,000 shares of the Company's Series B Preferred Stock, par value $0.001 per share (the "Series B Preferred Stock") for an aggregate purchase price of $2,500,000 (the "Initial Closing"). On February 7, 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).

On June 28, 2012, the Company entered into an additional Securities Purchase Agreement (the "Agreement") with Seaside, relating to the offering and sale (the "Offering") of up to 5,000 shares of the Company's Series C Convertible Preferred Stock, par value $0.001 per share (the "Series C Preferred Stock") at the purchase price of $1,000.00 per share (the "Purchase Price"). On June 28, 2012, Seaside purchased an initial 2,500 shares of the Series C Preferred Stock for an aggregate purchase price of $2,500,000 (the "Initial Closing"). On December 21, 2012, Seaside purchased the remaining 2,500 shares of the Series C Preferred Stock for the purchase price of $2,500,000 (the "Subsequent Closing").

Since May 2005, the Company has been engaged exclusively in research and development activities focused on developing targeted nano viral drugs. 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 $36,119,045 at March 31, 2013 and expects recurring losses from operations to continue for the foreseeable future and until such time, if ever, as the Company is able to attain sales levels sufficient to support its operations. There can be no assurance that the Company will achieve or maintain profitability in the future. Despite the Company's financings in 2012 and 2011 and a cash and cash equivalent balance of $15,457,807 at March 31, 2013, substantial additional financing will be required in future periods. The Company may require additional capital to finance planned and currently unplanned capital costs, and additional staffing requirements during the next twenty four months. The Company has, in the past, adjusted its priorities and goals in line with the cash on hand and capital availability. The Company believes it can adjust its priorities of drug development and its Plan of Operations as necessary, if it is unable to raise such additional funds.

The Company continues to successfully raise additional capital:

On January 15, 2013, the Company consummated an offering (the "Offering") in the aggregate amount of $6,000,000 for its Unsecured 8% Coupon Series B Convertible Debenture (the "Debentures") to four equity investors comprised of private, family investment offices and a charitable foundation. The Debentures are due on January 31, 2017 (the "Maturity Date") and are convertible into restricted shares of the Registrant's common stock, par value $0.001 per share (the "Common Stock") at the conversion price of $1.00 per share of Common Stock.

On February 26, 2013, the Company entered into a letter agreement with Seaside, whereby the Company agreed to retire the remaining, unconverted 1,825.744 shares of its Series C Convertible Preferred stock, par value $0.001 per share ("Series C Preferred Stock") purchased by Seaside on December 21, 2012. The redemption price for the Series C Preferred Stock was $2,014,921.41 and included accrued dividends of $6,002.45 and a 10% premium. The letter agreement also terminated the Agreement and the parties agreed to release each other from any liability in connection with the Purchase Agreement or the Series C Preferred Stock and the conversion of such preferred stock to common shares.

As a result of the successful sale of the Company's Series B and Series C Convertible Preferred Stock to Seaside and the successful offering of the Company's Series B Convertible Debentures, management believes that the Company has sufficient cash and cash equivalents to meet its budgeted expenditures through, at least, March 31, 2015 at current rate of expenditures.

Note 4 - Prepaid Expenses

Prepaid Expenses consisted of the following:

	March 31, 2013	June 30, 2012
TheraCour Pharma, Inc.	$493,138	$ 281,775
Prepaid Others	48,496	32,399
	$541,634	$ 314,174

Note 5 - Related Party Transactions

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. (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 approved 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 one time licensing fee equal to seven million shares of the Company’s Series A Convertible Preferred Stock (the “Series A Preferred Stock”). The Series A Preferred Stock is convertible, only upon sale or merger of the company, or the sale of or license of substantially all of the Company’s intellectual property, into shares of the Company’s common stock at the rate of 3.5 shares of common stock for each share of Series A Preferred Stock. The Series A Preferred Stock has a preferred voting preference at the rate of nine votes per share. The Preferred Series A do not contain any rights to dividends; have no liquidation preference and are not to be amended without the holders approval. The issuance of the 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 $1,655,216 and $1,359,100 for the nine months ended March 31, 2013, and 2012, respectively and $8,272,220 since inception. As of March 31, 2013, pursuant to its license agreement, the Company has paid a security advance of $493,138 to and held by TheraCour which is reflected in Prepaid Expenses. No royalties are due TheraCour from the Company's inception through March 31, 2013.

TheraCour Pharma, Inc., is affiliated with the Company through the common control of it and our Company by Anil Diwan, President, who is a director of each corporation, and owns approximately 70% of the issued and outstanding common stock of TheraCour Pharma, Inc., which itself owns 33,360,000 shares of the Company's issued and outstanding common stock, as of March 31, 2013, representing approximately 21% of the issued and outstanding common stock of the Company.

Note 6 - Commitments and Contingencies

Operating Lease

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

On February 11, 2013, the Registrant entered into a binding Memorandum of Understanding ("MOU") with Inno-Haven, LLC, a Connecticut Limited Liability Company ("Inno-Haven"), to lease for a four-year term a 18,000 square feet building located on 1 Controls Drive, Shelton, CT (the "Leased Premises") to be suitable for laboratory and GMP clean room drug manufacturing. Inno-Haven is controlled by Anil Diwan, the Registrant's founder, President and Chairman and controlling shareholder of TheraCour Pharma, Inc., the Registrant's principal shareholder ("TheraCour"). The MOU is subject to a definitive lease agreement (the "Lease Agreement") to be executed upon final determination of the cost of the laboratory and GMP clean room, and which would contain definitive terms regarding rent, taxes, utilities, maintenance and other, similar items. Pursuant to the MOU, the Registrant has agreed to provide up to $2,500,000 in cash collateral for sums borrowed by Inno-Haven (collectively, the "Loans") to complete the build-out and renovation of the Leased Premises for the benefit of the Registrant. The Registrant agreed to file a registration statement for shares of its restricted Common Stock, provided by TheraCour Pharma, Inc., as additional collateral for any or all of the Loans (the "Registrable Shares"). The Registrant shall file a registration statement within ninety (90) days of a closing of a Loan (a "Closing") to cover such Registrable Shares and use its best efforts to have such registration statement declared effective no later than one hundred eighty (180) days following the Closing, and keep such registration statement effective until the termination of the respective collateral agreement. The MOU further

provides that, so long as there is no breach of the Lease Agreement by the Registrant, any distribution of the collateral in accordance with a Loan will first be made from the proceeds of life insurance policies (if applicable), then from the proceeds of the sale of the Registrable Shares, and then, should there be any balance still owing to the lender, from the cash collateral.

Also on February 11, 2013, pursuant to the provisions of the MOU, the Registrant transferred $1,000,000 as cash collateral (the "Cash Collateral") and agreed to register a number of shares of the Registrant's Common Stock, which shares were provided by TheraCour Pharma, Inc., equal to $1,000,000 (the "Collateral Shares") as collateral pursuant to a Loan and Security Agreement entered into between Inno-Haven and a non-affiliated lender (the "Loan Agreement") for a loan in the principal amount of $2,000,000. The value of the Collateral Shares shall be determined every three months and, in the event that the current number of shares of the Common Stock is less than $1,000,000, Inno-Haven may deposit, and the Registrant shall register, additional shares to equal the aforesaid $1,000,000. Alternatively, Inno-Haven may deposit cash equal to the difference between $1,000,000 and the value of the Collateral Shares. Moreover, Inno-Haven is required to obtain a life insurance policy to insure the life of Dr. Diwan in the amount of $2,000,000. If Dr. Diwan dies during the term of the Loan Agreement, the lender shall have the option to demand payment of the balance of the loan, but, shall be repaid first from the proceeds of any life insurance policy (if applicable), then from the proceeds of the sale of the Collateral Shares, and then, should there be any balance still owing to the lender, from the Cash Collateral.

Total rent expense amounted to $105,100 and $87,767 for the nine months ended March 31, 2013 and 2012, respectively.

Litigation

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, the Company filed a Demand for Security of Costs. Upon filing of the Demand, proceedings relative to the Company are stayed pending posting of the demanded security (or plaintiff engages in motion practice about the Demand). The Company may seek dismissal of the complaint if plaintiff has not posted the demanded security (or engaged the court). The Complaint further seeks unspecified "injunctive relief" in furtherance of the demand for inspection to which the Company believes it is not entitled. The Complaint, by a holder of less than 1 percent of the common stock of the Company, seeks to, inter alia, inspect documents and records of the company to which it is not entitled and in a form and manner the Company argues is not authorized by statute. On or July 18, 2012, the Plaintiff moved to amend its answer. On or about August 8, 2012, we filed our opposition to Plaintiff's Motion to Amend and a Motion to Dismiss the Complaint for failure to state a claim upon which relief can be granted. On or September 13, 2012 the court granted the Plaintiff's Motion to Amend. On or about September 17, 2012 the Plaintiff served its "Second Amended Shareholder Derivative Complaint" upon our Counsel in Nevada. As in the prior two complaints that this Plaintiff has filed in this action, this Second Amended Complaint seeks to compel inspection of the Company's books and records, seeks injunctive relief, an accounting and alleges breach of Fiduciary by Dr. Seymour and Dr. Diwan. On or about October 11, 2012, we filed a Motion to Dismiss the Complaint for failure to state a claim upon which relief can be granted. On or about December 4, 2012, the Court granted the Company's Motion to Dismiss with respect to Dr. Seymour and Dr. Diwan and ordered the case dismissed as to all claims but the Plaintiff's request for inspection of books and records. On or about December 26, 2012, the Company provided the Plaintiff with each of the documents to which it is entitled. Management believes that the Plaintiff does not have a legal or good faith basis for inspection or copying of its shareholder's list and intends to vigorously defend the production thereof. In May, 2013, the Plaintiff filed a motion for permission to file a third amended complaint. The Company subsequently filed a motion to dismiss and for Summary Judgment. Management believes that this lawsuit has no merit or basis and intends to vigorously defend it. Specific monetary damages have not been claimed and as a result no accrual has been made in relation to this litigation.

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

Officers' Compensation

On March 3, 2010, the Company entered into employment agreements with its two executive officers, Eugene Seymour, Chief Executive Officer and Chief Financial Officer and Anil Diwan, President and Chairman of Board. Both agreements provide a minimum annual base salary of $250,000 for a term of four years. In addition, Dr. Seymour and Dr. Diwan are eligible for an increase in base salary to $275,000 if the Company consummates a financing with gross proceeds of at least $5,000,000. Also, the base salary shall increase to $300,000 for Dr. Seymour

and $300,000 for Dr. Diwan if the Company becomes listed on a national stock exchange.

As additional compensation under the employment agreements, the Company issued 250,000 shares of the Company's Series A Convertible Preferred Stock and shall issue an additional 250,000 shares of Series A Convertible Preferred Stock on each anniversary of the respective employment agreements.

On March 3, 2010, the Company entered into an employment agreement with Dr. Jayant Tatake to serve as Vice President of Research and Development. The employment agreement provides for term of four years with a base salary of $150,000. In addition, the Company issued 93,750 shares of Series A Convertible Preferred Stock and 125,000 shares of common stock, and will issue an additional 93,750 shares of Series A Convertible Preferred Stock and 125,000 shares of common stock on each anniversary date of the agreement.

On March 3, 2010, the Company entered into an employment agreement with Dr. Randall Barton to serve as Chief Scientific Officer. The employment agreement provides for term of four years with a base salary of $150,000. In addition, the Company issued 125,000 shares of common stock, and will issue an additional 125,000 shares of common stock on each anniversary date of the agreement.

Bio-analytical Systems Agreement

On November 13, 2012, the Company announced that it had entered into an agreement with Bioanalytical Systems, Inc. to conduct drug development studies required for submission of Investigational New Drug Applications to the FDA for its nanoviricides® drug candidates against various viral diseases.

Other Contingencies

The Company is dependent upon its license agreement with TheraCour Pharma, Inc. (See Note 4). If it loses the right to utilize any of the proprietary information that is the subject of the TheraCour Pharma license agreement on which it depends, the Company will incur substantial delays and costs in development of its drug candidates.

While no legal actions are currently pending, the Company may be party to certain claims brought against it arising from certain contractual matters. It is not possible to state the ultimate liability, if any, in these matters. In management's opinion, the ultimate resolution of any such claim will not have a material adverse effect on the financial position of the Company.

Note 7 – Convertible Debentures

Series B Convertible Debentures

On February 1, 2013, the Company accepted subscriptions for an offering in the aggregate amount of $6,000,000 for its unsecured 8% Coupon Series B Convertible Debentures (the "Debentures") to four equity investors comprised of private, family investment offices and a charitable foundation. The Debentures are due on January 31, 2017 (the "Maturity Date") and are convertible into restricted shares of the Registrant's common stock, par value $0.001 per share (the "Common Stock") at the conversion price of $1.00 per share of Common Stock. The Debentures shall bear interest at the coupon rate of eight percent (8%) per annum, computed on an annual basis of a 365 day year, payable in quarterly installments on March 31, June 30, September 30 and December 31 of each calendar year until the Maturity Date. Interest for the first quarter ending March 31, 2013 shall be calculated on a per diem basis from the Closing Date. For so long as the Debentures remain unpaid, the Registrant shall issue additional interest to the subscribers as follows: (i) at the Closing of the Debenture (the "Closing"), a number of shares of restricted Common Stock equal to the principal amount of the Debenture multiplied by 0.33; (ii) on the first anniversary of the Closing, a number of shares of Common Stock equal to the principal amount of the Debenture multiplied by 0.33; (iii) on the second anniversary of the Closing, a number of shares of Common Stock equal to the principal amount of the Debenture multiplied by 0.34 (collectively, with subsection (ii), the "Interest Shares"); and (iv) on the third anniversary of the Closing, warrants (the "Interest Warrants") to purchase a number of shares of Common Stock equal to the principal amount of the Debenture multiplied by 0.33, at the exercise price of $1.00 per share of Common Stock which warrant shall expire three years after the date of issuance.

The principal balance of the Debentures may be repaid in cash or, at the option of the holder, a number of shares of the Registrant's Common Stock. In addition, the Subscriber may convert some or all, of the sum of the principal balance then outstanding on the Debenture plus any accrued but unpaid cash interest, into a number of shares of

Common Stock at the conversion price of $1.00 per share of Common Stock (the "Conversion Shares"). The Registrant, at its sole option, shall have the right, but not the obligation, to repurchase the Debenture prior to the Maturity Date (the "Redemption") for an amount equal to the principal amount of the Debenture plus any accrued coupon interest and additional interest of 7% per annum for the period from the Closing Date to the Redemption Date. In addition, upon Redemption, the Registrant shall issue to the holder warrants (the "Redemption Warrants") to purchase a number of shares of Common Stock equal to the principal amount of the Debenture multiplied by 0.33, at the exercise price of $1.00 per share, which shall expire three years after the date of issuance.

The Registrant agreed to use its best efforts to register the Interest Shares and the shares issuable for the Interest Warrants under a "shelf" registration statement provided same is available, in accordance with the provisions of the Securities Act. The Company also agreed to use its best efforts to register the shares of Common Stock underlying the Redemption Warrants under a registration statement pursuant to the provisions of the Securities Act. Further, the Registrant granted the Subscribers, individually, the right to require the Registrant to register shares of Common Stock issuable to the Subscribers upon conversion of the Debenture or exercise of the Interest Warrants on such form of Registration Statement as the Registrant deems appropriate.

Note 8 - Equity Transactions

Fiscal Year Ending June 30, 2011 Transactions:

On September 16, 2010, Seaside and the Company executed a Letter Agreement and Amendment (the "Letter Agreement") regarding the purchase and sale of an additional 500,000 shares (the "Additional Shares") of the Company's Series B Convertible Preferred Stock (the "Series B Preferred Stock") at the purchase price of $10.00 per share as originally contemplated by that certain Securities Purchase Agreement, dated May 11, 2010, between the parties (the "Agreement").

Pursuant to the Letter Agreement, the parties agreed to amend certain provisions of the Agreement so that the Additional Shares could be purchased in two (2) closings, at each of which the Company will issue and sell to Seaside 250,000 shares of Series B Preferred Stock. The parties also agreed that the second closing of the Additional Shares would occur ninety (90) days subsequent to the first closing of the Additional Shares (the "First Follow-on Closing Date"). The Company also agreed to decrease the number of shares of Series B Preferred Stock that automatically convert from 60,000 shares to 40,000 shares, commencing on the First Follow-on Closing Date and the date of the subsequent closing, and every 14th day thereafter, subject to certain limitations and qualifications, into shares of the Company's common stock, par value $0.001 per share (the "Common Stock"). The Certificate of Designation for the Series B Preferred Stock was amended to reflect such change in the number of shares convertible into Common Stock at each conversion date. Each share of Series B Preferred Stock converts into shares of Common Stock at a conversion factor equal to the Purchase Price divided by the lower of (i) of the daily volume weighted average of actual trading prices of the Common Stock on the trading market (the "VWAP") for the ten consecutive trading days immediately prior to a conversion date multiplied by 0.85 or (ii) the VWAP for the trading day immediately prior to a conversion date multiplied by 0.88.

In the event that the 20-Day VWAP, as defined in the Agreement, does not equal or exceed $0.20 (the "Floor"), as calculated with respect to any subsequent conversion date, then such conversion will not occur and the shares not converted on that date will be added to the shares to be converted on the following conversion date.

The First Follow-on Closing occurred on September 21, 2010. The conversion price per share for the First Follow-on Closing was $0.93007, and the Company raised gross proceeds of $2,500,000 at such First Follow-on Closing, before estimated offering expenses of approximately $270,000 which includes placement agent and attorneys' fees.

The Second Follow-on Closing occurred on December 21, 2010. The Company raised gross proceeds of $2,500,000 at such Second Follow-on Closing, before estimated offering expenses of approximately $270,000 which includes placement agent and attorney's fees. The first conversion of the Second Follow-on shares occurred on January 3, 2011, at a conversion price of $1.16348 per share.

The offering was made pursuant to the Company's shelf registration statement on Form S-3 (File No. 333-165221), which was declared effective by the Securities and Exchange Commission on April 29, 2010. The Company, pursuant to Rule 424(b) under the Securities Act of 1933, has filed with the Securities and Exchange Commission a prospectus supplement relating to the offering.

In connection with the offering, pursuant to a placement agency agreement entered into by and between Midtown Partners & Co., LLC ("Midtown") and the Company on March 3, 2010 (the "Placement Agent Agreement"), the Company paid Midtown a cash fee representing 8% of the gross purchase price paid by Seaside for the Series B Preferred Stock.

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

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

The offering was made pursuant to the Company's shelf registration statement on Form S-3 (File No. 333-165221), which was declared effective by the Securities and Exchange Commission on April 29, 2010. The Company, pursuant to Rule 424(b) under the Securities Act of 1933, has filed with the Securities and Exchange Commission a prospectus supplement relating to the offering.

In connection with the offering, pursuant to a placement agency agreement entered into by and between Midtown Partners & Co., LLC ("Midtown") and the Company on March 3, 2010 (the "Placement Agent Agreement"), the Company paid Midtown a cash fee representing 8% of the gross purchase price paid by Seaside for the Series B Preferred Stock.

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

During the fiscal year ended June 30, 2011, Seaside converted the following amounts of Series B Preferred Stock into the Company's Common Stock:

Date of Conversion	Number of Shares of Series B Converted	Conversion Price	Number of Shares of Common Stock Issued Pursuant to Conversion	Dividend Conversion Price	Dividend Shares Issued	Total Number of Shares of Common Stock Issued to Seaside
01/03/2011	40,000	1.16348	343,796	1.16348	7,653	351,449
01/14/2011	40,000	1.25800	317,965	1.258	6,403	324,368
01/31/2011	40,000	1.12260	356,422	1.237	5,271	361,694
02/14/2011	40,000	1.08103	370,017	1.08103	4,613	374,630
02/28/2011	40,000	0.98617	405,610	0.98617	3,500	409,110
03/14/2011	40,000	1.08911	367,274	1.08911	1,761	369,035
03/28/2011	10,000	1.11129	89,986	1.11129	345	90,331
04/18/2011	40,000	1.16348	312,163	1.28138	-	312,163
05/02/2011	40,000	1.25800	339,726	1.17742	8055	346,567
05/16/2011	40,000	1.12260	336,502	1.1887	6521	341.940
05/30/2011	40,000	1.08103	326,480	1.22519	4986	330,550
06/13/2011	40,000	0.98617	339,971	1.17657	3452	342,905
06/27/2011	40,000	1.08911	391,850	1.0208	1918	393,591

In December 10, 2010, the Company filed a Form S-8 Registration Statement related to the issuance of 50,000 shares of the Company's .001 par value common stock, pursuant to a consulting agreement. The Company issued such shares on or about December 10, 2010, and recorded a consulting expense of $64,000.

Fiscal Year Ending June 30, 2012 Transactions:

On November 2, 2011, the Company entered into a Securities Purchase Agreement (the "Agreement") with Seaside, relating to the offering and sale (the "Offering") of up to 500,000 shares of the Company's Series B Convertible Preferred Stock, par value $0.001 per share (the "Series B Preferred Stock") at the purchase price of $10.00 per share (the "Purchase Price"). On 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"). Seaside purchased the remaining 250,000 shares of the Series B Preferred Stock for the purchase price of $2,500,000 (the "Subsequent Closing"). 40,000 shares of the Series B Preferred Stock automatically converted into shares of the Company's common stock, par value $0.001 per share (the "Common Stock") at each of the Initial Closing and the Subsequent Closing and every fourteenth day thereafter at a conversion price equal to the Purchase Price divided by the lower of (i) the daily volume weighted average of actual trading prices of the Common Stock on the trading market (the "VWAP") for the ten consecutive trading days immediately prior to a conversion date multiplied by 0.85 and (ii) the VWAP for the trading day immediately prior to a conversion date multiplied by 0.88. In the event that the conversion price does not equal or exceed $0.20 (the "Floor"), as calculated with respect to any subsequent conversion date, then such conversion will not

occur and the shares not converted on that date will be added to the conversion on the following conversion date.

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

The conversion price per share for the Initial Closing was $.781575, and the Company raised gross proceeds from the offering of $2,500,000, before estimated offering expenses of approximately $200,000 which includes placement agent and attorneys' fees. The conversion price per share for the Subsequent Closing was $.55777 and the Company raised gross proceeds from the offering of $2,500,000, before estimated offering expenses of approximately $200,000 which includes placement agent and attorneys' fees.

On June 28, 2012, the Company entered into an additional Securities Purchase Agreement (the "Agreement") with Seaside, relating to the offering and sale (the "Offering") of up to 5,000 shares of the Company's Series C Convertible Preferred Stock, par value $0.001 per share (the "Series C Preferred Stock") at the purchase price of $1,000.00 per share (the "Purchase Price"). On June 28, 2012, Seaside purchased an initial 2,500 shares of the Series C Preferred Stock for an aggregate purchase price of $2,500,000 (the "Initial Closing"). Following the Initial Closing, Seaside will purchase the remaining 2,500 shares of the Series C Preferred Stock for the purchase price of $2,500,000 (the "Subsequent Closing").

The conversion price per share for the Initial Closing of the Series C Preferred Stock was $.49181 and the Company raised gross proceeds from the offering of $2,500,000 before estimated offering expenses of approximately $200,000, which includes placement agents and attorneys' fees.

The Offerings were made pursuant to the Company's shelf registration statement on Form S-3 (File No. 333-165221), which was declared effective by the Securities and Exchange Commission on April 29, 2010. The Company, pursuant to Rule 424(b) under the Securities Act of 1933, filed with the Securities and Exchange Commission a prospectus supplement relating to the Offering.

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

During the fiscal year ended June 30, 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 Common Stock Issued Pursuant to Conversion	Dividend Conversion Price	Dividend Shares Issued	Total Number of Shares of 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	0.78158	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	0.53240	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
04/11/2012	40,000	0.60469	661,496	0.60469	5,709	667,205
04/18/2012	40,000	0.50926	785,453	0.53593	3,579	789,032
05/02/2012	40,000	0.50415	198,354	0.50873	754	199,108

During the fiscal year ended June 30, 2012, Seaside converted the following amounts of Series C Preferred Stock into the Company's Common Stock:

Date of Conversion	Number of Shares of Series C Converted	Conversion Price	Number of Shares of Common Stock Issued Pursuant to Conversion	Dividend Conversion Price	Dividend Shares Issued	Total Number of Shares of Common Stock Issued to Seaside
06/28/2012	147	0.49181	298,472	—	—	298,472

Interim Period Ending March 31, 2013 Transactions:

During the interim period ended March 31, 2013, Seaside converted the following amounts of Series C Preferred Stock into the Company's Common Stock:

Date of Conversion	Number of Shares of Series C Converted	Conversion Price	Number of Shares of Common Stock Issued Pursuant to Conversion	Dividend Conversion Price	Dividend Shares Issued	Total Number of Shares of Common Stock Issued to Seaside
07/12/2012	103	0.48717	212,398	0.49062	18,397	230,795
07/26/2012	128	0.47218	271,373	0.47218	18,275	289,648
08/08/2012	118	0.42073	280,944	0.43129	18,868	299,812
08/23/2012	276	0.48008	574,792	0.48008	16,006	590,798
09/06/2012	441	0.57728	763,135	0.57728	11,478	774,613
09/19/2012	285	0.51570	553,337	0.51570	9,572	562,909
10/03/2012	233	0.53478	435,842	0.53533	7,176	443,018
10/17/2012	165	0.53108	311,521	0.53108	5,550	317,071
10/31/2012	145	0.51621	281,347	0.51621	4,481	285,828
11/14/2012	165	0.43190	383.144	0.45934	3,823	386,967
11/29/2012	170	0.43622	390,698	0.43622	2,570	393,268
12/13/2012	122	0.43163	282,379	0.43163	1,083	283,462
12/21/2012	156	0.43554	357,279	—	—	357,279
01/04/2013	144	0.41047	349,994	0.41047	21,907	371,901
01/17/2013	164	0.42211	387,947	0.42211	19,998	407,945
01/31/2013	113	0.41336	275,788	0.41336	18,901	294,689
02/14/2013	98	0.40749	241,062	0.40749	18,101	259,163

Unregistered Securities

In August, 2010, the Scientific Advisory Board (SAB) was granted warrants to purchase 60,000 shares of common stock at $1.476 per share. These warrants, if not exercised, will expire in August, 2014. The fair value of these warrants in the amount of $45,000 was recorded as consulting expense

In November, 2010, the Scientific Advisory Board (SAB) was granted warrants to purchase 60,000 shares of common stock at $1.81 per share. These warrants, if not exercised, will expire in October, 2014. The fair value of these warrants in the amount of $50,800 was recorded as consulting expense.

On November 1, 2010, the Company authorized the issuance of 30,000 shares of its Series A Convertible Preferred Stock $.001 par value with a restrictive legend pursuant to a consulting agreement and recorded a consulting expense of $53,935.

On December 10, 2010, the Company authorized the issuance of 25,000 shares of its $.001 par value common stock with a restrictive legend for $25,000 upon the exercise of 25,000 warrants issued pursuant to a prior year private placement.

On February 4, 2011, the Company authorized the issuance of 25,000 shares of its $.001 par value common stock with a restrictive legend for $25,000 upon the exercise of 25,000 warrants issued pursuant to a prior year private placement

In February, 2011, the Scientific Advisory Board (SAB) was granted warrants to purchase 60,000 shares of common stock at $1.47 per share. These warrants, if not exercised, will expire in February, 2015. The fair value of these warrants in the amount of $54,000 was recorded as consulting expense.

In March, 2011, the Company authorized the issuance of 250,000 shares of its $.001 par value common stock with a restrictive legend pursuant to existing employment agreements and recorded an expense of $316,250.

In March, 2011, the Company authorized the issuance of 593,750 shares of its Series A Convertible Preferred stock $.001 par value with a restrictive legend pursuant to existing employment agreements and recorded an expense of $1,418,563.

On April 10, 2011, the Company authorized the issuance of 10,000 shares of its $.001 par value common stock with a restrictive legend for $10,000 upon the exercise of 10,000 warrants issued pursuant to a prior year private placement.

In May, 2011, the Scientific Advisory Board (SAB) was granted warrants to purchase 60,000 shares of common stock at $1.632 per share. These warrants, if not exercised, will expire in May, 2015. The fair value of these warrants in the amount of $50,400 was recorded as consulting expense.

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.

In March, 2012, the Company authorized the issuance of 593,750 shares of its Series A Convertible Preferred stock $.001 par value with a restrictive legend pursuant to existing employment agreements and recorded an expense of $634,407.

In March, 2012, the Company authorized the issuance of 250,000 shares of its $.001 par value common stock with a restrictive legend pursuant to existing employment agreements and recorded an expense of $181,874.

In May, 2012, the Scientific Advisory Board (SAB) was granted warrants to purchase 60,000 shares of common stock at $0.79 per share expiring in May, 2016. These warrants were valued at $47,400 and recorded as consulting expense.

In June , 2012, the Company's Board of Directors authorized the issuance of 10,000 shares of its Series A Preferred stock with a restrictive legend pursuant to a Consulting Agreement and recorded a recorded an expense of $ 3,287.

In June, 2012, the Company authorized the issuance of 1,050,000 shares of its Series A Convertible Preferred stock $.001 par value with a restrictive legend as additional stock based compensation for successful prosecution of the Company’s Patent applications and recorded an expense of $345,172.

In August, 2012, the Scientific Advisory Board (SAB) was granted warrants to purchase 60,000 shares of common stock at $0.68 per share expiring in August 2016. These warrants were valued at $40,800 and recorded as consulting expense.

In November 2012, the Scientific Advisory Board (SAB) was granted warrants to purchase 60,000 shares of common stock at $0.57 per share expiring in November 2016. These warrants were valued at $34,200 and recorded as consulting expense.

On February 1, 2013, the Company authorized the issuance of 2,000,000 shares of its $.001 par value common stock with a restrictive legend for the payment of additional interest payable to the holders of the Company’s Series B Convertible Debentures and recognized a charge for interest expense of $665,497.

In February 2013, the Scientific Advisory Board (SAB) was granted warrants to purchase 60,000 shares of common stock at $0.53 per share expiring in February 2017. These warrants were valued at $31,800 and recorded as consulting expense.

In March, 2013, the Company authorized the issuance of 250,000 shares of its $.001 par value common stock with a restrictive legend pursuant to existing employment agreements and recorded an expense of $60,000.

In March, 2013, the Company authorized the issuance of 593,750 shares of its Series A Convertible Preferred stock $.001 par value with a restrictive legend pursuant to existing employment agreements and recorded an expense of $445,044.

For the nine months ended March 31, 2013, the Company's Board of Directors authorized the issuance of 115,042 shares of its common stock with a restrictive legend for consulting services. The Company recorded an expense of $63,000.

For the nine months ended March 31, 2013, the Company's Board of Directors authorized the issuance of 13,749 shares of its common stock with a restrictive legend for Director services. The Company recorded an expense of

$7,500.

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Note 9 – Credit risk

Credit Risk

Financial instruments that potentially subject the Company to significant concentration of credit risk consist primarily of cash and cash equivalents. As of March 31, 2013, substantially all of the Company's cash and cash equivalents were held by major financial institutions and the balance at certain accounts exceeded the maximum amount insured by the Federal Deposits Insurance Corporation ("FDIC"). However, the Company has not experienced losses on these accounts and management believes that the Company is not exposed to significant risks on such accounts.

Note 10 - Concentrations

KARD Scientific, Inc.

In June 2005, the Company engaged KARD Scientific to conduct pre clinical animal studies and provide the Company with a full history of the study and final report with the data collected from Good Laboratory Practices (CGLP) style studies. Dr. Krishna Menon, the Company's Consulting Chief Regulatory Officer, a non executive position, is also an officer and principal owner of KARD Scientific. The Lab fees charged by KARD Scientific for services were $789,198 and $336,420 for the nine months ended March 31, 2013 and 2012 respectively.

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

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

Note 12 - Subsequent Events

Management performed an evaluation of the Company's activity through the date these financials were issued to determine if they must be reported. The Management of the Company determined that there were no reportable subsequent events to be disclosed.

SPECIAL NOTE ON FORWARD-LOOKING STATEMENTS

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

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

ITEM 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, 2012. 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.

Organization and Nature of Business

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

Our anti-viral therapeutics, that we call “nanoviricides® “ are designed to look to the virus like the native host cell surface to which it binds. Since these binding sites for a given virus do not change despite mutations and other changes in the virus, we believe that our drugs will be broad-spectrum, i.e. effective against most if not all strains, types, or subtypes, of a given virus, provided the virus-binding portion of the nanoviricide is engineered appropriately.

NanoViricides, Inc. is the first in the world in the entire field of nanomedicines to have developed a drug that can be administered orally (by mouth). Our oral anti-influenza drug candidate, NV-INF-2, has shown extremely high broad-spectrum effectiveness against two different influenza A viruses in animal models, in our FluCide™ program. We are also developing a highly effective injectable anti-influenza drug, NV-INF-1, in this program. The Company held a pre-IND Meeting with the US FDA for its clinical drug candidate NV-INF-1 in March, 2012. The Company is developing this injectable drug (NV-INF-1) for hospitalized patients with severe influenza, including immuno-compromised patients. The Company believes that this drug may also be usable as a single-dose injection in a medical office for less severe cases of influenza. Both of these anti-influenza therapeutic candidates are "broad-spectrum", i.e. they are expected to be effective against most if not all types of influenzas including the recently discovered novel strain of H7N9, Bird Flu H5N1, other Highly Pathogenic Influenzas (HPI/HPAI), Epidemic Influenzas such as the 2009 "swine flu" H1N1/A/2009, and Seasonal Influenzas including the recent H3N2 influenza. The Company has already demonstrated that our anti-influenza drugs have significantly superior activity when compared to oseltamivir (Tamiflu®) against two unrelated influenza A subtypes, namely, H1N1 and H3N2 in a highly lethal animal model.

Both of these anti-influenza drug candidates can be used as prophylactics to protect at-risk personnel such as health-care workers and immediate family members and caretakers of a patient.

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

In addition, the Company is developing broad-spectrum eye drops that are expected to be effective against a majority of the viral infections of the external eye. Most of these viral infections are from adenoviruses or from herpesviruses. The Company has shown excellent efficacy of its drug candidates against EKC (adenoviral epidemic kerato-conjunctivitis) in an animal model. In addition, the anti-HSV drug candidates have shown excellent efficacy in cell culture studies.

The Company is also developing a skin cream formulation for the treatment of herpes cold sores or genital warts.

Further, the Company is developing a broad-spectrum drug against Dengue viruses that is expected to be useful for the treatment of any of the four major serotypes of dengue viruses, including in severe cases of dengue (DSS) and dengue hemorrhagic fever (DHF). DSS and DHF are thought to be caused by prior antibodies against dengue that a patient's body creates to fight a second unrelated dengue infection, and the second virus uses these antibodies effectively to hitch a ride into human cells, thereby causing a more severe infection than in naive patients. In addition to these six drugs in development, the Company also has research programs against Rabies virus, Ebola and Marburg viruses, and others. To date, the Company does not have any commercialized products. The Company continues to add to our existing portfolio of products through our internal discovery and clinical development programs and also seeks to do so through an in-licensing strategy.

With the achievement of extremely high levels of effectiveness in appropriate animal models for its current drug candidates listed above, the Company has progressed to advance its drugs into the clinical stage.

In March 2012, we held a pre-IND meeting with the United States Food & Drug Administration ("FDA") for our anti-influenza drug candidate, NV-INF-1. We obtained valuable advice from the US FDA regarding the requirements for filing an Investigational New Drug ("IND") for this anti-influenza drug candidate.

Of note for the quarter ending March 31, 2013 is that the Company has made significant progress in advancing our pipeline.

The drugs are required to be manufactured in cGMP-compliant manner (cGMP = "current Good Manufacturing Practices") for use in human clinical trials. The Company is steadily progressing on enabling cGMP manufacturing capability for all of its nanoviricides® drug candidates. The Company reported in April 2013 that the engineering design of its cGMP manufacturing plus laboratory facility is substantially complete.

In addition, the process of making the materials has to be optimized and appropriate analytical and quality control methods must be developed. This is a part of CMC ("Chemistry, Manufacture and Controls") activities required before filing an Investigational New Drug application (IND) to allow human clinical studies. The Company is progressing steadily in satisfying the CMC requirements for its Oral and Injectable anti-Influenza drug candidates at present.

Because of the high level of safety observed in our animal studies, our Safety and Toxicology studies ("Tox Package" studies) have been estimated to require relatively large quantities of materials. This has necessitated that the Company enable scaled-up production and qualify the production processes at a much larger scale than what is needed for small animal studies. Tox Package does not require cGMP materials. Therefore, we have engaged in this scale up at our existing facilities rather than wait for the cGMP facilities to be completed. We have completed the initial studies to verify that the scaled up production of our Oral and Injectable anti-Influenza drug candidates can be performed successfully.

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

In September 2012, we announced that the oral version of FluCide was also highly effective against a different sub-type of influenza A, namely H3N2, in addition to the influenza strain of H1N1 that we had been using for development, in the same lethal animal challenge model. This is an important indication that our drug candidates against influenza are indeed broad-spectrum, i.e. capable of combating most if not all influenza viruses.

In April 2013, we announced, that our two anti-Influenza drug candidates are also expected to be effective against the novel H7N9 strain of Influenza A that has killed 35 people in China this year. Our expectation is based on the analysis of publicly available characteristics of the H7N9 virus.

We will need to perform animal studies against a few additional strains of influenza viruses in order to substantiate that these drugs are indeed broad-spectrum drug candidates. Additional studies in cell cultures against different strains of influenza are also planned. All of these studies are necessary for filing an IND application.

The Nanoviricides® technology is receiving substantial attention and recognition in the scientific world. Dr. Anil R. Diwan, President and Chairman of the Company, was invited to Chair the Section on “Designing Nanomedicines” at the First Annual Symposium on Nanomedicines: Charting a Roadmap to Commercialization, held by the Nanomedicines Alliance on March 6-7, 2013 at the Hilton Washington DC/Rockville, Maryland, USA. Also, Dr. Randall W. Barton, Chief Scientific Officer of the Company, was invited to co-Chair the Section on “Pre-Clinical Pharmacology” at the same event. NanoViricides, Inc. is a member of the Nanomedicines Alliance. Later that month, Dr. Diwan was invited to present a seminar at the University of California, Los Angeles. This seminar was hosted by the Center for Biological Physics, jointly with the California NanoSystems Institute on March 22, 2013.

In addition to technological progress for moving our drugs into the Clinic, we also strive to improve our Corporate Governance and Executive capabilities towards the goal of building a highly successful pharmaceutical company. To this end, we announced that on May 13, 2013, Ms. Meeta R. Vyas, a seasoned executive, has joined the Company as interim Chief Financial Officer. Ms. Vyas is a successful former CEO of a public company with significant experience advising senior executives in strategy and operations.

Ms. Vyas is known as a strong leader with board level experience and successful achievements as a Senior Executive in a broad range of entities including publicly listed corporations, non-revenue generating entities, and medium to large size companies. Meeta has over twenty-five years of experience in performance and process improvement of both publicly listed companies and non-revenue producing entities, in areas ranging from Finance and Operations to Strategy and Management. Meeta holds the distinction of being the first Indian woman to be named CEO of a publicly listed US corporation, Signature Brands, Inc., best known for “Mr. Coffee” and “Health-O-Meter” brand products. As CEO, acting COO and Vice Chairman of the Board of Signature Brands, Inc., she was responsible for the development and implementation of a turnaround plan, resulting in a return to profitability and growth within a short period of time. Later, as the CEO of the World-Wide Fund for Nature - India (WWF-India) and then as a Vice President of the National Audubon Society (USA), both non-revenue generating entities, Meeta successfully raised unrestricted funding that significantly exceeded annual requirements and also instituted financial processes to measure a variety of performance metrics. Earlier in her career, she was responsible for designing the strategy and initiating the implementation plan for the highly successful information technology outsourcing program at General Electric (GE). Also at GE, Ms. Vyas ran GE Appliances’ Range Products business unit having revenues exceeding $1 Billion where her team doubled operating income in less than two years. Prior to that, as a management consultant with McKinsey and Company, she served publicly listed companies in chemicals, industrial, and technology markets, primarily focusing on growth strategies, valuations, post-merger integrations, and logistics operations. Meeta is married to NanoViricides, Inc. President and Chairman Anil R. Diwan. Ms. Vyas holds a MBA in Finance from Columbia University’s Graduate School of Business, and a BS in Chemical Engineering from the Massachusetts Institute of Technology.

We have previously announced certain important issuances of patents on the TheraCour® technology underlying our nanoviricides® drugs. Most importantly, a fundamental patent on the polymeric micelles composition, structure and uses was issued in the USA with substantially broad claims. This validates the novelty of our approach as well as our leadership position in the nanomedicines based on polymeric micelle technologies. All of the patent applications have been filed internationally. To date more than 18 patent grants have occurred and additional grants continue as the applications progress through review.

These events have been the result of continuing progress and development work that the Company has been performing through several years. We had undertaken the challenge of developing an orally available anti-influenza drug nearly three years ago. The chemistry work was already completed by June, 2012 and the first animal testing results became available in August, 2012.

We are also working on developing cGMP (current Good Manufacturing Practices) manufacturing capabilities for clinical drug substance. A group of private financiers that includes our founder Dr. Anil Diwan has acquired an 18,000 sq. ft. building on 4 acres with possibilities of expansion, in Shelton, CT, via Inno-Haven, LLC, a company formed specifically for that purpose, in August 2011. The project had several changes of scope, accounting for the delays in design phase. We have a strong team engaged on this project. Mr. Andrew Hahn, retired Director of Facilities (Global) for Bristol-Myers-Squibb is our lead designer and overall steward for this project. Mr. Phil Mader, previously the Senior Capital Project Manager at Bristol-Myers Squibb Company in Wallingford, CT (“BMS”), is our Project Manager. Mr. Mader’s firm, MPH Engineering is engaged for engineering design. In addition, Ms. Kathy Cowles, founder of ID3A Architects serves as the lead architect. A highly optimized floor plan has been developed by our architectural, design and engineering teams. The Clean Room suite for the production of clinical drug substance is being designed, fabricated, and installed by AES Clean Technology, Inc. The engineering design is now substantially complete.

This versatile, customizable facility is designed to support the production of kilogram-scale quantities of any of our nanoviricides drugs. In addition, it is designed to support the production of the drug in any formulation such as injectable, oral, skin cream, eye drops, lotions, etc. The scale is designed so that clinical batches for Phase I, Phase II, and Phase III can be made in this facility. The clean room suite contains areas suitable for the production of sterile injectable drug formulations, which require special considerations.

In order to minimize the capital costs, NanoViricides, Inc. intends to lease the completed facilities from Inno-Haven, LLC. A memorandum of understanding to that effect was signed as of February 11, 2013 and requires a lease agreement to be signed before March 31, 2013. The MOU is subject to a definitive lease agreement (the “Lease Agreement”) to be executed upon final determination. The terms of the lease have not been finalized.

The renovation project is estimated to be completed in December, 2013- January 2014, followed by occupancy and certifications by early 2014. These timelines depend upon several assumptions, many of which are outside the control

of the Company, and thus may cause delays.

We believe that from the time that the proposals are accepted, the cGMP facility can be ready to begin actual manufacturing in approximately one year. Soon thereafter, the Company will be able to make cGMP-like material using the same processes as c-GMP material but prior to undergoing the FDA registration process. Such c-GMP-like product can be used for clinical batches for human clinical studies in several countries around the world. The Company is currently investigating all such options in order to expedite the timeline to entering human clinical trials. The Company intends to contract out clinical batch fulfillments to outside contract manufacturers.

We have been aggressively expanding our portfolio of virus targets and drug candidates every year since our inception in May 2005. We began with drug candidates against Influenza. We then shortly added a drug candidate against Rabies, one of the most difficult diseases to tackle. We started working on Ebola/Marburg viruses (filoviruses) and developed drug candidates worthy of further drug development. Shortly thereafter, we developed a drug candidate against Adenoviral Epidemic Kerato-conjunctivitis (EKC). In 2008, we added anti-HIV drug candidates to our growing portfolio. In 2009, we improved upon our EKC drug candidates to develop new drug candidates that may be effective potentially against most known viral diseases of the external eye. Most of these viral diseases are caused by a wide variety of adenoviruses and herpes simplex viruses. We also developed new drug candidates against the herpes viruses (HSV-1 and HSV-2), for the treatment of recurrent HSV skin infections, such as cold sores and genital warts. In 2010, we added drug candidates effective against Dengue viruses to our pipeline. In 2012 we developed an oral version of our anti-influenza drug candidate in the Flucide program. Thus, in just about seven years we have developed a very broad pipeline of drug candidates. We believe that we will have clinically relevant drug candidates in many, if not all, of these disease areas.

We have conducted our second anti-HIV 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 were able to select the best nanoviricide anti-HIV ligand in the new study, which appears to be better than all the ligands tested in the previous study. This nanoviricide's effect was still equal to or better than the same 3 drug HAART cocktail, although we had expected a substantially reduced effect.

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

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

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

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

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

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

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

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

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

We have limited our expenditures on socially conscious projects such as “Neglected Tropical Diseases” (NTD’s), and “Bio-defense” projects to the extent that participatory funding from third parties is available. To this end, we attempt to obtain grants and contracts financing from government and non-government sources. We will continue to work on these programs as time and resources permit. In addition, we continue to develop novel technologies such as ADIF™ (“Accurate-Drug-In-Field™”) which may possibly represent one of the best scientific approaches against manmade and natural novel disease agents. Outbreaks of natural novel viral diseases, such as SARS, Influenza, Ebola/Marburg and other presently unknown diseases will continue to occur. A novel SARS virus called h-CoV-EMC has emerged very recently in the Middle East. This virus does not share the same receptor as the previous 2002-2003 outbreak SARS virus (now called SARS-CoV). At present, there is no feasible therapeutic intervention for outbreaks of novel viruses, such as these new coronavirus outbreaks .

We continued to raise financing successfully, but at a much slower pace than last year. To date, Seaside 88, LP ("Seaside") has invested an aggregate of $25M thus far and we raised an additional $6M from family offices and a charitable foundation in February, 2013. This larger than anticipated raise enabled us to repay Seaside and complete the Seaside transaction in February, 2013. With these transactions, we have cash in hand of approximately $15.5 M as of March 31, 2013. This cash reserve enables us to move our drug candidates forward in the US Food and Drug Administration ("FDA") and International regulatory approval processes.

We now have six commercially significant active, drug development programs: (1) Oral FluCide™, against all Influenzas, (2) A Piggy-back version of Flucide for hospitalized patients, (3) nanoviricide eye drops against adenoviral EKC and herpes keratitis, (4) HIVCide™-I against HIV/AIDS, (5) HerpeCide™-I skin cream formulation for herpes cold sores and genital warts, and (6) DengueCide™, a broad spectrum nanoviricide designed to attack all types of dengue viruses and expected to be effective in the Severe Dengue Disease syndromes including Dengue Hemorrhagic Fever (DHS) and Dengue Shock Syndrome (DSS). We continue to achieve very strong performance in the testing of these drug candidates.

All of our biological testing is conducted by third parties.

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

Our strategy is to minimize capital expenditure. We therefore rely on third party collaborations for the testing of our drug candidates. We continue to engage with our previous collaborators. In addition, we have engaged Biologics Consulting Group, Inc., to help us with the FDA regulatory submissions. We are also engaged with Australian Biologics Pty, Ltd to help us with clinical trials and regulatory approvals in Australia. We believe that cGMP-like manufactured product is acceptable for entering human clinical trials in Australia.

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

In July-August 2011, we reported on the anti-HIV studies that were designed to discriminate the comparative effectiveness of different ligands. We reported that our lead anti-HIV candidate achieved anti-HIV efficacy equivalent to a HAART (highly active anti-retroviral therapy) triple drug cocktail in this recently completed animal study. Treatment with this lead anti-HIV nanoviricide reduced HIV levels and protected the human T cells (CD4+/CD8+) to the same extent as treatment with the HAART cocktail. The three drug HAART cocktail used for comparison in this study is one of the combination therapies recommended for initial therapy in humans. No evidence of drug toxicity

was observed in the case of nanoviricide drug candidates. We later reported that this lead anti-HIV drug candidate achieved a long term anti-HIV effect with a much shorter dosing regimen and a markedly lower total drug dose than the HAART drug cocktail therapy in a recent animal study. The antiviral effect of the anti-HIV nanoviricide ("HIVCide™") continued throughout the 48 days of study even though HIVCide dosing was discontinued after only 20 days. The clinical benefit of HIVCide was found to be sustained for at least four weeks after the last drug dose. Treatment with the lead anti-HIV nanoviricide both (1) reduced the HIV viral load and (2) also protected the human T cells (CD4+,CD8+), equally well as compared to treatment with the three-drug HAART cocktail, at 24-days as well as at 48-days, even though the HIVCide treatment was stopped at 20 days. The lead candidate is now undergoing further optimization.

A long and sustained effect of HIVCide would lead to improved patient compliance, which is a sought after goal in HIV therapy. With this new study, we believe that we are close to a "Functional Cure" of HIV wherein the patient can take treatment until the viral load is undetectable and then stop treatment until an episode of virus reawakening occurs.

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

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

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

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

One of the FluCide drug candidates, when administered orally, enabled the animals to survive as long as 347.4±4.6 hrs. (14.5 days), and when given as an injectable, it allowed the animals to combat the lethal influenza infection for 376.8±7.5 hrs. (15.7 days). Another drug candidate (with a different anti-viral ligand), when given orally, resulted in the animals surviving for as long as 301.3±5.2 hrs. (12.6 days), and when given as a tail-vein injection, for 349.0±3.9 hrs. (14.5 days). For comparison, untreated control animals died in 119.5±1 hrs. (5 days), and oseltamivir (Tamiflu®) treated animals died within just 181.7±4.6 hrs. (7.6 days).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

We have taken an important step towards improving our corporate governance last year. On June 22, 2012, we appointed Mr. Stanley Glick, CPA, as an independent Director of the Company and the Chairman of its Audit Committee. Mr. Glick has over forty years of experience in his long career of providing auditing, accounting, tax, and management advisory services, to clients in various industries. Mr. Glick has been a member of several Boards of Directors for not-for-profit organizations in the Westport, CT area. In particular, he has served as a Director and member of Audit Committee of “A Better Chance” of Westport, CT, from 2000 to 2005. From 1977 until present, Mr. Glick has managed an independent practice as a Certified Public Accountant in Connecticut and New York States. Prior to forming his own CPA firm, Mr. Glick was employed by local and regional CPA firms where he performed and supervised audits and financial reporting. Mr. Glick is a member of the American Institute of Certified Public Accountants, The Connecticut Society of Certified Public Accountants, and the New York State Society of Certified Public Accountants. He holds a Bachelor of Business Administration degree in Accounting from Baruch College of Business (now Baruch College of the City University of New York). Mr. Glick is married and lives in Trumbull, CT.

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. Since then, the Company has also developed an oral drug against influenza viruses.

As the Company's drug candidates progress towards human clinical studies, it has become necessary to enable that they can be produced under "current Good Manufacturing Practices" (cGMP) guidelines of the US FDA, and other applicable international guidelines (such as WHO and ICH guidelines, as well as other country-specific and region-specific guidelines). In the US, the US FDA requires that at least two validated and consistent batches of the drug be produced under cGMP conditions before any human clinical trials can be allowed. Some other countries may allow research product materials for certain phases of human clinical trials. The Company's management has studied the possibilities of contract manufacturing of its drug candidates over the last several years and has concluded that building a small pilot scale manufacturing facility where the special needs of the manufacture of its nanomedicines can be met is the most appropriate solution. This approach provides the highest level of control over the quality of the materials and also keeps the intellectual property of the Company well protected. Further, to minimize capital costs to the Company, management determined that a separate entity should be allowed to purchase the real estate, renovate, build and maintain the facilities under the Company's direction and control. Subsequently, a separate entity, Inno-Haven, LLC ("Inno-Haven"), controlled by Anil R. Diwan, the Company's founder, was created for this purpose. Inno-Haven purchased an 18,000 sq. ft. light manufacturing building on a 4.2 acre land lot in Shelton, Connecticut in August, 2011. The purchase and related costs were financed by Dr. Diwan through his personal savings, and the sale of NanoViricides common stock that he had acquired as a founder, that netted approximately $900,000 after expenses and income taxes. Dr. Diwan disposed of his shares in accordance with a 10b5.1 trading plan which concluded in October, 2011. Inno-Haven has also obtained additional financing from certain other unrelated parties. Inno-Haven intends to obtain additional financing from investors other than Dr. Diwan. Dr. Diwan has also agreed to provide personal guarantees for potential loans and mortgages which could be drawn for the purpose of financing the building and construction costs 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. A Memorandum of Understanding to that effect was executed on February 11, 2013 and requires a lease agreement to be signed before March 31, 2013. The MOU is subject to a definitive lease agreement (the "Lease Agreement") to be executed upon final determination of the cost of the laboratory and GMP clean room, and which would contain definitive terms regarding rent, taxes, utilities, maintenance and other similar items. The renovation project is estimated to be completed in December, 2013- January 2014 time frame, followed by occupancy and certifications by early 2014. These timelines depend upon several assumptions, many of which are outside the control of the Company, and thus may cause delays.

The Company does not currently have any revenue. All of the Company's products are in development stage and require successful development through regulatory processes before commercialization. During the development phase, 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.

The Company's Drug Pipeline

We currently have, in active development, broad-spectrum drugs against Epidemic Influenzas including the current novel H1N1/2009 “Swine flu” virus, H5N1 and other Highly Pathogenic Avian Influenzas (H5N, H7N9, H9N HPAI, Bird Flu), common seasonal human Influenzas.

Our drug pipeline includes: (1) Injectable anti-influenza drug for severely ill hospitalized patients, (2) Oral anti-influenza drug for out patients, (3) an anti-HIV drug, (4) Eye drops against viral diseases of the eye such as conjunctivitis and keratitis, (5) Herpes virus cold sores and genital Herpes, and (6) a broad-spectrum drug against all four serotypes of Dengue viruses. In addition, we have research programs against Rabies virus, Ebola/Marburg family of viruses, as well as other Viral hemorrhagic fevers (VHFs). We also have a research program called ADIF™ (“Accurate-Drug-In-Field”), that we believe is the only way to combat a novel viral threat right in the field before it becomes an epidemic like SARS, bird flu H5N1, Ebola, or other viral outbreak. Adenoviral Epidemic Kerato-Conjunctivitis (EKC) is a severe pink eye disease that may lead to blurry vision in certain patients after recovery. Herpes simplex viral infections cause keratitis of the eye, and severe cases of infection may sometimes necessitate corneal transplants. The Company's ability to achieve progress in the drugs in development is dependent upon available financing and upon the Company's ability to raise capital. The Company will negotiate with TheraCour to obtain licenses for additional viral diseases as necessary. However, there can be no assurance that TheraCour will agree to license these materials to the Company, or to do so on terms that are favorable to the Company. To date, TheraCour has continued to provide the Company with the licenses when requested.

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, 2013, we have a cash and cash equivalent balance of $15, 457,807 which will be sufficient to fund our operations through more than one year or March 31, 2015, 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. 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 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 4.2 acre lot, enabling future expansion of operations. Inno-Haven has entered into financing agreements with further unrelated Parties to obtain additional funds necessary to renovate the facility to provide the necessary infrastructure for cGMP manufacturing of our drug candidates. On February 11, 2013 the Company entered into a Memorandum of Understanding outlining the general terms to be included in a future lease agreement. No lease agreement has been drawn up and the terms of lease have not yet been completely determined. The MOU is subject to a definitive lease agreement (the "Lease Agreement") to be executed upon final determination of the cost of the laboratory and GMP clean room, and which would contain definitive terms regarding rent, taxes, utilities, maintenance and other similar items. No lease rental payments have been due or paid.

We anticipate that as we file an IND application, we may need an additional $10M to take one of our various 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.

Assuming that we are successful in raising this additional financing, we anticipate that we will incur the following additional expenses over the next 24 months.

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

2. Corporate overhead of $1,250,000: 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 $1,500,000: This is the estimated cost for equipment and laboratory improvements.

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

In addition the Company anticipates estimated capital costs of $5,000,000 for infrastructure and laboratory facilities for a scaled up research pilot production facility. The Company anticipates that some of this infrastructure funding will be obtained through real estate and industrial loans and related instruments or through a contractual arrangement with Inno-Haven, LLC.

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, 2013, the Company has drawn down $22,500,000 of the $40,000,000 S-3 Shelf Registration. In addition, on October 26, 2012, the Company filed a new S-3 Shelf Registration Statement for $40,000,000 of common stock, preferred stock, warrants, debt securities and units comprised of those securities which combined the unused portion of the prior shelf registration for a total available Shelf Registration of $57,500,000. The Company anticipates it will have sufficient access to capital even if it decides to develop FluCide through Phase III on its own. The Company 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.

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

As required by Exchange Act Rule 13a-15(b), we have carried out an evaluation, under the supervision and with the participation of our management, including our principal executive and principal financial officer, of the effectiveness of the design and operation of our management, including our principal executive and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of June 30, 2012.

(a) Based upon an evaluation of the effectiveness of disclosure controls and procedures, our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have concluded that as of the end of the period covered by the Annual Report on Form 10-K (ending June 30, 2012) 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 believes these deficiencies have been remediated by implementing changes in internal controls over our financial reporting.

(b) Changes in internal control over financial reporting. The Company has established an Audit Committee and appointed an independent director having financial expertise as its chair on June 28, 2012.

Management’s Report on Internal Control Over Financial Reporting

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

Management conducted an evaluation of the effectiveness of our internal control over financial reporting as of June 30, 2012. To evaluate the effectiveness of our internal control over financial reporting, management used the criteria described in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the “COSO Framework”). Based on its evaluation under the *Internal Control - Evaluation Framework,* due to the material weakness described below, management concluded that our internal control over financial reporting was not effective as of June 30, 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.

The material weakness relates to a lack of a functioning audit committee and a lack of outside directors on the Company's Board during the period of the evaluation. We have appointed an independent director who is also the chair of the Company's Audit Committee, a charter for the Audit Committee has been adopted and the Audit Committee began functioning as of July 1, 2012. Management believes that these measures have remediated the identified material weakness.

To strengthen our corporate governance, the Company is seeking to appoint additional independent Directors. Further, management is in the process of hiring additional financial personnel to increase the effectiveness of internal control over financial reporting by isolating the duties of the CEO and the CFO that at present are being fulfilled by one person.

On May 13, 2013, the Company retained Ms. Meeta R. Vyas, a seasoned executive with public company experience, as its interim CFO effective May 20, 2013. Ms. Vyas holds an MBA in Finance from Columbia University Graduate Business School and a BS (ChEng) from MIT.

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, 2013, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

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

Specific monetary damages have not been claimed in this action nor are any monetary damages expected. As a result, no accrual has been made in relation to this litigation.

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

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

On February 1, 2013, the Company authorized the issuance of 2,000,000 shares of its $.001 par value common stock with a restrictive legend for the payment of additional interest payable to the holders of the Company’s Series B Convertible Debentures.

In February 2013, the Scientific Advisory Board (SAB) was granted warrants to purchase 60,000 shares of common stock at $0.53 per share expiring in February 2017.

In March, 2013, the Company authorized the issuance of 250,000 shares of its $.001 par value common stock with a restrictive legend pursuant to existing employment agreements.

In March, 2013, the Company authorized the issuance of 593,750 shares of its Series A Convertible Preferred stock $.001 par value with a restrictive legend pursuant to existing employment agreements.

For the nine months ended March 31, 2013, the Company's Board of Directors authorized the issuance of 115,042 shares of its common stock with a restrictive legend for consulting services.

For the nine months ended March 31, 2013, the Company's Board of Directors authorized the issuance of 13,749 shares of its common stock with a restrictive legend for Director services.

On February 1, 2013, the Company accepted subscription for an offering in the aggregate amount of $6,000,000 for its Unsecured 8% Coupon Series B Convertible Debenture (the “Debentures”) from four equity investors comprised of private, family investment offices and a charitable foundation. The Company did not utilize an underwriter or a placement agent for this offering.

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 for financings completed 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

On May 13, 2013, the Company appointed Meeta R. Vyas as its interim Chief Financial Officer effective May 20, 2013. Ms. Vyas is known as a strong leader with board level experience and successful achievements as a Senior Executive in a broad range of entities including publicly listed corporations, non-revenue generating entities, and medium to large size companies. Ms. Vyas has over twenty-five years of experience in performance and process improvement of both publicly listed companies and non-revenue producing entities, in areas ranging from Finance and Operations to Strategy and Management. Meeta holds the distinction of being the first Indian woman to be named CEO of a publicly listed U.S. corporation, Signature Brands, Inc., best known for “Mr. Coffee” and “Health-O-Meter” brand products. As CEO, acting COO and Vice Chairman of the Board of Signature Brands, Inc., she was responsible for the development and implementation of a turnaround plan, resulting in Signature’s return to profitability and growth. Later, as the CEO of the World-Wide Fund for Nature - India (WWF-India) and then as a Vice President of the National Audubon Society (USA), both non-revenue generating entities, Meeta successfully raised unrestricted funding that significantly exceeded annual requirements and also instituted financial processes to measure a variety of performance metrics. Earlier in her career, she was responsible for designing the strategy and initiating the implementation plan for the highly successful information technology outsourcing program at General Electric (“GE”). Also at GE, Ms. Vyas ran GE Appliances’ Range Products business unit having revenues exceeding $1 Billion where her team doubled operating income in less than two years. Prior to that, as a management consultant with McKinsey and Company, she served publicly listed companies in chemicals, industrial, and technology markets, primarily focusing on growth strategies, valuations, post-merger integrations, and logistics operations. Ms. Vyas is married to Anil Diwan, the Company’s President and Chairman and principal shareholder of TheraCour Pharma, Inc. . Ms. Vyas holds a MBA in Finance from Columbia University’s Graduate School of Business, and a BS in Chemical Engineering from the Massachusetts Institute of Technology.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibit index

Exhibit Number	Description of Exhibits
31.1	Certification of Chief Executive Officer 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. *
101.INS	XBRL Instance Document*
101.SCH	XBRL Taxonomy Extension Schema Document*
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document*
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document*
101.LAB	XBRL Taxonomy Extension Label Linkbase Document*
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document*

* Filed herewith.

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 20, 2013

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

EXHIBIT INDEX

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101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document*

* Filed herewith.