LOEWS CORP
Form 4
July 02, 2007

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL

OMB Number:	3235-0287
Expires:	January 31, 2005
Estimated average burden hours per response...	0.5

(Print or Type Responses)

1. Name and Address of Reporting Person *
KEEGAN PETER W

(Last) (First) (Middle)

667 MADISON AVENUE

(Street)

NEW YORK CITY, NY 10065-8087

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
LOEWS CORP [LTR;CG]

3. Date of Earliest Transaction (Month/Day/Year)
06/29/2007

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
Sr. Vice President & CFO

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security	2. Conversion or Exercise	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any	4. Transaction Code	5. Number of Derivative Securities	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)

(Instr. 3)	Price of Derivative Security	(Month/Day/Year)	(Instr. 8)		Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)					
			Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amour or Numbe of Shar
Stock Appreciation Right	$ 51.08	06/29/2007	A		11,250		(1)	01/09/2017	Common Stock	11,25

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
KEEGAN PETER W 667 MADISON AVENUE NEW YORK CITY, NY 10065-8087			Sr. Vice President & CFO	

Signatures

/s/ Gary W. Garson, by power of attorney for Peter W. Keegan	07/02/2007
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) The stock appreciation right becomes exercisable in four equal annual installments beginning on January 9, 2008.

(2) The Reporting Person received the Derivative Security pursuant to a stock appreciation right grant at no cost.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. text-align: center">2011 $275,000 $574,581 $1,917 $851,498 2010 $254,167 $— $513,823 — $— $767,990
Diwan 2012 $275,000 $- $431,486 $- $706,486 President,
Director 2011 $275,000 $574,581 $1,917 $851,498 2010 $252,000 $— $513,823 - $— $765,823
Glick, 2012 — — — — — — Director*

Appointed June 22, 2012.

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The following table sets forth for each named executive officer certain information concerning the outstanding equity awards as of June 30, 2012.

Name and Principal Position	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options Unexercisable	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock that Have Not Vested	Market Value of Shares or Units of Stock that Have Not Vested	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights that Have Not Vested	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights that Have Not Vested
Eugene Seymour, CEO and Director	500,000	—	$ 0.10	September 26, 2015	—	—	—	—
Anil Diwan, President and Director	1,000,000	—	$ 0.10	September 26, 2015	—	—	—	—

COMPENSATION OBJECTIVES

We believe that the compensation programs for the Company's NEOs should reflect the Company's performance and the value created for the Company's stockholders. In addition, the compensation programs should support the short-term and long-term strategic goals and values of the Company, and should reward individual contributions to the Company's success. Our compensation plans are consequently designed to link individual rewards with Company's performance by applying objective, quantitative factors including the Company's own business performance and general economic factors. We also rely upon subjective, qualitative factors such as technical expertise, leadership and management skills, when structuring executive compensation in a manner consistent with our compensation philosophy.

ELEMENTS OF COMPENSATION

BASE SALARY. All full time executives are paid a base salary. Base salaries for our executives are established based on the scope of their responsibilities, professional qualifications, academic background, and the other elements of the executive's compensation, including stock-based compensation. However, at this time current total annual compensation is not in line with comparable companies, because our philosophy was to pay modest salaries with no bonus to conserve capital resources for future company growth. Our intent is to set executives' base salaries near the median of the range of salaries for executives in similar positions with similar responsibilities at comparable companies, in line with our compensation philosophy. Base salaries are reviewed annually, and may be increased to align salaries with market levels after taking into account the subjective evaluation described previously.

EQUITY INCENTIVE COMPENSATION. We believe that long-term performance is achieved through an ownership culture participated in by our executive officers through the use of stock-based awards. Currently, we do not maintain any incentive compensation plans based on pre-defined performance criteria. The Board of Directors has the general authority, however, to award equity incentive compensation, i.e. stock options, to our executive officers in such amounts and on such terms as the committee determines in its sole discretion. The Board of Directors does not have a determined formula for determining the number of options available to be granted. The Board of Directors will review each executive's individual performance and his or her contribution to our strategic goals periodically. With the exception of stock options automatically granted in accordance with the terms of the employment agreement with our executive officers, our Board of Directors grants equity incentive compensation at times when we do not have material non-public information to avoid timing issues and the appearance that such awards are made based on any such information. As additional compensation for the year ended June 30, 2012, under the March 3, 2010 employment agreements, the Company issued 593,750 shares of the Company’s Series A Convertible Preferred Stock and 250,000 of the Company’s restricted Common Stock. The convertible preferred series A shares are subject to restriction on sale. The valuation applied to the shares was based upon an appraisal derived from the application of statistical calculations and based upon assumptions at the time of the appraisal which may not be realized.

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DETERMINATION OF COMPENSATION

The Company's executive compensation program for the named executive officers (NEOs) is administered by the Board of Directors. The Board of Directors makes independent decisions about all aspects of NEO compensation, and takes into account compensation data and benchmarks for comparable positions and companies in different applicable geographical areas.

The Company's current executives' compensation program as of the date of this report has been at the same level since 2005. The program is simplistic and is less structured than a more mature corporation. Two of our officers are founders or co-founders of the Company and their ownership in the Company has driven their philosophy to provide modest salaries and no annual bonus. The compensation structure was set to retain capital resources in the Company to further growth.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS, MANAGEMENT, AND RELATED STOCKHOLDERS MATTERS.

The following table sets forth information relating to the beneficial ownership of the Company's common stock by those persons beneficially holding more than 5% of the Company's common stock, by the Company's directors and executive officers, and by all of the Company's directors and executive officers as a group as of June 30, 2012.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Owner (1)	Percent of Class	
TheraCour Pharma, Inc.(2) 135 Wood Street West Haven, CT 06516	33,360,000	21.44	%
Anil Diwan (2) (3) 135 Wood Street West Haven, CT 06516	40,242,200	25.86	%
Eugene Seymour (4) 135 Wood Street West Haven, Connecticut 06516	6,000,000	3.9	%
All Directors and Executive Officers as a Group (2 persons) (5)	46,242,200	29.76	%

(1) For each shareholder, the calculation of percentage of beneficial ownership is based upon 155,612,193 shares of Common Stock outstanding as of June 30, 2012 and shares of Common Stock subject to options, warrants

and/or conversion rights held by the shareholder that are currently exercisable or exercisable within 60 days, which are deemed to be outstanding and to be beneficially owned by the shareholder holding such options, warrants, or conversion rights. The percentage ownership of any shareholder is determined by assuming that the shareholder has exercised all options, warrants and conversion rights to obtain additional securities and that no other shareholder has exercised such rights.

(2) Anil Diwan, the Company's President and Chairman, also serves as the CEO and Director of TheraCour Pharma Inc. and owns approximately 70% of the outstanding capital stock of TheraCour. Anil Diwan has both investment and dispositive power over the Nanoviricides shares held by TheraCour Pharma, Inc. Does not include 7,000,000 shares of the Company's Series A Convertible Preferred Stock (the "Series A") which votes at the rate of nine shares of Common Stock per each share of Series A and is convertible into three and one half shares of Common Stock upon a change in control of the Company or upon achieving certain trading prices of the Common Stock.

(3) Anil Diwan, President and Chairman of the Board of Directors. Includes 5,882,200 shares of NanoViricides common stock received by Dr. Diwan as founder and 1,000,000 shares of NanoViricides common stock issuable upon exercise of options held by Dr. Diwan that are currently exercisable or will become exercisable within 60 days. Also includes 33,360,000 owned by TheraCour Pharma, Inc., over which Dr. Diwan holds voting and dispositive power. Does not include 750,000 shares of the Company's Series A Convertible Preferred Stock (the "Series A") which votes at the rate of nine shares of Common Stock per each share of Series A and is convertible into three and one half shares of Common Stock upon a change in control of the Company or upon achieving certain trading prices of the Common Stock.

(4) Eugene Seymour, Chief Executive Officer and Director. Includes 6,000,000 shares of NanoViricides common stock held by Dr. Seymour and 500,000 shares of NanoViricides common stock issuable upon exercise of options held by Dr. Seymour that are currently exercisable or will become exercisable within 60 days. . Does not include 750,000 shares of the Company's Series A Convertible Preferred Stock (the "Series A") which votes at the rate of nine shares of Common Stock per each share of Series A and is convertible into three and one half shares of Common Stock upon a change in control of the Company or upon achieving certain trading prices of the Common Stock.

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(5) Includes 33,360,000 shares of Common Stock indirectly owned by certain of the Executive Officers and Directors as a group.

EMPLOYMENT AGREEMENTS

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.

COMPENSATION OF DIRECTORS

At this time, directors, who are officers of the Company, receive no remuneration for their services as directors of the Company, nor does the Company reimburse directors for expenses incurred in their service to the Board of Directors. The Company does not expect to pay any fees to its directors for the 2011 fiscal year.

COMPENSATION OF SCIENTIFIC ADVISORY BOARD

The Company anticipates holding four Scientific Advisory Board meetings per annum. As compensation, each member of the Scientific Advisory Board (SAB) will be granted each quarter 10,000 warrants to purchase the Company's common stock at 120% of the Company's closing stock quote on the day following the meeting. Should the Company not call a quarterly meeting, quarterly options will be granted on May 15, August 15, November 15, and February 15. The warrants will have a four year expiration date. In addition the Company will reimburse each SAB member for travel and other out-of-pocket expenses incurred in the course of performing their services. For the year ended June 30, 2012, the SAB was granted a total of 240,000 stock warrants exercisable into common shares at prices from $ 0.80 to $ 1.41 per share.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

On June 2, 2012 Stanley Glick, CPA was appointed as an independent member of our Board of Directors. Up until that time we did not have any independent directors on our Board of Directors, and therefore had no formal procedures in effect for reviewing and pre-approving any transactions between us, our directors, officers and other affiliates. We have used and will continue to use our best efforts to insure that all transactions are on terms at least as favorable to the Company as we would negotiate with unrelated third parties.

TheraCour Pharma, Inc.

On May 12, 2005, the Company entered into a Material License Agreement, amended as of January 8, 2007 (the "License") with TheraCour Pharma, Inc., ("TheraCour"), our largest shareholder. As of the present, TheraCour granted the Company an exclusive license in perpetuity for technologies developed by TheraCour for six virus types: HIV, HCV, Herpes, Rabies, Asian (bird) flu and Influenza. 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) to pay $25,000 per month for usage of lab supplies and chemicals from existing stock held by TheraCour; (3) to pay the greater of $2,000 or actual costs, for other general and administrative expenses incurred by TheraCour on our behalf; (4) to make royalty payments of 15% (calculated as a percentage of net sales of the licensed drugs) to TheraCour; (5) that TheraCour Pharma, Inc. shall retain the exclusive right to develop and synthesize nanomicelle(s), a small (approximately twenty nanometers in size) long chain polymer based chemical structure, as component elements of the Licensed Products. TheraCour agreed that it will develop and synthesize such nanomicelles, to be used for the Licensed Products, exclusively for NanoViricides, and unless such license is terminated, will not develop or synthesize the nanomicelles to be used for the Licensed product for its own sake or for others; and (6) to pay an advance payment equal to twice the amount of the previous months invoice to be applied as a prepayment towards expenses. TheraCour may terminate the License upon a material breach by us as specified in the agreement. However, the Company has the opportunity to cure the breach within 90 days of receipt of notice to terminate the License. On February 15, 2010, the Company approved an Additional License Agreement with TheraCour Pharma, Inc. ("TheraCour"). Pursuant to the exclusive Additional License Agreement, in consideration for the issuance of 7,000,000 shares of the Company's Series A

Convertible Preferred Stock, (the “Series A Preferred”), 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.

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Development costs charged by and paid to TheraCour Pharma, Inc. was $ 6,617,004 since inception through June 30, 2012, and $ 2,965,030, $ 1,250,901 and $1,086,927 for the years ended June 30,,2012, 2011, and 2010, respectively. No royalties are due or have been paid from inception through June 30, 2012.

As of June 30, 2012, TheraCour owns 33,360,000 shares of the Company's outstanding common stock and 7,000,000 shares of Series A Preferred. Anil Diwan, the Company's President and Chairman, also serves as the CEO and Director of TheraCour and owns approximately 70% of the outstanding capital stock of TheraCour.

KARD Scientific, Inc.

In June 2005, the Company engaged KARD Scientific to conduct pre clinical human influenza animal (mouse) studies and provide the Company with a full history of the study and final report with the data collected. This project is on-going. 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 of the executive officers of NanoViricides; and we retain all intellectual property resulting from the services by KARD. Dr. Krishna Menon, the Company's Chief Regulatory Officer- Consulting, a non-executive officer position, is also an officer and principal owner of KARD Scientific. Lab fees charged by KARD Scientific for services for the years ended June 30, 2012, 2011, and 2010, were, $ 507,500, $ 719,462 and $78,940, respectively, and $ 1,860,137 since inception.

ITEM 14. PR INCIPAL ACCOUNTING FEES AND SERVICES

Audit Fees

The aggregate fees for each of the last two years for professional services rendered by the principal accountant for our audits of our annual financial statements and interim reviews of our financial statements included in our fillings with Securities and Exchange Commission on Form 10-K and 10-Qs or services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for those years were approximately:

June 30, 2012	$138,250	Li & Company, P.C.
June 30, 2011	$90,000	Li & Company, P.C.

Audit Related Fees

The aggregate fees in each of the last two years for the assurance and related services provided by the principal accountant that are not reasonably related to the performance of the audit or review of the Company's financial statements and are not reported in paragraph (1) were approximately:

June 30, 2012	$ 0	Li & Company, P.C.
June 30, 2011	$ 0	Li & Company, P.C.

We incurred these fees in connection with registration statements and financing transactions. Tax Fees

The aggregate fees in each of the last two years for the professional services rendered by the principal accountant for tax compliance, tax advice and tax planning were approximately:

June 30, 2012	$ 0	Li & Company, P.C.
June 30, 2011	$ 0	Li & Company, P.C.

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All Other Fees

The aggregate fees in each of the last two years for the products and services provided by the principal accountant, other than the services reported in paragraph (1) were approximately:

June 30, 2012	$ 0	Li & Company, P.C.
June 30, 2011	$ 0	Li & Company, P.C.

Pre-Approval Policies

The Board of Directors, which performs the equivalent functions of an audit committee, currently does not have any pre-approval policies or procedures concerning services performed by Li & Company, P.C. All the services performed by Li & Company, P.C. as described above were pre-approved by the Board of Directors.

ITEM 15 . EXHIBITS

Exhibit No.	Description
3.1*	Articles of Incorporation, as amended, of the Registrant
3.2*	By-laws of the Registrant
4.1*	Specimen Stock Certificate of the Registrant
4.2*	Series A Convertible Debenture
4.3*	Form of Warrant
10.1*	Share Exchange Agreement between NanoViricide, Inc. and the Registrant
10.2*	Employment Agreement Eugene Seymour
10.3*	Employment agreement Anil Diwan
10.4*	Employment agreement Leo Ehrlich
10.5*	Form of Scientific Advisory Board Agreement
10.6*	Amended License Agreement with TheraCour Pharma, Inc.
10.7*	Lease with landlord
10.8*	Form of First Subscription Agreement

10.9*	Form of Second Subscription Agreement
10.10*	Code of Ethics
10.11*	Amended Agreement #2 with TheraCour Pharma, Inc.
10.12*	Memorandum of Understanding with Vietnam's National Institute of Hygiene and Epidemiology (NIHE) dated December 23, 2005
31.1	Certification of Chief Executive and Interim Chief Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a) under the Securities Exchange Act of 1934, as amended
32.1	Certification of Chief Executive Officer and Interim Chief Financial Officer required by Rule 13a-14(b) or Rule 15d-14(b) under the Securities Exchange Act of 1934, as amended, and 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Incorporated by reference to the Company's registration statement on Form 10-SB, filed with the Securities Commission on November 14, 2006, as amended.

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SIGNATURES

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

Dated: October 15, 2012

NANOVIRICIDES, INC.

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

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

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicate

October 15, 2012
/s/ Eugene Seymour, MD
Name: Eugene Seymour, MD
Title: Chief Executive Officer and Interim Chief Financial Officer and Director
(Principal Executive and Accounting Officer)

October 15, 2012 */s/ Anil Diwan*
Name: Anil Diwan,
Title: President and Chairman of the Board of Directors

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NANOVIRICIDES, INC.

(A DEVELOPMENT STAGE COMPANY)

June 30, 2012, 2011 and 2010

Index to the Financial Statements

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of

Nanoviricides, Inc.

(A development stage company)

West Haven, Connecticut

We have audited the accompanying balance sheets of Nanoviricides, Inc., a development stage company, (the "Company") as of June 30, 2012 and 2011 and the related statements of operations, stockholders' equity and cash flows for each of the three fiscal years in the period ended June 30, 2012 and for the period from May 12, 2005 (inception) through June 30, 2012. We have also audited the Company's internal control over financial reporting as of June 30, 2012, based on criteria established in *"Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)"*. The management of the Company is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on these financial statements and an opinion on the company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of financial statements includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control over financial reporting based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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 or procedures may deteriorate.

A material weakness is a control deficiency, or a combination of control deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weaknesses have been identified and included in management's assessment as of June 30, 2012:

- The Company does not have sufficient segregation of duties within accounting functions, which is a basic internal control. Due to its size and nature, segregation of all conflicting duties may not always be possible and may not be economically feasible. However, to the extent possible, the initiation of transactions, the custody of assets and the recording of transactions should be performed by separate individuals. Management evaluated the impact of its failure to have segregation of duties on its assessment of its disclosure controls and procedures and has concluded that the control deficiency that resulted represented a material weakness.

These material weaknesses were considered in determining the nature, timing and extent of audit tests applied in our audit of the Company's June 30, 2012 financial statements, and our opinion regarding the effectiveness of the Company's internal control over financial reporting does not affect our opinion on those financial statements.

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In our opinion, because of the effect of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of June 30, 2012, based on the criteria established in *"Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)"*. Also in our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of June 30, 2012 and 2011 and the related statements of operations, stockholders' equity and cash flows for each of the three fiscal years in the period ended June 30, 2012 and for the period from May 12, 2005 (inception) through June 30, 2012 in conformity with accounting principles generally accepted in the United States of America.

/s/ Li & Company, PC

Skillman, New Jersey

October 15, 2012

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Nanoviricides, Inc.

(A Development Stage Company)

Balance Sheets

	June 30, 2012	June 30, 2011
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 14,274,985	$ 9,224,023
Prepaid expenses	314,174	332,294
Other current assets	-	-
Total Current Assets	14,589,159	9,556,317
PROPERTY AND EQUIPMENT		
Property and equipment	1,440,717	1,417,365
Accumulated depreciation	(825,875)	(614,998)
Property and equipment, net	614,842	802,367
TRADEMARK		
Trademark	458,954	423,754
Accumulated amortization	(33,147)	(24,371)
Trademark, net	425,807	399,383
Total Assets	$ 15,629,808	$ 10,758,067
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 238,358	$ 79,529
Accounts payable – related parties	365,681	462,955
Accrued expenses	96,878	27,173
Accrued payroll to officers and related payroll tax expense	-	-
Derivative liability	1,078,698	17,519
Total Current Liabilities	1,779,615	587,176
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		

Series A Convertible Preferred stock, $0.001 par value, 10,000,000 shares designated, 9,871,250 and 8,217,500 shares issued and outstanding, respectively	9,872	8,218
Series B Convertible Preferred stock, $0.001 par value, 10,000,000 shares designated, 0, 10,000 and 260,000 shares issued and outstanding, respectively	-	10
Series C Convertible Preferred stock, $0.001 par value, 10,000,000 shares designated, 2,353, 0 and 0 shares issued and outstanding, respectively	2	-
Common stock, $0.001 par value; 300,000,000 shares authorized; 155,612,293 and 143,548,494 shares issued and outstanding, respectively	155,645	143,582
Additional paid-in capital	43,108,790	33,235,990
Deficit accumulated during the development stage	(29,424,116)	(23,216,909)
Total Stockholders' Equity	13,850,193	10,170,891
Total Liabilities and Stockholders' Equity	$ 15,629,808	$ 10,758,067

See accompanying notes to the financial statements

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Nanoviricides, Inc.

(A Development Stage Company)

Statements of Operations

	For the Fiscal Year Ended June 30, 2012	For the Fiscal Year Ended June 30, 2011	For the Fiscal Year Ended June 30, 2010	For the Period from May 12, 2005 (inception) through June 30, 2012
OPERATING EXPENSES				
Research and development	$ 4,265,933	$ 4,155,846	$ 3,367,409	$ 18,511,151
Refund credit research and development costs	-	-	(162,524)	(420,842)
General and administrative	1,815,816	2,273,609	1,735,066	10,717,378
Total operating expenses	6,081,749	6,429,455	4,939,951	28,807,687
LOSS FROM OPERATIONS	(6,081,749)	(6,429,455)	(4,939,951)	(28,807,687)
OTHER INCOME (EXPENSE):				
Interest income, net	46,787	14,339	2,980	212,111
Discount on convertible debentures	-	-	-	(73,930)
Beneficial conversion feature of convertible debentures	-	-	-	(713,079)
Change in fair market value of derivatives	(172,245)	(62,049)	192,736	(41,531)
Other income (expense), net	(125,458)	(47,710)	195,743	(616,429)
LOSS BEFORE INCOME TAXES	(6,207,207)	(6,477,165)	(4,744,208)	(29,424,116)
INCOME TAX PROVISION	-	-	-	-
NET LOSS	$ (6,207,207)	$ (6,477,165)	$ (4,744,208)	$ (29,424,116)
NET LOSS PER COMMON SHARE - BASIC AND DILUTED:	$ (0.04)	$ (0.05)	$ (0.04)	

Weighted average common shares outstanding - basic and diluted	149,672,185	139,180,915	130,497,982

See accompanying notes to the financial statements

NanoViricides, Inc.

(A Development Stage Company)

Statement of Stockholders' Equity

For the Fiscal Year Ended June 30, 2012, 2011 and 2010

	Series A Preferred Stock: Par $0.001		Series B Preferred Stock: Par $0.001		Series C Preferred Stock: Par $0.001		Common Stock: Par $0.001		Additional	Stock	De Ac Du
	Number of		Number of		Number of		Number of		Paid-in	Subscription	De
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Receivable	Sta
Balance, June 30, 2009	-	$-	-	$-		$	125,299,457	$125,299	$14,455,778	$(100,000)	$(1
Collection of stock subscription receivable										100,000	
Common shares issued for consulting and legal services valued at $ .66 per share, July 31, 2009							7,576	8	4,992		
Common shares issued for consulting services valued at $.66 per share, July 31, 2009							8,485	8	5,592		
Warrants issued to Scientific Advisory Board, August 15, 2009									41,400		

Common shares issued for consulting and legal services valued at $ .86 per share, August 31, 2009	6,512	7	4,993	
Common shares issued for consulting services valued at $.86 per share, August 31, 2009	5,814	6	5,594	
Common shares issued for consulting services valued at $ .89 per share, September 30, 2009	6,292	6	5,594	
Common shares issued for consulting and legal services valued at $ .89 per share, September 30, 2009	5,618	6	4,994	
Payment of Finder's Fee			(5,250	)
Common shares and warrants issued in connection with private placement of common stock, September 30, 2009	2,675,000	2,675	1,334,825	
Common shares and warrants issued in connection with warrant conversion,	3,759,800	3,760	1,876,140	

September 30, 2009			
Common shares issued for consulting and legal services valued at $ .57 per share, October 1, 2009	35,088	35	19,965
Common shares issued for Legal services valued at $56.50 per share, October 26, 2009	12,500	13	7,050
Warrants issued for commissions, October 26, 2009			3,570
Common shares issued for consulting and legal services valued at $ .73 per share, October 31, 2009	6,859	7	4,993
Common shares issued for consulting services valued at $.73 per share, October 31, 2009	7,682	8	5,592
Common shares issued upon conversion of Warrants, November 10, 2009	10,000	10	1,430
Warrants issued to Scientific Advisory Board, November 15, 2009			39,600

Common shares issued in payment of accounts payable, November 25, 2009	32,500	33	25,167
Common shares issued for consulting and legal services valued at $ .86 per share, November 30, 2009	5,814	6	4,994
Common shares issued for consulting services valued at $.86 per share, November 30, 2009	9,767	10	8,390
Common shares issued for consulting services valued at $ .85 per share, December 31, 2009	9,917	10	8,390
Common shares issued for consulting and legal services valued at $ .85 per share, December 31, 2009	5,903	6	4,994
Common shares issued for consulting and legal services valued at $1.043 per share, January 31, 2010	4,794	5	4,995
Warrants issued to			40,200

Scientific Advisory Board, February 15, 2010					
Series A Preferred Shares issued for TheraCour license valued at $.001 par value, February 15, 2010	7,000,000	7,000			
Common shares issued for consulting services valued at $1.096 per share, February 28, 2010			4,562	5	4,995
Common shares issued for employee stock compensation valued at $1.25 per share, March 3, 2010			125,000	125	156,125
Common shares issued for employee stock compensation valued at $1.25 per share, March 3, 2010			125,000	125	156,125
Series A Preferred Shares issued for employee stock compensation, March 3, 2010	250,000	250			513,573
Series A Preferred Shares issued for employee stock compensation,	250,000	250			513,573

March 3, 2010 Series A Preferred Shares issued for employee stock compensation, March 3, 2010	93,750	94					192,590
Common shares issued for consulting and legal servies valued at $1.25 per share, March 3, 2010					1,000	1	1,249
Common shares issued for consulting services valued at $1.417 per share, March 31, 2010					3,529	4	4,996
Common shares issued in lieu of payment of accounts payable - All Sciences					39,625	40	31,660
Common shares issued for consulting and legal services valued at $2.087 per share, April 30, 2010					2,396	2	4,998
Series B Preferred Shares issued to SeaSide 88, LP, May 12, 2010			500,000	500			4,999,500
Placement Agents Fees related to sale of Convertible Preferred shares, May							(400,000)

12, 2010					
Legal Fees related to Sale of Convertible Preferred Stock, May 12, 2010					(50,000)
Derivative Liability - Issuance of Series B Preferred Shares					(1,787,379)
Common shares issued for conversion of Series B Preferred Shares at $1.88 per share, May 12, 2010			319,331	319	
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, May 12, 2010	(60,000)	(60)			
Derivative Liability - Retirement of Series B Preferred Shares, May 12, 2010					128,053
Warrants issued to Scientific Advisory Board, May 15, 2010					82,800
Common shares issued for conversion of Series B Preferred Shares at $1.51 per share, May 26, 2010			398,189	398	

Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, May 26, 2010	(60,000)	(60)			
Dividend paid to Seaside 88, LP, May 26, 2010					(16,877)
Common shares issued as Dividend to Seaside 88, LP at $1.64, May 26, 2010			10,300	10	16,867
Derivative Liability - Retirement of Series B Preferred Shares, May 26, 2010					151,852
Common shares issued for consulting and legal services valued at $2.083 per share, May 31, 2010			2,400	2	4,998
Common shares issued for conversion of warrants to Common Stock at $1.00 per share, June 9, 2010			195,000	195	194,805
Common shares issued for conversion of Series B Preferred Shares at $1.41 per share, June 9, 2010			426,721	427	
	(60,000)	(60)			

Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, June 9, 2010					
Dividend paid to Seaside 88, LP, June 9, 2010					(14,575)
Common shares issued as Dividend to Seaside 88, LP at $1.41, June 9, 2010			10,366	10	14,565
Derivative Liability - Retirement of Series B Preferred Shares, June 9, 2010					149,364
Common shares issued for consulting and legal services valued at $1.77 per share, June 9, 2010			11,300	11	19,989
Common shares issued for consulting and legal services valued at $1.77 per share, June 9, 2010			2,000	2	3,538
Common shares issued for conversion of Series B Preferred Shares at $1.59 per share, June 23, 2010			377,905	378	
	(60,000)	(60)			

Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, June 23, 2010									
Dividend paid to Seaside 88, LP, June 23, 2010							(12,274)		
Common shares issued as Dividend to Seaside 88, LP at $1.59, June 23, 2010					7,731	7	12,268		
Derivative Liability - Retirement of Series B Preferred Shares, June 23, 2010							120,254		
Common shares issued for consulting and legal services valued at $1.043 per share, June 30, 2010					2,738	2	4,998		
Net loss									(4
Balance, June 30, 2010	7,593,750	7,594	260,000	260	133,980,471	133,981	23,116,612	-	(1
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			(60,000)	(60)					

Shares 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,			5,794	6	7,665

2010					
Derivative liability - retirement of Series B Preferred Shares, July 21, 2010					113,700
Common shares issued for consulting and legal services valued at $2.087 per share, July 31, 2010			3,086	3	4,997
Common shares issued for conversion of Series B Preferred Shares at $1.14 per share, August 4, 2010			526,916	527	
Retirement of Series B Preferred Shares converted into common stock 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 converted into common stock by SeaSide 88, LP, August 18, 2010	(60,000)	(60)			
Dividend paid to Seaside 88, LP, August 18, 2010					(3,068)
Common shares issued as dividend to Seaside 88, LP at $0.99 per share, August 18, 2010			3,101	3	3,065
Derivative liability - retirement of Series B Preferred Shares, August 18, 2010					104,795
Common shares issued for consulting and legal services valued at $1.24 per share, August 31, 2010			4,032	4	4,996
			215,332	215	

Common shares issued for conversion of Series B Preferred Shares at $0.93 per share, September 1, 2010					
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, September 1, 2010	(20,000)	(20)			
Dividend paid to Seaside 88, LP, September 1, 2010					(767)
Common shares issued as dividend to Seaside 88, LP at $1.00 per share, September 1, 2010			766	1	766
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,					(195,000)

September 21, 2010					
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 - retirement of Series B Preferred Shares, September 21, 2010					103,012
Common shares issued for consulting and legal services valued at $1.07 per share, September 30, 2010			4,673	5	4,995
			460,346	460	

Common shares issued for conversion of Series B Preferred Shares at $0.87 per share, October 5, 2010					
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 19, 2010			452,965	453	
Retirement of Series B Preferred Shares converted into	(40,000)	(40)			

common stock by SeaSide 88, LP, October 19, 2010							
Dividend paid to Seaside 88, LP, October 19, 2010							(6,521)
Common shares issued as dividend to Seaside 88, LP at $0.88 per share, October 19, 2010					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			(40,000)	(40)			

Shares converted into common stock by SeaSide 88, LP, 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
					69,449

Derivative liability - Retirement of Series B Preferred Shares, November 30, 2010					
Common shares issued for consulting and legal services valued at $1.46 per share, November 30, 2010			3,425	3	4,997
Common shares issued for conversion of warrants to Common Stock at $1.00 per share, December 10, 2010			25,000	25	24,975
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,	(10,000)	(10)			

LP, December 14, 2010					
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, December 21, 2010	250,000	250			2,499,750
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			343,796	344	

Shares at $1.16 per share, January 3, 2011					
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 Series B Preferred Shares at $1.26 per share, January 17, 2011			317,965	318	
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, January 17, 2011	(40,000)	(40)			
					(8,055)

Dividend paid to Seaside 88, LP, January 17, 2011					
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					72,432

ofSeries B Preferred Shares, January 31, 2011					
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, February 14, 2011					71,699
Warrants issued to Scientific Advisory Board, Feburary 15, 2011					54,000
Common shares issued for conversion of Series B Preferred Shares at $0.99 per share, February 28, 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,			3,500	4	3,448

February 28, 2011							
Common shares issued for consulting and legal services valued at $1.22 per share, February 28, 2011					4,902	5	5,995
Common shares issued for employee stock compensation at $1.32 per share, March 3, 2011					250,000	250	316,000
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					1,761	2	1,916

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

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

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

at $1.18 per shares, May 2, 2011					
Warrants issued to Scientific Advisory Board, May 15, 2011					50,400
Common shares issued for conversion of Series B Preferred Shares at $1.19 per share, May 16, 2011			336,501	337	(297)
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, May 16, 2011	(40,000)	(40)			
Derivative liability - retirement of Series B Preferred Shares, May 16, 2011					69,194
Dividend paid to Seaside 88, LP, May 16, 2011					(6,521)
Common shares issued as dividend to Seaside 88, LP at $1.20 per shares, May 16, 2011			5,438	5	6,516
Common shares issued for conversion of Series B Preferred Shares at $1.23 per share, May			326,480	326	(286)

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,	(40,000)	(40)			

LP, June 13, 2011					
Derivative liability - retirement of Series B Preferred Shares, June 13, 2011					69,727
Dividend paid to Seaside 88, LP, June 13, 2011					(3,452)
Common shares issued as Dividend to Seaside 88, LP at $1.18 per share, June 13, 2011			2,934	3	3,449
Common shares issued for conversion of Series B Preferred Shares at $1.02 per share, June 27, 2011			391,850	392	(352)
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, June 27, 2011	(40,000)	(40)			
Derivative Liability - Retirement of Series B Preferred Share, June 27, 2011					69,973
Dividend paid to Seaside 88, LP, June 27, 2011					(1,918)
Common shares issued as Dividend to			1,741	2	1,916

Seaside 88, LP at $1.10 per share, June 27, 2011											
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
Balance, June 30, 2011	8,217,500	8,218	10,000	10	-	-	143,548,494	143,582	33,235,990	-	(2
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							345	-	381		

share, July 11, 2011					
Series B Preferred Shares issued to SeaSide 88, LP, on July 26, 2011	250,000	250			2,499,750
Placement Agents fees related to sale of Convertible Preferred shares, July 26, 2011					(150,000)
Derivative liability - issuance of Series B Preferred Shares					(429,768)
Legal Fees related to Sale of Convertible Preferred Stock, July 26, 2011					(6,250)
Common shares issued in conversion of Series B Preferred Shares to common stock at $1.18 per share, July 26, 2011			377,800	378	
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, July 26, 2011	(40,000)	(40)			
Derivative liability - retirement of Series B Preferred					68,425

Shares, July 26, 2011					
Common shares issued for consulting and legal services valued at $1.26 per share, July 31, 2011			4,762	5	5,995
Warrants issued to Scientific Advisory Board, August 15, 2011					56,400
Common shares issued for conversion of Series B Preferred Shares at $0.92 per share, August 8, 2011			437,187	437	
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, August 8, 2011	(40,000)	(40)			
Derivative liability - retirement of Series B Preferred Shares, August 8, 2011					69,193
Dividend to Seaside 88, LP, paid on August 8, 2011					(8,055)
Common shares issued as Dividend to Seaside 88, LP at $0.98 per share, August 8, 2011			8,205	8	8,047

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

September 6, 2011					
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 SeaSide 88, LP, September 19, 2011	(40,000)	(40)			
Derivative liability -					69,970

retirement of Series B Preferred Share, September 19, 2011					
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)			
					69,496

Derivative Liability - Retirement of Preferred Series 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			510	1	383

Seaside 88, LP, .001 par value common stock at $0.75 on October 17, 2011					
Dividend to Seaside 88, LP, paid on October 17, 2011					(384)
Shares issued for consulting and legal services rendered at $0..92 per share on October 31, 2011			6,537	5	5,995
Series B Preferred Shares issued to SeaSide 88, LP, $.001 par value on 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			511,787	512	

Preferred Shares to Common Stock at $0.78 per share, .001 par value, on November 1, 2011					
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on November 2, 2011	(40,000)	(40)			
Derivative Liability - Retirement of Preferred Series B on November 1, 2011					68,297
Warrants issued to Scientific Advisory Board on November 15, 2011					56,400
Shares issued in conversion of Series B Preferred Shares to Common Stock at $0.69 per share, .001 par value, on November 15, 2011			578,595	579	
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88,	(40,000)	(40)			

LP, .001 par value on November 15, 2011					
Derivative Liability - Retirement of Preferred Series B on November 15, 2011					68,411
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0..73 onNovember 15, 2011			10,311	10	7,469
Dividend to Seaside 88, LP, paid on November 15, 2011					(7,479)
Shares issued in conversion of Series B Preferred Shares to Common Stock at $0.62 per share, .001 par value, on November 29, 2011			642,735	643	
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on November 29, 2011	(40,000)	(40)			
Derivative Liability - Retirement of Preferred Series B on					68,591

November 29, 2011					
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 Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on December 13, 2011	(40,000)	(40)			
Derivative Liability - Retirement of Preferred Series B on December 13,					68,753

2011					
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.57 on December 13, 2011			8,798	9	4,977
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			10,367	10	5,990

rendered at $0.58 per share on January 31, 2012					
Series B Preferred Shares issued to SeaSide 88, LP, $.001 par value on February 8, 2012	250,000	250			2,499,750
Placement Agents Fees related to sale of Convertible Preferred shares on February 8, 2012					(150,000)
Derivative Liability - Issuance of Preferred Series B					(430,283)
Legal Fees related to Sale of Convertible Preferred Stock February 8, 2012					(6,250)
Shares issued in conversion of Series B Preferred Shares to Common Stock at $0.56 per share, .001 par value, on February 8, 2012			717,142	717	
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on	(40,000)	(40)			

February 8, 2012					
Derivative Liability - Retirement of Preferred Series B on February 8, 2012					68,169
Warrants issued to Scientific Advisory Board on February 15, 2012					51,000
Shares issued in conversion of Series B Preferred Shares to Common Stock at $0.69 per share, .001 par value, on February 22, 2012			576,062	576	
Retirement of Series B Preferred Shares converted into common stock by SeaSide 88, LP, .001 par value on February 22, 2012	(40,000)	(40)			
Derivative Liability - Retirement of Preferred Series B on February 22, 2012					68,424
Shares issued as Dividend to Seaside 88, LP, .001 par value common stock at $0.69			11,600	12	7,467

on February 22, 2012							
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			7,812	8	4,978

value common stock at $0.64 on March 21, 2012					
Dividend to Seaside 88, LP, paid on March 21, 2012					(4,986)
Shares issued for consulting and legal services rendered at $0.78 per share on March 31, 2012			7,728	8	5,992
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 $0.61 on April 4, 2012			5,709	6	3,446

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
			198,354	199	

Shares issued in conversion of Series B Preferred Shares to Common 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,			8,962	9	5,991

2012							
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			(147)	-			

28, 2012 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		
Net loss for the year ended June 30, 2012											(6
Balance, June 30, 2012	9,871,250	$9,872	-	$-	2,353	$3	155,612,293	$155,644	$43,108,790	$-	$(2

See accompanying notes to the financial statements

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Nanoviricides, Inc.

(A Development Stage Company)

Statements of Cash Flows

	For the Fiscal Year Ended June 30, 2012	For the Fiscal Year Ended June 30, 2011	For the Fiscal Year Ended June 30, 2010	For the Period from May 12, 2005 (inception) through June 30, 2012
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net loss	$ (6,207,207)	$ (6,477,165)	$ (4,744,208)	$ (29,424,116)
Adjustments to reconcile net loss to net cash used in operating activities				
Preferred shares issued for license	-	-	7,000	7,000
Preferred shares issued as compensation	982,867	-	1,220,330	2,203,197
Common shares and warrants issued for services	253,873	1,865,815	467,122	3,397,367
Warrants granted to scientific advisory board	211,197	205,200	204,000	1,065,238
Amortization of deferred compensation	-	-	-	121,424
Depreciation	210,877	518,968	82,788	825,875
Amortization	8,776	8,774	7,501	33,146
Change in fair value of derivative liability	172,251	62,049	(192,763)	41,537
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	18,120	(41,022)	38,273	(306,174)
Other current assets	-	209,902	(108,592)	(8,001)
Deferred expenses	-	-	-	(2,175)
Accounts payable - trade	158,829	(48,091)	37,453	582,738
Accounts payable - related parties	(97,274)	(730,638)	892,624	365,681
Accrued expenses	69,705	(58,543)	50,629	96,878

Accrued payroll to officers and related payroll tax expense	-	(22,917)	(9,679)	-
NET CASH USED IN OPERATING ACTIVITIES	(4,217,986)	(4,507,668)	(2,047,522)	(20,162,201)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of property and equipment	(23,352)	(152,961)	(561,270)	(1,440,717)
Purchase of trademark	(35,200)	(41,081)	(183,509)	(458,995)
NET CASH USED IN INVESTING ACTIVITIES	(58,552)	(194,042)	(744,779)	(1,899,672)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Proceeds from issuance of Convertible Preferred Series B stock, net	7,002,500	6,910,000	4,550,000	19,462,500
Proceeds from issuance of Convertible Preferred Series C stock, net	2,325,000	-	-	2,325,000
Proceeds from issuance of common stock and warrants in connection with private placements of common stock, net of issuance costs	-	-	1,432,252	11,296,748
Proceeds from exercise of stock options	-	-	-	90,000
Proceeds from exercise of warrants	-	60,000	2,076,340	3,162,590
Collection of stock subscriptions received	-	-	-	20
NET CASH PROVIDED BY FINANCING ACTIVITIES	9,327,500	6,970,000	8,058,592	36,336,858
NET CHANGE IN CASH	5,050,962	2,268,290	5,266,291	14,274,985
Cash at beginning of period	9,224,023	6,955,733	1,689,442	-
Cash at end of period	$ 14,274,985	$ 9,224,023	$ 6,955,733	$ 14,274,985
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:				
Interest paid	$ -	$ -	$ -	$ -
Income tax paid	$ -	$ -	$ -	$ -
NON CASH FINANCING AND INVESTING ACTIVITIES:				
Common stock issued for services rendered	$ 253,873	$ 447,250	$ 467,122	$ 11,978,802
Preferred stock issued as compensation	982,867	1,418,585	1,220,330	3,621,782
Stock options issued to the officers as compensation	-	-	-	121,424
	211,197	205,200	204,000	1,065,238

Stock warrants granted to scientific advisory board				
Stock warrants granted to brokers	-	-	3,563	3,563
Common stock issued for interest on debentures	-	-	-	73,930
Shares of common stock issued in connection with debenture offering	-	-	-	49,000
Common stock issued upon conversion of convertible debentures	-	-	-	1,000,000
Common stock issued upon conversion of Series B Preferred Stock	7,920,630	10,000,000	2,400,000	20,320,630
Common stock issued upon conversion of Series C Preferred Stock	298,472	-	-	298,472
Common stock issued for dividends on Series B Preferred Stock	79,467	126,644	28,397	234,508
Debt discount related to beneficial conversion feature of convertible debt	-	-	-	713,079
Stock Warrants issued in connection with Private Placement	-	-	5,097,300	7,681,578
Common stock issued for accounts payable	-	-	56,900	175,020
Common stock issued for equipment	-	-	-	137,500

See accompanying notes to the financial statements

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NANOVIRICIDES, INC.

(A DEVELOPMENT STAGE COMPANY)

June 30, 2012, 2011 and 2010

NOTES TO FINANCIAL STATEMENTS

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 three and one-half 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 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 are seeking to add to our existing portfolio of products through our internal discovery and clinical development programs and through an in-licensing strategy. To date, the Company has not developed any commercial products.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Company’s financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Development Stage Company

The Company has not earned any revenue from its planned principal operations. Accordingly, the Company's activities have been accounted for as those of a "Development Stage Company" as defined by section 810-10-20 of the FASB Accounting Standards Codification. Among the disclosures required by section 810-10-20 of the FASB Accounting Standards Codification are that the Company's financial statements be identified as those of a development stage company, and that the statements of operations and stockholders' equity and cash flows disclose activity since the date of the Company's inception. All losses accumulated since inception have been considered as part of the Company's development stage activities.

Reclassification

Certain reclassifications have been made in prior year’s financial statements to conform to the financial presentation used in the current year. These reclassifications from General and Administrative Expenses to Research and Development expenses had no effect on total operating expenses, operating loss or net loss for any period presented.

Use of Estimates and Assumptions

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

The Company's significant estimates include the fair value of financial instruments; the carrying value, recoverability and impairment of long-lived assets, including the values assigned to and estimated useful lives of property and equipment and trade mark, and underlying assumptions to estimate the fair value of derivative financial instruments; income tax rate, income tax provision and valuation allowance of deferred tax assets. These significant accounting estimates bear the risk of change due to the fact that there are uncertainties attached to those estimates and certain estimates are difficult to measure or value.

Management bases its estimates on historical experience and on various assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources.

Management regularly reviews its estimates utilizing currently available information, changes in facts and circumstances, historical experience and reasonable assumptions. After such reviews, if deemed appropriate, those estimates are adjusted accordingly.

Actual results could differ from those estimates.

Derivatives and 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 C stock issued June 28, 2012 (described in Note 8). 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 June 28, 2012. 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:

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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 C stock issued June 28, 2012. At June 30, 2012, all $1,078,698 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 C stock issued June 28, 2012 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 June 30, 2012. The primary assumptions include: projected annual volatility of 70%-203%; 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 $1,090,017 as of June 28, 2012 upon issuance and was $1,078,698 at June 30, 2012.

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 June 30, 2012				
	Carrying	Fair Value Measurements Using			
	Value	Level 1	Level 2	Level 3	Total
Liabilities					
Derivative Liabilities associated with					
Series C Preferred stock	1,078,698			1,078,698	1,078,698
Total Derivative Liabilities	1,078,698			1,078,698	1,078,698

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The table below provides a summary of the changes in fair value, including net transfers in and/or out, of all financial assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the fiscal year ended June 30, 2012:

	Fair Value Measurements Using Level 3 Inputs	
	Derivative Liabilities	Totals
Beginning Balance as of July 1, 2011	17,519	17,519
Total Gains or Losses (realized/unrealized)		
Included in Net Income	(172,245)	(172,245)
Included in Other Comprehensive Income		
Purchases, Issuances and Settlements	1,233,424	1,233,424
Transfers in and/or out of Level 3	-	-
Ending Balance at June 30, 2012	1,078,698	1,078,698

Carrying Value, Recoverability and Impairment of Long-Lived Assets

The Company has adopted paragraph 360-10-35-17 of the FASB Accounting Standards Codification for its long-lived assets. The Company's long-lived assets, which include property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

The Company assesses the recoverability of its long-lived assets by comparing the projected undiscounted net cash flows associated with the related long-lived asset or group of long-lived assets over their remaining estimated useful lives against their respective carrying amounts. Impairment, if any, is based on the excess of the carrying amount over the fair value of those assets. Fair value is generally determined using the asset's expected future discounted cash flows or market value, if readily determinable. If long-lived assets are determined to be recoverable, but the newly determined remaining estimated useful lives are shorter than originally estimated, the net book values of the long-lived assets are depreciated over the newly determined remaining estimated useful lives.

The Company considers the following to be some examples of important indicators that may trigger an impairment review: (i) significant under-performance or losses of assets relative to expected historical or projected future operating results; (ii) significant changes in the manner or use of assets or in the Company's overall strategy with respect to the manner or use of the acquired assets or changes in the Company's overall business strategy; (iii) significant negative industry or economic trends; (iv) increased competitive pressures; (v) a significant decline in the Company's stock price for a sustained period of time; and (vi) regulatory changes. The Company evaluates acquired assets for potential impairment indicators at least annually and more frequently upon the occurrence of such events.

The impairment charges, if any, is included in operating expenses in the accompanying consolidated statements of operations.

The Company determined that there were no impairments of long-lived assets as of June 30, 2012 or 2011.

Fiscal Year End

The Company elected June 30 as its fiscal year ending date.

Cash and Cash Equivalents

The Company considers all highly liquid instruments with original maturities of three months or less to be cash equivalents.

Property and Equipment

Property and equipment is stated at cost and depreciated over the estimated useful lives of the assets (generally five (5) to seven (7) years), or lease term for leasehold improvement, using the straight-line method. Expenditures for major additions and betterments are capitalized. Maintenance and repairs are charged to operations as incurred. Upon sale or retirement of property and equipment, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is reflected in statements of operations.

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Impairment of Long-Lived Assets

The Company has adopted paragraph 360-10-35-17 of the FASB Accounting Standards Codification for its long-lived assets. The Company's long-lived assets, which include property and equipment, trademark and patents, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

The Company assesses the recoverability of its long-lived assets by comparing the projected undiscounted net cash flows associated with the related long-lived asset or group of long-lived assets over their remaining estimated useful lives against their respective carrying amounts. Impairment, if any, is based on the excess of the carrying amount over the fair value of those assets. Fair value is generally determined using the asset's expected future discounted cash flows or market value, if readily determinable. If long-lived assets are determined to be recoverable, but the newly determined remaining estimated useful lives are shorter than originally estimated, the net book values of the long-lived assets are depreciated over the newly determined remaining estimated useful lives.

Research and Development

Research and development expenses consist primarily of costs associated with the preclinical and/ or clinical trials of drug candidates, compensation and other expenses for research and development, personnel, supplies and development materials, costs for consultants and related contract research and facility costs. Expenditures relating to research and development are expensed as incurred.

Stock-Based Compensation for Obtaining Employee Services

The Company accounts for its stock based compensation in which the Company obtains employee services in share-based payment transactions under the recognition and measurement principles of the fair value recognition provisions of section 718-10-30 of the FASB Accounting Standards Codification. Pursuant to paragraph 718-10-30-6 of the FASB Accounting Standards Codification, all transactions in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable. The measurement date used to determine the fair value of the equity instrument issued is the earlier of the date on which the performance is complete or the date on which it is probable that performance will occur. If shares of the Company are thinly traded the use of share prices established in the Company's most recent private placement memorandum ("PPM"), or weekly or monthly price observations would generally be more appropriate than the use of daily price observations as such shares could be artificially inflated due to a larger spread between the bid and asked quotes and lack of consistent trading in the market.

The fair value of each option award is estimated on the date of grant using a Black-Scholes option-pricing valuation model. The ranges of assumptions for inputs are as follows:

- Expected term of share options and similar instruments: The expected life of options and similar instruments represents the period of time the option and/or warrant are expected to be outstanding. Pursuant to Paragraph 718-10-50-2(f)(2)(i) of the FASB Accounting Standards Codification the expected term of share options and similar instruments represents the period of time the options and similar instruments are expected to be outstanding taking into consideration of the contractual term of the instruments and employees' expected exercise and post-vesting employment termination behavior into the fair value (or calculated value) of the instruments. Pursuant to paragraph 718-50-S99-1, it may be appropriate to use the *simplified method*, if (i) A company does not have sufficient historical exercise data to provide a reasonable basis upon which to estimate expected term due to the limited period of time its equity shares have been publicly traded; (ii) A company significantly changes the terms of its share option grants or the types of employees that receive share option grants such that its historical exercise data may no longer provide a reasonable basis upon which to estimate expected term; or (iii) A company has or expects to have significant structural changes in its business such that its historical exercise data may no longer provide a reasonable basis upon which to estimate expected term. The Company uses the simplified method to calculate expected term of share options and similar instruments as the company does not have sufficient historical exercise data to provide a reasonable basis upon which to estimate expected term..

- Expected volatility of the entity's shares and the method used to estimate it. Pursuant to ASC Paragraph 718-10-50-2(f)(2)(ii) a thinly-traded or nonpublic entity that uses the calculated value method shall disclose the reasons why it is not practicable for the Company to estimate the expected volatility of its share price, the appropriate industry sector index that it has selected, the reasons for selecting that particular index, and how it has calculated historical volatility using that index. The Company uses the average historical volatility of the comparable companies over the expected contractual life of the share options or similar instruments as its expected volatility. If shares of a company are thinly traded the use of weekly or monthly price observations would generally be more appropriate than the use of daily price observations as the volatility calculation using daily observations for such shares could be artificially inflated due to a larger spread between the bid and asked quotes and lack of consistent trading in the market

- Expected annual rate of quarterly dividends. An entity that uses a method that employs different dividend rates during the contractual term shall disclose the range of expected dividends used and the weighted-average expected dividends. The expected dividend yield is based on the Company's current dividend yield as the best estimate of projected dividend yield for periods within the expected term of the option and similar instruments.

- Risk-free rate(s). An entity that uses a method that employs different risk-free rates shall disclose the range of risk-free rates used. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for periods within the expected term of the option and similar instruments.

The Company's policy is to recognize compensation cost for awards with only service conditions and a graded vesting schedule on a straight-line basis over the requisite service period for the entire award.

Equity Instruments Issued to Parties other than Employees for Acquiring Goods or Services

The Company accounts for equity instruments issued to parties other than employees for acquiring goods or services under guidance of section 505-50-30 of the FASB Accounting Standards Codification ("FASB ASC Section 505-50-30").

Pursuant to FASB ASC Section 505-50-30, all transactions in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable. The measurement date used to determine the fair value of the equity instrument issued is the earlier of the date on which the performance is complete or the date on which it is probable that performance will occur. If shares of the Company are thinly traded the use of share prices established in the Company's most recent private placement memorandum ("PPM"), or weekly or monthly price observations would generally be more appropriate than the use of daily price observations as such shares could be artificially inflated due to a larger spread between the bid and asked quotes and lack of consistent trading in the market.

The fair value of share options and similar instruments is estimated on the date of grant using a Black-Scholes option-pricing valuation model. The ranges of assumptions for inputs are as follows:

- Expected term of share options and similar instruments: Pursuant to Paragraph 718-10-50-2(f)(2)(i) of the FASB Accounting Standards Codification the expected term of share options and similar instruments represents the period of time the options and similar instruments are expected to be outstanding taking into consideration of the contractual term of the instruments and holder's expected exercise behavior into the fair value (or calculated value) of the instruments. If the Company is a newly formed corporation or shares of the Company are thinly traded the use of share prices established in the Company's most recent private placement memorandum (PPM"), or weekly or monthly price observations would generally be more appropriate than the use of daily price observations as such shares could be artificially inflated due to a larger spread between the bid and asked quotes and lack of consistent trading in the market.

- Expected volatility of the entity's shares and the method used to estimate it. Pursuant to ASC Paragraph 718-10-50-2(f)(2)(ii) a thinly-traded or nonpublic entity that uses the calculated value method shall disclose the reasons why it is not practicable for the Company to estimate the expected volatility of its share price, the appropriate industry sector index that it has selected, the reasons for selecting that particular index, and how it has calculated historical volatility using that index. The Company uses the average historical volatility of the comparable companies over the expected contractual life of the share options or similar instruments as its expected volatility. If shares of a company are thinly traded the use of weekly or monthly price observations would generally be more appropriate than the use of daily price observations as the volatility calculation using daily observations for such shares could be artificially inflated due to a larger spread between the bid and asked quotes and lack of consistent trading in the market.

- Expected annual rate of quarterly dividends. An entity that uses a method that employs different dividend rates during the contractual term shall disclose the range of expected dividends used and the weighted-average expected dividends. The expected dividend yield is based on the Company's current dividend yield as the best estimate of projected dividend yield for periods within the expected term of the option and similar instruments.

- Risk-free rate(s). An entity that uses a method that employs different risk-free rates shall disclose the range of risk-free rates used. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for periods within the expected term of the option and similar instruments.

Pursuant to ASC paragraph 505-50-25-7, if fully vested, non-forfeitable equity instruments are issued at the date the grantor and grantee enter into an agreement for goods or services (no specific performance is required by the grantee to retain those equity instruments), then, because of the elimination of any obligation on the part of the counterparty to earn the equity instruments, a measurement date has been reached. A grantor shall recognize the equity instruments when they are issued (in most cases, when the agreement is entered into). Whether the corresponding cost is an immediate expense or a prepaid asset (or whether the debit should be characterized as contra-equity under the requirements of paragraph 505-50-45-1) depends on the specific facts and circumstances. Pursuant to ASC paragraph 505-50-45-1, a grantor may conclude that an asset (other than a note or a receivable) has been received in return for fully vested, non-forfeitable equity instruments that are issued at the date the grantor and grantee enter into an agreement for goods or services (and no specific performance is required by the grantee in order to retain those equity instruments). Such an asset shall not be displayed as contra-equity by the grantor of the equity instruments. The transferability (or lack thereof) of the equity instruments shall not affect the balance sheet display of the asset. This guidance is limited to transactions in which equity instruments are transferred to other than employees in exchange for goods or services. Section 505-50-30 provides guidance on the determination of the measurement date for transactions that are within the scope of this Subtopic.

Pursuant to ASC paragraphs 505-50-25-8 and 505-50-25-9, an entity may grant fully vested, non-forfeitable equity instruments that are exercisable by the grantee only after a specified period of time if the terms of the agreement provide for earlier exercisability if the grantee achieves specified performance conditions. Any measured cost of the transaction shall be recognized in the same period(s) and in the same manner as if the entity had paid cash for the goods or services or used cash rebates as a sales discount instead of paying with, or using, the equity instruments. A recognized asset, expense, or sales discount shall not be reversed if a stock option that the counterparty has the right to exercise expires unexercised.

Pursuant to ASC paragraph 505-50-30-S99-1, if the Company receives a right to receive future services in exchange for unvested, forfeitable equity instruments, those equity instruments are treated as unissued for accounting purposes until the future services are received (that is, the instruments are not considered issued until they vest). Consequently, there would be no recognition at the measurement date and no entry should be recorded.

Related Parties

The Company follows subtopic 850-10 of the FASB Accounting Standards Codification for the identification of related parties and disclosure of related party transactions.

Pursuant to Section 850-10-20 the related parties include a. affiliates of the Company; b. entities for which investments in their equity securities would be required, absent the election of the fair value option under the Fair Value Option Subsection of Section 825–10–15, to be accounted for by the equity method by the investing entity; c. trusts for the benefit of employees, such as pension and profit-sharing trusts that are managed by or under the trusteeship of management; d. principal owners of the Company; e. management of the Company; f. other parties with which the Company may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests; and g. other parties that can significantly influence the management or operating policies of the transacting parties or that have an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

The financial statements shall include disclosures of material related party transactions, other than compensation arrangements, expense allowances, and other similar items in the ordinary course of business. However, disclosure of transactions that are eliminated in the preparation of consolidated or combined financial statements is not required in those statements. The disclosures shall include: a. the nature of the relationship(s) involved b. description of the transactions, including transactions to which no amounts or nominal amounts were ascribed, for each of the periods for which income statements are presented, and such other information deemed necessary to an understanding of the effects of the transactions on the financial statements; c. the dollar amounts of transactions for each of the periods for which income statements are presented and the effects of any change in the method of establishing the terms from that used in the preceding period; and d. amounts due from or to related parties as of the date of each balance sheet presented and, if not otherwise apparent, the terms and manner of settlement.

Commitment and Contingencies

The Company follows subtopic 450-20 of the FASB Accounting Standards Codification to report accounting for contingencies. Certain conditions may exist as of the date the financial statements are issued, which may result in a loss to the Company but which will only be resolved when one or more future events occur or fail to occur. The Company assesses such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Company or unasserted claims that may result in such proceedings, the Company evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Company's financial statements. If the assessment indicates that a potential material loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, and an estimate of the range of possible losses, if determinable and material, would be disclosed.

Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the guarantees would be disclosed. Management does not believe, based upon information available at this time, that these matters will have a material adverse effect on the Company's financial position, results of operations or cash flows. However, there is no assurance that such matters will not materially and adversely affect the Company's business, financial position, and results of operations or cash flows.

Income Tax Provision

The Company accounts for income taxes under Section 740-10-30 of the FASB Accounting Standards Codification, which requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are based on the differences between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Deferred tax assets are reduced by a valuation allowance to the extent management concludes it is more likely than not that the assets will not be realized. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the Consolidated Statements of Income and Comprehensive Income in the period that includes the enactment date.

The Company adopted section 740-10-25 of the FASB Accounting Standards Codification ("Section 740-10-25"). Section 740-10-25 addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under Section 740-10-25, the Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than fifty (50) percent likelihood of being realized upon ultimate settlement. Section 740-10-25 also provides guidance on de-recognition, classification, interest and penalties on income taxes, accounting in interim periods and requires increased disclosures. The Company had no material adjustments to its liabilities for unrecognized income tax benefits according to the provisions of Section 740-10-25.

Uncertain Tax Positions

The Company did not take any uncertain tax positions and had no adjustments to its income tax liabilities or benefits pursuant to the provisions of Section 740-10-25 for the fiscal year ended June 30, 2012 or 2011.

The estimated future tax effects of temporary differences between the tax basis of assets and liabilities are reported in the accompanying balance sheets, as well as tax credit carry-backs and carry-forwards. The Company periodically reviews the recoverability of deferred tax assets recorded on its balance sheets and provides valuation allowances as management deems necessary.

Management makes judgments as to the interpretation of the tax laws that might be challenged upon an audit and cause changes to previous estimates of tax liability. In addition, the Company operates within multiple taxing jurisdictions and is subject to audit in these jurisdictions. In management's opinion, adequate provisions for income taxes have been made for all years. If actual taxable income by tax jurisdiction varies from estimates, additional allowances or reversals of reserves may be necessary.

Concentrations of Risk

Financial instruments that potentially subject us to a significant concentration of credit risk consist primarily of cash and cash equivalents. The Company maintains deposits in federally insured institutions in excess of federally insured limits. The Company does not believe it is exposed to significant credit risk due to the financial position of the depository institutions in which those deposits are held.

Net Income (Loss) per Common Share

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

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

	Potentially Outstanding Dilutive Common Shares		
	For the Interim Period Ended June 30, 2012	For the Interim Period Ended June 30, 2011	For the Interim Period Ended June 30, 2010
Stock options			
Stock options issued on September 23, 2005 to the founders of the Company upon formation with an exercise price of $0.10 per share expiring ten(10) years from the date of issuance	1,875,000	1,875,000	1,875,000
Sub-total: stock options	1,875,000	1,875,000	1,875,000
Warrants			
Warrants issued from June 15,2006 to October 1, 2007 to investors in connection with the Company's equity financing with an exercise price of $1.00 per share expiring February 28,2014	1,796,000	1,796,000	1,796,000
Warrants issued on August 22, 2008 to investors inconnection with the Company's equity financing with an exercise price of $1.00 per share expiring February 28,2014	1,632,700	1,632,700	1,632,700
Warrants issued from June 15, 2008 through May 15,2010 to SAB for services with an exercise price from $0..70 to $2.68 per share expiring February 28,2014	740,000	740,000	740,000
Warrants issued on June 30, 2009 to investors with an exercise price of $1.00 per share expiring February 28, 2014	1,990,700	1,990,700	1,990,700
Warrants issued on September 30, 2009 to investors with an exercise price of $1.00 per share expiring February 28, 2014	5,032,550	5,032,550	5,032,550
Warrants issued from August 16, 2010 to May 15, 2011 to SAB for services with an exercise price from $1.47 to $1.81 per share expiring fiscal year ending June 30, 2015	230,000	230,000	-
Warrants issued from August 16, 2011 to May 15, 2012 to SAB for services with an exercise price from $0.80 to $1.41 per share expiring fiscal year	240,000		-

ending June 30, 2016

Sub-total: warrants	11,961,950	11,421,950	11,191,950
Total potentially outstanding dilutive common shares	13,836,950	13,296,950	13,066,950

In addition the Company has issued Convertible preferred shares, to an investor. A portion of such preferred shares are required to be converted to common shares each 14 days , according to their terms. At June 30, 2012 the estimated number of potentially dilutive shares of the Company's common stock into which these preferred shares can be converted is 4,784,792 based upon the Selling price of the Company's common stock on June 30, 2012.

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Cash Flows Reporting

The Company adopted paragraph 230-10-45-24 of the FASB Accounting Standards Codification for cash flows reporting, classifies cash receipts and payments according to whether they stem from operating, investing, or financing activities and provides definitions of each category, and uses the indirect or reconciliation method ("Indirect method") as defined by paragraph 230-10-45-25 of the FASB Accounting Standards Codification to report net cash flow from operating activities by adjusting net income to reconcile it to net cash flow from operating activities by removing the effects of (a) all deferrals of past operating cash receipts and payments and all accruals of expected future operating cash receipts and payments and (b) all items that are included in net income that do not affect operating cash receipts and payments. The Company reports the reporting currency equivalent of foreign currency cash flows, using the current exchange rate at the time of the cash flows and the effect of exchange rate changes on cash held in foreign currencies is reported as a separate item in the reconciliation of beginning and ending balances of cash and cash equivalents and separately provides information about investing and financing activities not resulting in cash receipts or payments in the period pursuant to paragraph 830-230-45-1 of the FASB Accounting Standards Codification.

Subsequent Events

The Company follows the guidance in Section 855-10-50 of the FASB Accounting Standards Codification for the disclosure of subsequent events. The Company will evaluate subsequent events through the date when the financial statements are issued. Pursuant to ASU 2010-09 of the FASB Accounting Standards Codification, the Company as an SEC filer considers its financial statements issued when they are widely distributed to users, such as through filing them on EDGAR.

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.

Note 3 - Financial Condition

As reflected in the accompanying financial statements, the Company had a deficit accumulated during the development stage at June 30, 2012 and had a net loss and net cash used in operating activities for the fiscal year 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 June 30, 2012 the Company had a cash and cash equivalent of $14,274,985.

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 8) On November 2, 2011, NanoViricides, Inc. (the “Registrant”) and Seaside 88, LP (“Seaside”) executed a Securities Purchase Agreement regarding the purchase and sale of up to 500,000 shares of the Registrant’s Series B Convertible Preferred Stock at $10.00 per share.. 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”). The net proceeds of such Agreement provides the Company with sufficient capital to continue its business at least until June 30, 2014, at the current rate of expenditure. The Company therefore would not be considered to have risks relative to its ability to continue as a going concern within the applicable guidelines.

Since May 2005, the Company has been engaged exclusively in research and development activities focused on developing targeted 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 $29,424,116 at June 30, 2012 and expects recurring losses from operations to continue for the foreseeable future and until such time, if ever, as the Company is able to attain sales levels sufficient to support its operations. There can be no assurance that the Company will achieve or maintain profitability in the future. Despite the Company's financings in 2012 and 2011 and a cash and cash equivalent balance of $14,274,985 at June 30, 2012, substantial additional financing will be required in future periods. The Company believes it will require an additional $3,000,000 during the next twenty four months, and will also require up to an additional $2,000,000 to finance planned capital costs, and additional staffing requirements during the next twenty four months. The Company believes it can adjust its priorities of drug development and its Plan of Operations as necessary, if it is unable to raise such funds.

The Company continues to successfully raise additional capital:

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)..

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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").

As a result of the successful sale of the Company's Series B and Series C Convertible Preferred Stock to Seaside, LP the management believes that the Company has sufficient cash and cash equivalents to meet its budgeted expenditures through December 31, 2014.

Note 4 - 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 three and one-half 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 Pharma, Inc. were $2,965,030, $1,250,901, and 1,086,927 for the fiscal years ended June 30, 2012, 2011 and 2010, respectively and $6,617,004 since inception. As of June 30, 2012, pursuant to its license agreement, the Company has paid a security advance of $281,775 to and held by TheraCour Pharma, Inc. which is reflected in Prepaid Expenses. No royalties are due TheraCour from the Company's inception through June 30, 2012.

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 June 30, 2012, representing approximately 21.44% of the issued and outstanding common stock of the Company.

Note 5 - 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 $507,500, $719,462, and 78,940 for the fiscal years ended June 30, 2012, 2011 and 2010 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 6 - Prepaid Expenses

Prepaid Expenses consisted of the following:

	June 30, 2012	June 30, 2011
TheraCour Pharma, Inc.	$281,775	$306,160
Kard Scientific, Inc.	-	-
Prepaid Others	32,399	26,134
	$314,174	$332,294

Note 7 - Property and Equipment

Property and equipment consisted of the following:

	June 30, 2012	June 30, 2011
Leasehold Improvements	$332,476	$332,476
Office Equipment	30,048	30,048
Furniture and Fixtures	1,400	1,400
Lab Equipment	1,076,793	1,053,441
Total Property and Equipment	1,440,717	1,417,365

Less Accumulated Depreciation	825,875	614,998
Property and Equipment, Net	$614,842	$802,367

Depreciation expense amounted to $210,877, $201,886 and $81,514 for the fiscal year ended June 30, 2012. 2011 and 2010, respectively.

Note 8 – Trademark and Patents

Trademark and patents consisted of the following:

	June 30, 2012	June 30, 2011
Trademarks and Patents	$458,954	$423,754
Less Accumulated Amortization	(33,147)	(24,371)
Trademarks and Patents, Net	$425,807	$399,383

Amortization expense amounted to $8,775, $8,775 and $8,775, for the fiscal year ended June 30, 2012, 2011 and 2010, respectively.

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Note 9 - Equity Transactions

Fiscal Year Ending June 30, 2010 Transactions:

In August 2009, the Scientific Advisory Board (SAB) was granted warrants to purchase 50,000 shares of the Company's $0.001 par value common stock at $1.10 per share. These warrants, if not exercised, will expire in August 2013. The fair value of these warrants in the amount of $41,400 was recorded as a consulting expense.

On September 30, 2009, the Company accepted subscriptions from certain accredited investors and warrant holders in the total aggregate amount of $3,217,400. In the Company's offering of Units comprised of shares of the Company's $0.001 par value common stock and warrants to purchase the Company's $0.001 par value common stock, the Company accepted subscriptions for $1,337,500 for Units consisting of 2,675,000 shares and Warrants to purchase an additional 1,337,500 shares. In the offering to its warrant holders, the Company raised an aggregate of $1,879,900 for 3,759,800 shares and warrants to purchase 3,759,800 shares. The Company paid $5,250 and issued 5,250 warrants as a Finder's Fee. The fair value of the warrants in the amount of $3,570 was recorded as an expense.

On November 10, 2009, 10,000 warrants were converted into the Company's $0.001 par value common stock. The Company received $1,430 upon this conversion.

In November, 2009, the SAB was granted warrants to purchase 50,000 shares of the Company's $0.001 par value common stock at $1.06 per share. These warrants, if not exercised, will expire in November 2013. The fair value of these warrants in the amount of $39,600 was recorded as a consulting expense.

In November, 2009, the Company's Board of Directors authorized the issuance of 32,500 shares of the Company's $0.001 par value common stock with a restrictive legend, in payment of a current account payable for laboratory equipment in the amount of $25,200.

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 three and one-half 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 7,000,000 shares was valued at their par value or $7,000.

In February, 2010, the SAB was granted warrants to purchase 50,000 shares of the Company's $0.001 par value common stock at $1.272 per share. These warrants, if not exercised, will expire in February 2014. The fair value of these warrants in the amount of $40,200 was recorded as consulting expense.

On March 3, 2010, the Company issued 250,000 shares of $0.001 par value common stock and 593,750 shares of Series A to certain of its employees pursuant to the terms of certain employment agreements. The Company recorded a salary expense of $1,532,830.

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.

In May, 2010, the SAB was granted warrants to purchase 50,000 shares of the Company's $0.001 par value common stock at $1.38 per share. These warrants, if not exercised, will expire in May, 2014. The fair value of these warrants in the amount of $82,800 was recorded as consulting expense.

In April, 2010, the Company's Board of Directors authorized the issuance of 39,625 shares of the Company's $0.001 par value common stock with a restrictive legend in payment of a current account payable for laboratory equipment in the amount of $31,700.

On May 11, 2010, the Company entered into a Securities Purchase Agreement (the "Agreement") with Seaside 88, LP, a Florida limited partnership ("Seaside"), relating to the offering and sale of 500,000 shares of the Company's $0.001 par value Series B Convertible Preferred Stock, ("Series B") at the purchase price of $10.00 per share (the "Purchase Price"). Under the terms of the agreement, 60,000 shares of Series B shall automatically convert into shares of the Company's $0.001 par value common stock at the closing and every fourteenth day thereafter 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 Company's $0.001 par value 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. The Agreement also provided that a 10% per annum dividend would accrue on all outstanding shares of Series B (the "Dividend"), to be paid on each conversion date either in cash or the Company's $0.001 par value common stock. If the Company chooses to pay the said dividends in stock, each share of the Company's $0.001 par value common stock would be valued at 85% of the 10-day VWAP.

On May 12, 2010, the Company issued 500,000 shares of its Series B in accord with the aforementioned agreement. The Company received $5,000,000 in consideration for the Series B. The Company recorded a placement agent fee of $400,000 and legal fees of $50,000 in association with this transaction. As set forth in Note 3 the Company evaluated the application of 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 stock issued May 12, 2010. Based on 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 May 12, 2010. The Company recorded an initial derivative liability of $1,787,379, which is amortized as the Series B is converted pursuant to the terms of the Securities Purchase Agreement.

On May 12, 2010, Seaside 88, LP ("Seaside") converted 60,000 shares of Series B into 319,331 shares of the Company's $0.001 par value common stock at $1.88 per share.

On May 26, 2010, Seaside converted 60,000 shares of Series B into 398,189 shares of the Company's $0.001 par value common stock at $1.51 per share. The Company elected to pay the Dividend in common stock and issued 10,300 shares of $0.001 par value common stock to Seaside at the fair value of $1.64 per share. The Company recorded a dividend charge to equity of $16,877.

On June 9, 2010, 195,000 warrants were converted into the Company's $0.001 par value common stock. The Company received $195,000 upon this conversion.

On June 9, 2010, Seaside converted 60,000 shares of Series B into 426,721 shares of the Company's $0.001 par value common stock at $1.41 per share. The Company elected to pay the Dividend in common stock and issued 10,366 shares of $0.001 par value common stock to Seaside at the fair value of $1.41 per share. The Company recorded a dividend charge to equity of $14,575.

On June 23, 2010, Seaside converted 60,000 shares of Series B into 377,905 shares of the Company's $0.001 par value common stock at $1.59 per share. The Company elected to pay the Dividend in common stock and issued 7,731 shares of $0.001 par value common stock to Seaside at the fair value of $1.59 per share. The Company recorded a dividend charge to equity of $12,274.

On June 30, 2010, the derivative liability associated with the aforementioned Securities Purchase Agreement was marked-to-market. The Company estimated that at June 30, 2010, the fair value of the derivatives was $1,787,379.

On May 11, 2010, the Company entered into a Securities Purchase Agreement (the "Agreement") with Seaside 88, LP, a Florida limited partnership ("Seaside"), relating to the offering and sale of 500,000 shares of the Company's $0.001 par value Series B Convertible Preferred Stock, ("Series B") at the purchase price of $10.00 per share (the "Purchase Price"). Under the terms of the agreement, 60,000 shares of Series B shall automatically convert into shares of the Company's $0.001 par value common stock at the closing and every fourteenth day thereafter 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 Company's $0.001 par value 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. The Agreement also provided that a 10% per annum dividend would accrue on all outstanding shares of Series B (the "Dividend"), to be paid on each conversion date either in cash or the Company's $0.001 par value common stock. If the Company chooses to pay the said dividends in stock, each share of the Company's $0.001 par value common stock would be valued at 85% of the 10-day VWAP.

On May 12, 2010, the Company issued 500,000 shares of its Series B in accord with the aforementioned agreement. The Company received $5,000,000 in consideration for the Series B. The Company recorded a placement agent fee of $400,000 and legal fees of $50,000 in association with this transaction. As set forth in Note 3 the Company evaluated the application of 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 stock issued May 12, 2010. Based on 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 May 12, 2010. The Company recorded an initial derivative liability of $1,787,379, which is amortized as the Series B is converted pursuant to the terms of the Securities Purchase Agreement.

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.

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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 six months 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

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.

For the year ended June 30, 2012, the Company's Board of Directors authorized the issuance of 93,183 shares of its common stock with a restrictive legend for consulting services. The Company recorded an expense of $72,000.

Note 10 - Stock Options and Warrants

Stock Options

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

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

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

The Company has accounted for these options granted to officers under the provisions of paragraph 718-10-30 of the FASB Accounting Standards Codification." Based on fair market value of these options, $7,044 was recognized as stock based compensation expense for the years ended June 30, 2009. For the year ended June 30, 2010 and 2011, the

Company did not record any compensation expense related to these options.

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

Stock Options	Number of Shares	Weighted Average Exercise Price per share ($)	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value ($)
Outstanding at June 30, 2007	1,875,000	$ 0.10	8.25	$1,537,500
Granted	-	-	-	-
Exercised	-	-	-	-
Expired	-	-	-	-
Canceled	-	-	-	-
Outstanding at June 30, 2008	1,875,000	0.10	7.25	$2,400,000
Granted	-	-	-	-
Exercised	-	-	-	-
Expired	-	-	-	-
Canceled	-	-	-	-
Outstanding at June 30, 2009	1,875,000	0.10	6.24	665,833
Granted	-	-	-	-
Exercised	-	-	-	-
Expired	-	-	-	-
Canceled	-	-	-	-
Outstanding at June 30, 2010	1,875,000	0.10	5.24	2,493,332
Granted	-	-	-	-
Exercised	-	-	-	-
Expired	-	-	-	-
Canceled	-	-	-	-
Outstanding at June 30, 2011	1,875,000	0.10	4.24	1,572,499
Granted	-	-	-	-
Exercised	-	-	-	-
Expired	-	-	-	-
Canceled	-	-	-	-
Outstanding at June 30, 2012	1,875,000	0.10	3.23	665,833

As of June 30, 2012 there was no unrecognized compensation cost.

Stock Warrants

Stock Warrants	Number of Shares	Weighted Average Exercise Price per share ($)	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value ($)
Outstanding at June 30, 2007	2,695,000	1.95	1.94	$ -
Granted	1,680,000	1.00	2.25	-
Exercised	-	-	-	-
Expired	-	-	-	-
Canceled	-	-	-	-
Outstanding at June 30, 2008	4,375,000	$ 1.58	1.49	-
Granted	3,983,400	1.42	2.67	-
Exercised	930,250	-	-	-
Expired	-	-	-	-
Canceled	-	-	-	-
Outstanding at June 30, 2009	7,428,150	1.53	1.78	-
Granted	5,352,550	1.00	2.67	-
Exercised	1,553,750	-	-	-
Expired	-	-	-	-
Canceled	-	-	-	-
Outstanding at June 30, 2010	11,226,950	1.16	1.90	-
Granted	230,000	-	-	-
Exercised	35,000	-	-	-
Expired		-	-	-
Canceled	-	-	-	-
Outstanding at June 30, 2011	11,421,950	1.17	0.95	-
Granted	240,000	-	-	-
Exercised		-	-	-
Expired		-	-	-
Canceled	-	-	-	-
Outstanding at June 30, 2012	11,661,950	1.16	1.69	-

Of the above warrants, 11,181,950 expire in fiscal year ending June 30, 2014; 240,000 expire in fiscal year ending June 30, 2015; and 240,000 expire in fiscal year ended June 30, 2016.

Note 11 - Income Tax Provision

Deferred Tax Assets

Deferred tax assets arise from the temporary differences between financial statements and income tax recognition of net operating losses. The net operating loss carry-forwards will begin to expire in the year 2017 if not utilized. Utilization of the Company's net operating loss carry-forwards are limited based on changes in ownership as defined in Internal Revenue Code Section 382. As of June 30, 2011 the Company accumulated a tax loss of $13,973,931 resulting in a deferred tax benefit of approximately $8,750,309, which has been offset by a 100% valuation allowance.

The following is reconciliation of income tax expense (benefit):

	June 30, 2012	June 30, 2011	June 30, 2010
Net operating loss carry-forwards	$ 4,283,519	$ 4,283,519	$ 3,660,808
Research and development credit	2,764,875	2,764,875	1,857,717
Other	1,701,915	1,701,915	947,815
Gross deferred tax assets	8,750,309	8,750,309	6,466,340
Valuation allowances	(8,750,309)	(8,750,309)	6,466,340
Deferred tax assets, net	$ -	$ -	$ -

During the fiscal year ended June 30, 2012, 2011 and 2010, the valuation allowance increased by $2,206,785, $2,283,969, and $1,755,340, respectively.

During the fiscal years ended on June 30, 2012, 2011, and 2010 the Company recognized a refundable Research and Development tax credit of $0, $0 and $162,524 respectively, and has received, to date, $162,524 of this refundable credit .

Note 12 – 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 June 30, 2012, 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 13 - 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 expires in February 28, 2011, and is now on a month-by-month basis.

Total rent expense amounted to $110,633, $101,840 and $82,729 for the fiscal year ended June 30, 2012, 2011 and 2010, respectively.

Litigation

On or around December 22, 2011, the Connecticut Secretary of the State, as agent for service of process for the Company, was served with a Summons and Complaint in the case entitled David F. Gencarelli, Esq. d/b/a Gencarelli Group v. Nanoviricides, Inc. (Case No. 2011-CA-006555-B) filed in the Superior Court for the District of Columbia Civil Division. The Complaint for breach of contract, unjust enrichment, and quantum merit claims unpaid legal fees of $77,601.00. The Company and David Gencarelli, Esq. have agreed, in principal, to a settlement, of $40,000 to resolve all claims.

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

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

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.

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 14 - 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.