

**QUARTERLY REPORT  
FOR THE QUARTER ENDED JUNE 30, 2014**

**TRXADE GROUP, INC.  
OTCPK: XCEL**

*This Quarterly Report (collectively, this “Disclosure Statement”) of Trxade Group, Inc. (the “Company” or “we,” “our” or “us”) contains certain forward-looking statements. These forward-looking statements, which may be identified by words such as “anticipates,” “believes,” “intends,” “estimates,” “expects,” “forecasts,” “plans,” “ projects” and similar expressions, include but are not limited to statements regarding: (i) future plans, objectives, strategies, expenditures, results and objectives of future operations and research; (ii) proposed new products, services, developments or industry rankings; (iii) future revenue, economic conditions or performance; (iv) potential collaborative arrangements; and (v) the need for and availability of additional financing. The forward-looking statements included herein are based on current expectations that involve a number of risks and uncertainties. These forward-looking statements are based on assumptions regarding our business and technology, which involve judgments with respect to, among other things, future scientific, economic and competitive conditions, and future business decisions, all of which are difficult or impossible to predict accurately, and many of which are beyond our control. Accordingly, undue reliance should not be placed on forward-looking statements, as they only represent our views on the date the statements were made. Although we believe that the assumptions underlying the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements, and actual results may differ materially from those set forth in the forward-looking statements. In light of the significant uncertainties inherent in the forward-looking information included herein, the inclusion of such information should not be regarded as a representation by us or any other person that our objectives or plans will be achieved. We do not intend to and specifically decline any obligation to update any forward-looking statement or to publicly announce the results of any revision to any statement to reflect new information or future events or developments.*

**TRXADE GROUP, INC.**

**QUARTERLY REPORT PURSUANT TO RULE 15C2-11**

All information contained in this Quarterly Report has been compiled to fulfill the disclosure requirements of Rule 15(c)-211(a)(5) promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). The enumerated captions contained in this Quarterly Report correspond to the sequential format as set forth in the rule.

**Item 1 Name of the issuer and its predecessors.**

We were originally incorporated in Delaware on July 15, 2005 as “Bluebird Exploration Company.”

On November 7, 2007 we changed our name to “Xcellink International, Inc.”

On January 8, 2014, as a result of our merger with Trxade Group, Inc., a Nevada corporation, we amended our articles of incorporation as the surviving corporation in the merger and changed our name to “Trxade Group, Inc.”

In July 2014, the Board of Directors of Trxade Group, Inc. approved the Amended and Restated Bylaws of Trxade Group, Inc., filed herewith

**Item 2 Address of the issuer’s principal executive offices.**

Trxade Group, Inc.,  
17537 Darby Lane Lutz, Florida 33558,  
Attention: Suren Ajjarapu, Chief Executive Officer  
(813) 601-3533  
*suren@trxade.com*  
Company website: [www.trxadegroup.com](http://www.trxadegroup.com)

**Item 3 Security Information**

Our trading symbol is XCEL.PK. We currently trade on the listing service of OTC Markets, Inc. at the OTC “Pink” designation.

As of June 30, 2014, the Company had 500,000,000 shares of Common Stock authorized and 29,424,160 shares of Common Stock issued and outstanding; and 100,000,000 shares of Preferred Stock authorized, including 10,000,000 of Series A Preferred Stock authorized, and 895,000 shares of Series A Preferred Stock issued and outstanding.

Our CUSIP number is 89846A 108.

Our Transfer Agent info is as follows:

Island Stock Transfer  
15500 Roosevelt Boulevard, Suite 301  
Clearwater, Florida 33760

Office phone: 727-289-0010 ext. 243  
Fax: 727-289-0069  
<http://www.islandstocktransfer.com>

Island Stock Transfer is registered under the Exchange Act and with the Securities and Exchange Commission (the “Commission”) and is a participant of the DWAC-FAST system with the Depository Trust and Clearing Corporation (the “DTCC”).

List any restrictions on the transfer of security:

The Company has approximately 622,560 freely tradable shares with approximately 350 shareholders of record. The remaining shares of Common Stock and Preferred Stock which are issued and outstanding are restricted securities.

**We previously were a shell company. Therefore, the registration exemption offered pursuant to Rule 144 is not available. Anyone who purchased securities directly or indirectly from us, or from any of our affiliates, in a transaction or chain of transactions not involving a public offering cannot sell such securities in an open market transaction unless an exemption from registration is available**

Describe any trading suspension orders issued by the SEC in the past 12 months.

None.

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

On December 16, 2013, Trxade Group, Inc., a Nevada private corporation (“Trxade Nevada”), and Xcellink International, Inc., our predecessor in interest (“XCEL”), entered into a definitive merger agreement (the “Merger Agreement”) providing for the merger (the “Merger”) of Trxade Nevada with and into XCEL, as the surviving corporation. The Merger closed on January 8, 2014. Under the terms of the Merger Agreement, we amended our articles of incorporation (see the Amended and Restated Certification of Incorporation, changed our name to “Trxade Group, Inc.,” and changed our trading symbol to XCEL.PK.

Pursuant to our Amended and Restated Certification of Incorporation, we increased the authorized shares of our Common Stock from 200,000,000 shares to 500,000,000 shares, and authorized 100,000,000 shares of Preferred Stock, including 10,000,000 shares of Series “A” Preferred Stock. We also effectuated a one thousand-for-one (1,000:1) reverse stock split of our shares effective upon the closing of the Merger (the “Reverse Split”). As a result of the Merger and the Reverse Split, 29,500,000 shares of our common stock were issued to the former Trxade

Nevada stockholders,

We also effectuated a reverse stock split at the ratio of one thousand-for-one (1,000:1) shares effective upon the closing of the Merger (the “Reverse Split”). In connection with the split, the 104,160,000 outstanding shares of our Common Stock, including the 80,000,000 shares held by Trxade Nevada, converted into 104,160 shares of Common Stock. As a result of the Merger, Trxade Nevada Shareholders holding 28,830,000 shares of Common Stock and 670,000 shares of Series A Preferred Stock converted their shares on one-to-one basis into 28,830,000 shares of our Common Stock and 670,000 shares of our Series A Preferred Stock, for an aggregate total of 29,500,000 shares, and now collectively own over 99% of our company. Further, 600,000 shares of our common stock (on a post- Reverse Split basis) were issued following the merger in connection with the conversion of our promissory notes. The 80,000,000 pre-merger shares held by Trxade Nevada, which post-split amounted to 80,000 shares, reverted to treasury stock of the company.

#### **Item 4 Issuance History.**

List below any events, in chronological order, that resulted in changes in total shares outstanding by the issuer in the past two fiscal years and any interim period.

On December 16, 2013, we entered into a merger and reorganization agreement (the “Merger Agreement”) with Trxade Group, Inc., a Nevada corporation (“Trxade Nevada”), providing for the merger (the “Merger”) of Trxade Nevada with and into our corporation, with our corporation as the surviving corporation, as noted above. The Merger closed on January 8, 2014. As consideration for the Merger, we issued an aggregate of 29,500,000 shares of our common stock to 28 former Trxade Nevada stockholders. This issuance was exempt from registration pursuant to Section 4(2) of the Securities Act of 1933, and each of the investors was accredited and had access to information necessary to make an investment decision, and there was no solicitation. The shares were all restricted securities as described in Rule 144 pursuant to the Securities Act of 1933, and such securities may not be reoffered or sold in the United States by the holders in the absence of an effective registration statement, or valid exemption from the registration requirements, under the Securities Act.

On February 13, 2014, we issued 600,000 shares of our common stock (on a post- Reverse Split basis) to 33 stockholders in connection with the conversion of our outstanding promissory notes totaling \$19,333. These promissory notes had been outstanding since 2008 and 2009, respectively. This issuance was exempt from registration pursuant to Securities Act Rule 3(a)(9) to existing security holders, and no commission or other remuneration was paid or given directly or indirectly for soliciting such exchange. The shares were all restricted securities and subject to resale restrictions under Rule 144 pursuant to the Securities Act of 1933.

From March 2014 to June 2014 we sold 125,000 shares of Series A Preferred Stock to two investors in connection with the private placement of our Series A Preferred Stock at \$1.00 per share. These shares were issued under Rule 506 of Regulation D of the Securities Act, are restricted shares, and each of the investors was accredited and had access to information necessary to make an investment decision, and there was no solicitation. The shares were all restricted securities as described in Rule 144 pursuant to the Securities Act of 1933, and such securities may not be

reoffered or sold in the United States by the holders in the absence of an effective registration statement, or valid exemption from the registration requirements, under the Securities Act.

**Item 5. Financial Statements for the issuer's most recent fiscal period.**

Prior to the merger with Trxade Group, Inc., the Company was inactive and has been non-reporting since the end of 2009.

Unaudited Financial Statements for the fiscal quarter ended June 30, 2014 are attached hereto as **Exhibit A**, are incorporated herein by reference.

**Exhibit A** includes the following unaudited financial statements for the fiscal quarter ended June 30, 2014 incorporated herein by reference, and prepared in accordance with generally accepted accounting principles:

1. Balance Sheet;
2. Statement of Income;
3. Statement of Cash Flows; and
4. Financial Notes.

**Item 6. The Issuer's Business, Products and Services.**

A. Description of the issuer's business operations.

We have designed, developed, and now own and operate business-to-business web based marketplace focused on the US pharmaceutical industry. Our core service brings the nation's independent pharmacies and accredited national suppliers of pharmaceuticals together to provide efficient and transparent buying and selling opportunities.

We began operations under Trxade Nevada (our merger partner) in August of 2010 and spent over two years creating and enhancing our web based services. Our services provide enhanced pricing transparency, purchasing capabilities and other value added services on a single platform to focus on serving the nation's approximately 24,000 independent pharmacies with an annual purchasing power of \$96 billion. Our national supplier partners are able to fulfill orders on our platform immediately and provide the pharmacy with cost saving payment terms and next day delivery capabilities in unrestrictive states under the Model Act. Important additions to this platform further include the generation of pharmacy to pharmacy trading capabilities to help independents with their overstocked inventories in a more organized manner. We have expanded rapidly over the year 2013 and broke the 1000 member pharmacy mark that year.

In December 2013 we launched a second service to help pharmaceutical distributors better source their pharmaceutical needs within a highly structured single platform. This solution is designed to help purchasers overcome pharmaceutical supply issues related to drug shortages, as a means to control costs on drugs with volatile pricing and to help buyers make better purchasing choices based on their needs. Planned enhancements will expand this offering to manufactures and hospitals alike.

Additionally we have built a new desktop application, named RxGuru, to bring product information on a just in time basis to our member base it was launched in February 2014. Our

pharmacy members will benefit immensely from this application by gaining advanced data analytics at point of purchase and patient care.

Other related developments include the creation of a Delaware registered supply arm in April 2013 to take advantage of certain supply disruptions for specialty and other niche pharmaceuticals and operates via a third party logistics warehouse. Our Information Technology consultancy division located in Tampa, FL focuses on staffing and healthcare data analytics research in areas of product pricing, drug shortages and governmental pharmaceutical reimbursement benchmark monitoring

B. Date and State (or Jurisdiction) of Incorporation:

We are a Delaware corporation formerly known as “Xcellink International, Inc.”. We were originally incorporated on July 15, 2005 as “Bluebird Exploration Company” before we changed our name to “Xcellink International, Inc.” on November 7, 2007. We merged with Trxade Group, Inc., a Nevada corporation (“Trxade Nevada”), on January 9, 2014 and changed our name to Trxade Group, Inc.

In July 2014, our Board of Directors , approved our Amended Bylaws of the Company, a Company Code of Ethics, and the formation of two committees of the Board of Directors: the Audit Committee, the Compensation Committee, filed herewith.

C. Issuer’s primary and secondary SIC Codes

Our primary and secondary SIC codes are 5122 and 5912, respectively.

D. The issuer’s fiscal year end date

Our fiscal year ends on December 31.

E. Our principal products or services, and their markets:

Trxade.com: Trxade.com is a web-based pharmaceutical marketplace engaged in promoting and enabling trade among independent pharmacies and large pharmaceutical suppliers nationally. Additional features include the ability of independent pharmacies to trade among each other in currently 18 states that follow the Model State Pharmacy Act. (The Model State Pharmacy Act and Model Rules of the National Association of Boards of Pharmacy (Model Act) provide the boards of pharmacy with model language that may be used when developing state laws or board rules.) Other value-added components include access to Trxade’s proprietary pharmaceutical shortage database, data analytics regarding medication pricing, and manufacturer return policies. We generate revenue by charging a transaction fee to the seller of the products for sales conducted via the Trxade platform. The buyer does not bear the cost of transaction fees for the purchase that they make nor do they pay a fee to join or register with our platform.

InventoryRx.com: InventoryRx.com is a web-based pharmaceutical marketplace engaged in promoting and enabling trade among suppliers, manufacturers and large healthcare facilities nationally. The seller of products and advertisers are charged a transaction fee or posting fee for products sold or featured on the platform. We have not realized any revenue generation from this product at this time.

Pharmabayonline: Pharmabayonline provides access to proprietary pharmaceutical data analytics to United States-based independent pharmacies, pharmaceutical shortage databases, proposed governmental reimbursement benchmarks comparison and analysis, and a proprietary suggested national retail drug benchmark. At present no revenue has been generated from this service.

RxGuru: RxGuru is a software as a service-based desktop application designed to provide valid, daily drug pricing and analytics to the independent pharmacist at time of care so their patients may realize saving on their medications. This application works in conjunction with the Trxade platform but at present does not drive any revenue generation.

Wholesale Division: Our Wholesale Division acts a distribution arm to provide pharmaceuticals to independent pharmacies in 8 states currently via a third party logistics company. Focus is primarily on pharmaceuticals in national shortage, specialty pharmaceuticals and medical supplies. Revenue is being generated from the sale of products owned by the wholesale division. Westminster Pharmaceuticals buys US FDA approved prescription medication, medical supplies and other over the counter (OTC) products from licensed pharmaceutical wholesalers and manufacturers. These products are delivered and stored at a licensed third party logistics company on our behalf and ready for delivery to our customer base once a product is sold.

Pinnacle Tek: Pinnacle Tek is our Information Technology consulting and staffing division. Added focus on pharmaceutical data research and analytics on product shortages and pricing benchmarks. We charge a consulting fee to the clients on an hourly basis. Our data analytics portion has not realized any revenue generation to date. Pinnacle Tek, Inc. is a consulting organization established to engineer optimal business solutions by applying and integrating existing and emerging information technologies. In tune with the diverse technological requirement of the corporate sector, Pinnacle Tek, Inc. has been providing the much needed Strategic Technology Resources and Products. Pinnacle Tek focuses mainly on the healthcare industry that presents a great challenge for emerging as well as established businesses. The impact of application of leading edge technologies, explosion of new products, internet and ebusiness fostering an environment for physicians, hospitals, payors and other providers cannot be underestimated. Demand is ever growing for new healthcare solutions from a patient base empowered by technology. Healthcare clients strive to achieve a competitive advantage in innovative ways while addressing critical clinical practice, regulatory, and cost-benefit issues in the U.S. and worldwide markets. Pinnacle Tek, Inc brings business and industry knowledge and experience to the challenges faced by the healthcare industry. We offer IT services to some of the nation's top healthcare providers and payers. With its strong team of certified domain consultants, we deliver a range of consultants with varying degree of expertise and skills in the healthcare space. Leveraging Pinnacle Tek, Inc resources will assist clients to quickly transform opportunities and strongly enhance competitiveness. Our Health Care consulting professionals deliver innovation and insight to all sectors of the marketplace with a focus on healthcare providers.

All our product offerings are focused on the US markets. Some products are restricted to certain states depending on the various state regulations and guidelines pertaining to pharmaceuticals. Our services are distributed through our online platform. Our wholesale division distributes pharmaceuticals to independent pharmacies in 8 states currently via a third party logistics company

### **Item 7 The Issuer's Facilities**

We do not own any real property. We lease office space at: (1) 17537 Darby Lane, Lutz FL 33558 from Van Dyke Professional Center LLC for approximately \$20,000 per year; and (2) 8913 Regents Park Dr. Suite # 680, Tampa, FL 33647 from Sansur Associates, LLC (which is owned and operated real estate company by Suren Ajjarapu the CEO of Trxade Group, Inc.) for \$1,242/month on a month to month basis.

Westminster Pharmaceuticals LLC uses RxTPL as our Pharmaceutical Logistics Partner. They receive, warehouse and ship the Pharmaceuticals purchased by Westminster. They are located in Fairfield, Ohio.

We believe our current and future facilities are adequate for our current and near-term needs. Additional space may be required as we expand our activities. We do not currently foresee any significant difficulties in obtaining any required additional facilities.

### **Item 8. Officers, Directors and Control Persons**

The following table sets forth certain information with respect to the beneficial ownership of our securities as of July 28, 2014 by (i) each of our executive officers and directors; (ii) each person known to us who owns beneficially more than 5% of any class of our outstanding equity securities; and (iii) all of our executive officers and directors as a group.

<b>Name and Address of Beneficial Owner (1)</b>	<b>Number of Shares of Common Stock Beneficially Owned (2)</b>	<b>Percentage Beneficially Owned (3)</b>	<b>Number of Shares of Preferred Stock Beneficially Owned (4)</b>	<b>Percentage Beneficially Owned (3)</b>
<i>Directors and Executive Officers:</i>			0	
Suren Ajjarapu, Chairman and CEO (5)	14,250,000	48.4%	0	
Prashant Patel, Director, COO, and President (6)	12,250,000	41.6%	0	
Donald G Fell, Director (7)	0		0	
Howard Doss, CFO (8)	0		0	
Charles Pope, Director (9)	0		0	
<i>All executive officers and directors as a Group (five persons)</i>	26,500,000	90.0%	0	
<i>Greater than 5% Stockholders</i>				
Pritesh Patel	0		100,000	11.1%
Rahul Sasane	0		100,000	11.1%
Dr. Jay Chowdappa & Swarnalatha C	0		100,000	11.1%
Donald Almeida IRA	0		100,000	11.1%

- (1) Unless otherwise indicated in the footnotes to the following table, the address of each person named in the table is: c/o Trxade Group, Inc., 17537 Darby Lane, Lutz, FL 33558.
- (2) Based on 29,424,160 shares of Common Stock outstanding on July 28, 2014. Does not include shares issuable upon exercise of (i) 900,000 stock options currently outstanding, (ii) warrants to purchase 435,000 shares of Common Stock, and (iii) 1,000,000 shares which are reserved for the Company's 2013 Equity Incentive Plan, none of which shares are issuable within 60 days of the date set forth above.
- (3) Except as otherwise indicated, we believe that the beneficial owner of the common stock listed above, based on information furnished by such owners, have sole investment and voting power with respect to such shares, subject to community property laws where applicable. Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities.
- (4) Based on 895,000 shares of Preferred Stock outstanding on July 28, 2014.
- (5) Includes (i) 7,650,000 shares owned directly by Mr. Ajjarapu, (ii) 4,050,000 shares owned by Sandhya Ajjarapu, Mr. Ajjarapu's wife, for whom Mr. Ajjarapu claims beneficial ownership, (iii) 1,275,000 shares owned by the Surendra Ajjarapu Revocable Trust of 2007, for whom Mr. Ajjarapu claims beneficial ownership as Trustee, and (iv) 1,275,000 shares owned by the Sandhya Ajjarapu Revocable Trust of 2007, for whom Mr. Ajjarapu claims beneficial ownership as Trustee.
- (6) Includes (i) 7,350,000 shares owned directly by Mr. Patel, (ii) 2,500,000 shares owned by Rina Patel, Mr. Patel's wife for whom Mr. Patel claims beneficial ownership, and (iii) 2,400,000 shares owned by the Patel Trust, for whom Mr. Patel claims beneficial ownership as Trustee..
- (7) Does not include 100,000 shares of common stock issuable upon the exercise of stock options that are not exercisable within 60 days of the applicable date above.
- (8) Does not include 300,000 shares of common stock issuable upon the exercise of stock options that are not exercisable within 60 days of the applicable date above.
- (9) Does not include 100,000 shares of common stock issuable upon the exercise of stock options that are not exercisable within 60 days of the applicable date above.

There are no current arrangements among any of the foregoing persons which would result in a change in control. Mr. Ajjarapu and Mr. Patel also have entered into shareholders agreement that grants them certain rights of first offer and first refusal in the event one of them desires to sell their shares.

## DIRECTORS AND OFFICERS

Set forth below is certain information regarding our directors and executive officers:

<b>Name</b>	<b>Position</b>	<b>Age</b>	<b>Director/Officer Since</b>
Suren Ajjarapu	Chairman , CEO and Secretary	43	January 2014
Prashant Patel,	Director, COO, and President	40	January 2014
Donald G Fell,	Director	66	January 2014
Howard Doss,	CFO	60	January 2014
Charles Pope	Director	62	April 2014

### *Business Experience*

The following is a brief description of the education and business experience of our current directors and executive officers.

**Suren Ajjarapu, Chairman of the Board, Chief Executive Officer and Secretary.**

Mr Ajjarapu has served as our Chairman of the Board, Chief Executive Officer and Secretary since our acquisition of Trxade Nevada on January 8, 2014 ,and as the Chairman of the Board, Chief Executive Officer and Secretary of Trxade Nevada since its inception]. Mr. Ajjarapu was a Founder, CEO and Chairman of Sansur Renewable Energy, Inc., a company involved in developing wind power sites in the Midwest, United States, from 2009 to 2012. Mr. Ajjarapu was a Founder, President and Director of Aemetis, Inc., a biofuels company (AMTX.OB) and a Founder, Chairman and Chief Executive Officer of International Biofuels, a subsidiary of Aemetis, Inc., from 2006 to 2009. Mr. Ajjarapu was Co-Founder, COO, and Director Global Information Technology, Inc., an IT outsourcing and systems design company, headquartered in Tampa, Florida with major operations in India from 1995 to 2006. Mr. Ajjarapu acts as a non-Executive Director for AIM-listed company Nandan Clean Tec Plc. (Ticker: NAND), a backward integrated Biofuels company]. Mr. Ajjarapu holds an MS in Environmental engineering from South Dakota State University, Brookings, South Dakota, and an MBA from the University of South Florida, specializing in International Finance and Management. Mr. Ajjarapu is also a graduate of the Venture Capital and Private Equity program at Harvard University.

**Prashant Patel, Director, COO and President of the Company.**

Mr. Patel has served as our full time COO and President and as a director since our acquisition of Trxade Nevada on January 8, 2014, and as the COO and President and as a director of Trxade Nevada since its inception. . Mr. Patel is a registered pharmacist and pharmaceutical consultant with over ten years of experience in retail pharmacy and pharmaceutical logistics and the founder of several pharmacies in the Tampa Bay area, FL. Mr. Patel has been a President and Member of the Board of Trxade since August 2010. Since October 2008, Mr. Patel has been Managing Member of the APAA LLC, a pharmacy. Since April 2007, Mr. Patel has been a Vice President of Holiday Pharmacy, Inc., a pharmacy. Mr Patel graduated from Nottingham University School of Pharmacy and practiced in the UK before obtaining his masters in Transport, Trade and Finance from Cass Business School, City University, UK.

### **Howard A. Doss, Chief Financial Officer**

Mr. Doss has served as our part-time CFO since January 2014. Mr. Doss has served in a variety of capacities with accounting and investment firms. He joined the staff of Seidman & Seidman (BDO Seidman, Dallas) in 1977, and in 1980 he joined the investment firm Van Kampen Investments, opening the firm's southeast office in Tampa in 1982. He remained with the firm until 1996 when he joined Franklin Templeton to develop corporate retirement plan distribution. After working for the Principal Financial Group office in Tampa, Mr. Doss was City Executive for U.S. Trust in Sarasota, responsible for high net worth individuals. He retired from that position in 2009. He served as CFO and Director for Sansur Renewable Energy an alternative energy development company, from 2010 to 2012. Mr. Doss has also served as President of STARadio Corp. since 2005. Mr. Doss is a member of the America Institute of CPA's. He is a graduate of Illinois Wesleyan University.

### **Donald G. Fell, Director**

Mr. Fell has served as a Director of our company since January 2014, as well as a director of Trxade Nevada since December 2013. Since 1992, Mr. Fell has been a Director/Professor Foundation for Teaching Economics. From 1995 to 2012, Mr. Fell was Senior Fellow/Professor at the Executive MBA faculty at the University of South Florida. He was also a Visiting Professor at the University of Rochelle, FR in 2010. Mr. Fell holds degrees in Economics from Indiana State University, with additional graduate work in Economics at Northern Illinois University and Illinois State University. Mr. Fell since 2012 has been employed as Institute Director and Professor for the Davis, CA based Foundation for Teaching Economics, conducting Institutes related to 1) economic policy; and 2) environmental economics. Institute audiences consist of university/college professors, high school teachers and government leaders. These Institutes have been held throughout the U.S.

### **Charles L. Pope, Director**

Charles L. Pope has served as a Director since April 2014. Mr. Pope retired in June 2012 and continues to serve on the Board of Directors of Oragenics Inc. and Inuvo Inc. Mr. Pope brings to our Board over three decades of experience in the finance and accounting fields and serving as a director of public companies. Mr. Pope served as the Chief Financial Officer of Palm Bancorp, Inc. from June 2009 to June 2012. From September 2007 through June 2009, Mr. Pope served as the Chief Financial Officer of Aerosonic Inc., a manufacturer of aviation products. Mr. Pope served as the Chief Financial Officer of Reptron Inc., a manufacturer of electronic products, from March 2005 through June 2007. From March 2002 to March 2005, Mr. Pope served as Chief Financial Officer of SRI/Surgical Express, Inc. From February 2001 to March 2002 Mr. Pope served as Chief Financial Officer of Innovaro, Inc. (formerly UTEK Corporation NYSE MKT:INV) a public company. Mr. Pope served as a director of Innovaro, Inc. from March 2002 to August 2012. He is also a director of Inuvo, Inc. (NYSE MKT: INV), a public company, specialized in marketing browser – based consumer applications, managing networks of website publishers and operating specialty websites). Prior to this time, Mr. Pope served as a Partner in the Audit and Financial Advisory Consulting Divisions and was a Partner in the Accounting and SEC Directorate at PricewaterhouseCoopers LLP. Mr. Pope serves on the board of directors of Inuvo, Inc. in Clearwater, Florida which is a public company. Mr. Pope holds a B.S. degree

in Economics and Accounting from Auburn University and is a Certified Public Accountant in Florida.

Our directors are elected at each annual meeting of stockholders and serve until the next annual meeting of stockholders or until their successor has been duly elected and qualified, or until their earlier death, resignation or removal.

**Item 9. The name, address, telephone number, and email address of each of the following outside providers that advise the issuer on matters relating to the operations, business development and disclosure:**

**Legal Counsel:**

Lawrence Schnapp, Esq  
TroyGould PC  
1801 Century Park East, Suite 1600  
Los Angeles, California 90067  
Telephone: (310) 789-1255  
**LSchnapp@troygould.com**

Blair Krueger, Esq.  
The Krueger Group, LLP  
7486 La Jolla Boulevard  
La Jolla, California 92037  
Telephone: (858) 405-7385  
blair@thekruegergroup.com

Steven D. Lee  
Attorney-At-Law  
1343 Lyon St.  
San Francisco, CA 94115  
steve@cypresslawgroup.com  
415.800.7959

**Accountant or Auditor:**

MALONEBAILEY LLP  
9801 Westheimer, Suite 1100  
Houston, Texas 77042  
(713) 343-4286

**Public Relations Consultant(s):**

Proactive Capital Group, LLC (PCG)  
641 Lexington Ave.  
New York, NY 10022

Jeff Ramson  
jramson@proactivecrg.com  
646-863-6893

**Investor Relations Consultant:**

Capital Group Communications, Inc.  
575 Bridgeway  
Sausalito, CA 94965  
Attn: Mark Bernhard  
Mark@cgcone.com  
415-332-7200

**Exhibits**

Financial statements for the quarter ended June 30, 2014 filed herewith.

In July 2014, the Board of Directors of Trxade Group, Inc. approved the Amended and Restated Bylaws of Trxade Group, Inc., filed herewith.

**Item 10. Issuer's Certification**

I, Suren Ajjarapu, certify that:

1. I have reviewed this Quarterly Report of Trxade Group, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: August 6, 2014.

/s/ Suren Ajjarapu, CEO

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I, Howard Doss, certify that:

1. I have reviewed this Quarterly Report of Trxade Group, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: August 6, 2014.

/s/ Howard Doss, CFO

**EXHIBIT A**

Financial Statements can be found in one document

Consolidated Balance Sheets as of June 30, 2014 (unaudited) and December 31, 2013

Consolidated Statements of Operations for three months and six months ended June 30, 2014 and 2013 (unaudited)

Consolidated Statements of Cash Flows for six months ended June 30, 2014 and 2013 (unaudited)

Notes to (unaudited) Financial Statements

**Trxade Group, Inc.**  
**Consolidated Balance Sheets**  
**June 30, 2014 and December 31, 2013**  
**(unaudited)**

	<b>Assets</b>	
	<b>2014</b>	<b>2013</b>
<b>Current Assets</b>		
Cash	\$ 70,485	\$ 84,317
Accounts Receivable	150,639	105,863
Inventory	16,595	43,373
Prepaid Assets	83,744	1,712
Subscription Receivable - Preferred	-	160,000
Total Current Assets	321,463	395,265
<b>Property and Equipment (net)</b>	6,202	8,602
<b>Total Assets</b>	\$ 327,665	\$ 403,867

**Liabilities and Shareholder's Equity (Deficit)**

<b>Current Liabilities</b>		
Accounts Payable	\$ 201,731	\$ 162,314
Accrued Liabilities	139,292	37,966
Short Term Debt – Related Parties	62,750	72,722
Total Current Liabilities	403,773	273,002
<b>Shareholder's Equity</b>		
Preferred Stock, \$.00001 par value; 100,000,000 authorized; 895,000 and 670,000 issued and outstanding, as of June 30, 2014 and December 31, 2013, respectively	9	7
Common Stock, \$.00001 par value; 500,000,000 authorized; 29,424,160 and 28,824,160 issued and outstanding, as of June 30, 2014 and December 31, 2013, respectively	294	288
Additional Paid-in Capital	3,666,350	2,650,315
Retained Earnings (Deficit)	(3,742,761)	(2,519,745)
Total Shareholder's Equity (Deficit)	(76,108)	130,865
<b>Total Liabilities and Shareholder's Equity</b>	\$ 327,665	\$ 403,867

The accompanying notes are an integral part of the unaudited financial statements.

**Trxade Group, Inc.**  
**Consolidated Statements of Operations**  
**Three months and Six months ended June 30, 2014 and 2013**  
**(unaudited)**

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<b>Revenues</b>	\$ 287,717	\$ 254,626	\$ 531,913	\$ 430,821
<b>Cost of Sales</b>	51,186	122,291	197,976	322,677
Gross Profit	236,531	132,335	333,937	108,144
Operating Expenses				
General and Administrative	536,561	316,268	978,484	476,307
Operating Loss	(300,030)	(183,933)	(644,547)	(368,163)
Loss on Debt Conversion	-	-	576,417	-
Interest Expense	991	563	2,052	921
Net Loss	<u>\$ (301,021)</u>	<u>\$ (184,496)</u>	<u>\$(1,223,016)</u>	<u>\$ (369,084)</u>
Basic loss per Common Share	\$ (.01)	--	\$ (.04)	--
Diluted loss per common Share	\$ (.01)	--	\$ (.04)	--
Basic weighted average number of Common Shares outstanding	29,424,160	--	29,278,304	--
Diluted weighted average number of Common Shares outstanding	29,424,160	--	29,278,304	--

The accompanying notes are an integral part of the unaudited financial statements.

**Trxade Group, Inc.**  
**Consolidated Statements of Cash Flows**  
**Six months ended June 30, 2014 and 2013**  
**(unaudited)**

	<b>2014</b>	<b>2013</b>
<b>Operating Activities:</b>		
Net Loss	\$ (1,223,016)	\$ (369,084)
Adjustments to reconcile net loss to net cash provided by Operating activities:		
Depreciation	2,400	2,000
Loss from Related Party Debt Conversion	576,417	-
Options expense	191,043	23,721
Contributed Officers Salary	-	93,750
Changes in operating assets and liabilities:		
Accounts Receivable	(44,776)	(863)
Prepaid Assets	(82,032)	-
Inventory	26,778	(8,666)
Accounts Payable	39,417	49,671
Accrued Liabilities	101,326	91,533
Net Cash used in operating activities	(412,443)	(117,938)
<b>Investing Activities:</b>		
Property Acquisition	-	(7,713)
Net Cash used in investing activities	-	(7,713)
<b>Financing Activities:</b>		
Repayments of Short Term Debt – Related Parties	(42,889)	-
Proceeds from Short Term Debt – Related Parties	52,250	-
Capital Contributions	-	134,087
Proceeds from issuance of Common Stock	4,250	-
Proceeds from subscription receivable	160,000	-
Proceeds from issuance of Preferred Stock	225,000	-
Net Cash provided by financing activities	398,611	134,087
Net increase or (Decrease) in Cash	(13,832)	8,436
Cash at Beginning of the Year	84,317	3,378
Cash at End of June 30, 2014 and 2013	\$ 70,485	\$ 11,814
<b>Supplemental Cash Flow Information</b>		
Cash Paid for Interest	\$ 2,052	\$ 921
Cash Paid for Income Taxes	\$ -	\$ -
<b>Non –Cash Transactions</b>		
Shares issued for Related Party Debt	\$ 19,333	\$ -

The accompanying notes are an integral part of the unaudited financial statements.

**Trxade Group, Inc.**  
**NOTES TO UNAUDITED FINANCIAL STATEMENTS**  
**For the six months ended June 30, 2014 and 2013**

**NOTE 1 – ORGANIZATION AND BASIS OF PRESENTATION**

Trxade Group, Inc. (“Company”) owns 100% of Trxade, Inc., Westminster Pharmaceutical LLC and Pinnacle Tek, Inc. The merger of Trxade, Inc. and Trxade Group, Inc. occurred in May 2013. Pinnacle Tek was merged with Trxade Group, Inc. in July 2013. Westminster Pharmaceutical LLC was formed in January 2013.

Trxade, Inc. is a web based market platform that enables trade among healthcare buyers and sellers of pharmaceuticals, accessories and services.

Westminster Pharmaceutical LLC, provides US state licensed pharmacies and other buying groups with FDA approved pharmaceuticals.

Pinnacle Tek, Inc. is a technology consultant provider that supports the programming needs of parent company, analyzes current benchmark pricing of pharmaceuticals and provides other information technology consulting services to third parties.

Income (loss) Per Share – Basic net loss per common share is computed by dividing net loss available to commons stockholders by the weighted average number of common shares outstanding. Diluted net loss per common share is computed similar to basic net loss per common share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued and if the additional common shares were dilute. At June 30, 2014 diluted net loss per share is equivalent to basic net loss per share as the inclusion of any shares committed to be issued would be anti-dilutive.

The following table sets forth the computation of basic and diluted Loss per Share:

	Six-month June 30, 2014	Three-month June 30, 2014
Numerator:		
Net Loss	\$ (1,223,016)	\$ (301,021)
Numerator for basic EPS – income (loss) Available to common shareholders	(1,223,016)	(301,021)
Numerator for diluted EPS – income (loss) Income available to common shareholders	(1,223,016)	(301,021)
Denominator:		
Denominator for basic EPS – Weighted average shares	29,278,304	24,424,160
Denominator for diluted EPS – adjusted Weighted-average shares and assumed Conversions	29,278,304	24,424,160
Basic loss per common share	\$ (.04)	\$ (.01)
Diluted loss per common share	\$ (.04)	\$ (.01)

The accompanying unaudited interim financial statements of Trxade Group, Inc. have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules of the Securities and Exchange Commission, and should be read in conjunction with the audited financial statements and notes thereto contained in the Company's Annual Report filed with the OTC Bulletin Board.

In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of financial position and the results of operations for the interim periods presented have been reflected herein. The results of operations for the interim periods are not necessarily indicative of the results to be expected for the full year. Notes to the financial statements that would substantially duplicate the disclosures contained in the audited financial statements for the year ended December 31, 2013 as reported in the Company's Annual Report have been omitted.

#### **NOTE 2 – SHORT-TERM DEBT RELATED PARTIES**

During the six months ended June 30, 2014, the Company's officers and board members advanced \$52,250 to the Company; the notes are due on demand and carry 0% interest. In addition 42,889 of related parties' loan were paid back to the Company officers and board members.

In February 2014, the Xcellink loan of \$19,333 was converted to 600,000 shares of common stock along with \$4,250 of proceeds. The shares were valued at the market price on the respective date of the transaction and the fair value of the shares was determined to be \$600,000 and \$576,417 was recorded as loss on conversion of debt during the six months ended June 30, 2014.

As of June 30, 2014 and December 31, 2013, the short term debt related parties has a balance of \$62,750 and \$72,722, respectively.

#### **NOTE 3 – STOCKHOLDER'S EQUITY**

In March 2014, 100,000 Series A Convertible Preferred Shares were issued at \$1.00 per share. They are entitled to an annual dividend of \$0.05 per share when as and if declared by the Board of Directors, dividends are not cumulative. The holders have the right to convert at any time at a ratio of 1:1 at the original Purchase Price.

In April 2014, 125,000 Series A Convertible Preferred Shares were issued at \$1.00 per share. They are entitled to an annual dividend of \$0.05 per share when as and if declared by the Board of Directors, dividends are not cumulative. The holders have the right to convert at any time at a ratio of 1:1 at the original Purchase Price.

The Company analyzed the embedded conversion option for derivative accounting consideration under ASC 815-15 "Derivatives and Hedging" and determined that the conversion option should be classified as equity. The Company also analyzed the conversion option for beneficial conversion features consideration under ASC 470-20 "Convertible Securities with "Beneficial Conversion Features" and noted none.

## NOTE 4 - WARRANTS

For the six month period ended June 30, 2014, no warrants were issued.

The Company's outstanding and exercisable warrants as of June 30, 2014 are presented below:

	Number Outstanding	Weighted Average Exercise Price	Contractual Life in Years	Intrinsic Value
Warrants Outstanding as of December 31, 2012	-	-	-	\$ -
Warrants Granted	435,000	\$1	5.0	\$ -
Warrants Forfeited	-	-	-	\$ -
Warrants Outstanding as of December 31, 2013	435,000	\$1	4.86	\$ -
Warrants Outstanding as of June 30, 2014	435,000	\$1	4.37	\$ -

## NOTE 5 - OPTIONS

The company maintains a stock option plan under which certain employees are awarded option grants based on a combination of performance and tenure. All options may be exercised for a period up to four ½ years following the grant date, after which they expire. Options are vested in 4 years from the grant date. The Board has authorized the use of 1,000,000 shares for option grants.

During the six months ended June 30, 2014, 450,000 options were granted to employees. These options vest in 4 years and are granted with an exercise price of \$1.00 and the expiration date six months after the last vesting period. The last ones expire April, 2019.

The Company uses the Black-Scholes option pricing model to estimate the fair value of stock-based awards on the date of grant. The assumptions employed in the calculation of the fair value of share-based compensation expense were calculated as follows for all years presented:

Under the Black-Scholes option price model, fair value of the option granted is estimated at \$840,448 at the respective issuance date.

The following table summarizes the assumptions used to estimate the fair value of stock options granted during the three months ended June 30, 2014:

	<u>2014</u>
Expected dividend yield	0%
Weighted-average expected volatility	200%
Weighted-average risk-free interest rate	0.75%
Expected life of options	4 years

Total compensation cost related to stock options was \$191,043 for the six months ended June 30, 2014. As of June 30, 2014, there was \$552,939 of unrecognized compensation costs related to stock options, which is expected to be recognized over a weighted average period of 4.0 years. The following table represents stock option activity as of and for the period ended June 30, 2014:

	Number of Options	Option Price Per Share	Average Exercise Price
Outstanding at December 31, 2012	-	-	-
Forfeited	-	-	-
Granted	450,000	\$1.00	0.24
Exercised	<u>-</u>	-	-
Outstanding at December 31, 2013	450,000	\$1.00	0.24
Forfeited	-	-	-
Granted	450,000	\$1.00	0.24
Exercised	<u>-</u>	-	-
Outstanding at June 30, 2014	<u>900,000</u>	\$1.00	0.26

## NOTE 6 – SUBSEQUENT EVENTS

In July 2014, 100,000 Series A Convertible Preferred Shares were issued at \$1.00 per share. They are entitled to an annual dividend of \$0.05 per share when as and if declared by the Board of Directors, dividends are not cumulative. The holders have the right to convert at any time at a ratio of 1:1 at the original Purchase Price.