

NUTRA PHARMA CORP  
Form 10QSB/A  
February 11, 2005

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

FORM 10-QSB/A

(Mark One)

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934  
**For the quarterly period ended June 30, 2004**

( ) TRANSITION REPORT PURSUANT OF SECTION 13 OR 15(d) OF THE EXCHANGE ACT  
For the transition period \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 000-32141

**NUTRA PHARMA CORP.**

(Exact name of registrant as specified in its charter)

**California**  
(State or other jurisdiction of  
incorporation or organization)

**91-2021600**  
(IRS Employer I.D. Number)

**1829 Corporate Drive, Boynton Beach, FL 33426**  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number: **(954) 509-0911**

Indicate by check mark whether the registrant (1) filed all reports  
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of  
1934 during the past 12 months (or for such shorter period that the registrant  
was required to file such reports), and (2) has been subject to such filing  
requirements for the past 90 days. Yes  No

There were 50,271,152 shares of Common Stock outstanding as of August 26, 2004.

Transitional Small Business Disclosure Format (check one): Yes  No

**PART 1 FINANCIAL INFORMATION**

**NUTRA PHARMA CORP.**  
**(A Development Stage Company)**

**Condensed Consolidated Balance Sheets - Unaudited**

	June 30,	
	2003	2004
	-----	-----
	As Restated	
	(See Note B)	

**ASSETS**

Current assets:

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Cash	\$	-	\$	128,021
				-----
Total current assets		-		128,021
Patents and other intangibles, net		-		4,635,499
Other assets		-		28,817
				-----
	\$	-	\$	4,792,337
				=====
<b>LIABILITIES AND STOCKHOLDERS' EQUITY (CAPITAL DEFICIT)</b>				
Current liabilities:				
Accounts payable	\$	-	\$	249,930
Accrued expenses		-		16,007
Demand loans - stockholders		41,693		1,586,631
				-----
Total current liabilities		41,693		1,852,568
Deferred income taxes		-		614,199
				-----
Total liabilities		41,693		2,466,767
				-----
Commitments and contingencies				
Stockholders' equity (capital deficit):				
Common stock, \$0.001 par value, 2.0 billion shares authorized, 41,572,000 and 50,271,152 shares outstanding at June 30, 2003 and 2004 respectively		41,573		50,271
Additional paid-in capital		2,848,869		9,766,064
Deficit accumulated during the development stage		(2,932,135)		(7,490,765)
				-----
		(41,693)		2,325,570
				-----
	\$	-	\$	4,792,337
				=====

See notes to condensed financial statements

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**NUTRA PHARMA CORP.**  
**(A Development Stage Company)**

**Condensed Consolidated Statements of Operations - Unaudited**

Three Months Ended June 30,		Six Months Ended June 30,	
2003	2004	2003	2004

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	As Restated (See Note B)		As Restated (See Note B)	
Revenue	\$ -	\$ -	\$ -	\$ -
Costs and expenses:				
General and administrative	97,080	224,161	356,143	1,956,649
Research and development	-	205,169	-	943,664
Write-off of advances to potential acquiree	-	-	-	-
Finance costs	786,000	-	786,000	-
Amortization of license agreement	-	-	-	-
Amortization of intangibles	-	183,066	-	360,841
Losses on settlements	-	-	229,500	-
Total costs and expenses	883,080	612,396	1,371,643	(3,261,154)
Net loss before provision (benefit) for income taxes	-	(612,396)	-	(3,261,154)
Provision (benefit) for income taxes	-	(73,227)	-	(144,337)
Net loss	\$ (883,080)	\$ (539,169)	\$ (1,371,643)	\$ (3,116,817)
Loss per common share - basic and diluted	\$ (0.03)	\$ (0.01)	\$ (0.04)	\$ (0.06)
Weighted average common shares outstanding	34,553,111	50,273,330	33,548,958	48,518,482

See notes to condensed financial statements

**NUTRA PHARMA CORP.**  
**(A Development Stage Company)**

**Condensed Consolidated Statements of Changes in Stockholders' Equity (Capital Deficit) - Unaudited**

	Common Shares	Stock Par Value	Additional Paid-in Capital	Deficit Accumulated During the Development Stage
<b>Balance - December 31, 2003</b>	47,668,877	47,669	7,814,132	(4,373,948)
Issuance of common stock in exchange for services (\$.59 to \$.66 per share)	2,480,000	2,480	1,589,720	-
Cancellation of common stock issued in connection with rescission of Acquisition	(180,000)	(180)	180	-
Cancellation of common stock issued in connection with settlement with				

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third parties	(120,000)	(120)	120	-
Issuance of common stock in connection with acquisition (\$.85 per share)	426,275	426	361,908	-
Net loss	-	-	-	(2,577,648)
<b>Balance - March 31, 2004</b>	<b>50,275,152</b>	<b>50,275</b>	<b>9,766,060</b>	<b>(6,951,596)</b>
Cancellation of common stock issued in connection with rescission of Acquisition	(4,000)	(4)	4	-
Net loss	-	-	-	(539,169)
<b>Balance - June 30, 2004</b>	<b>50,271,152</b>	<b>\$ 50,271</b>	<b>\$ 9,766,064</b>	<b>\$ (7,490,765)</b>

See notes to condensed financial statements

**NUTRA PHARMA CORP.**  
**(A Development Stage Company)**

**Condensed Consolidated Statements of Cash Flows - Unaudited**

	<b>Six Months Ended June 30,</b>		<b>For the Period From February 1, 2000 (Inception) Through June 30,</b>
	<b>2003</b>	<b>2004</b>	<b>2004</b>
<b>Cash flows from operating activities:</b>			
Net loss	\$ (1,371,643)	\$ (3,116,817)	\$ (7,490,765)
Adjustments to reconcile net loss to net cash used in operating activities:			
Deferred taxes	-	(144,337)	(187,190)
Amortization of intangibles	-	360,841	467,974
Amortization of license agreement	-	-	155,210
Write-off of advances to potential acquiree	-	-	629,000
Stock-based compensation	314,450	1,592,200	3,700,947
Finance costs in connection with conversion of stockholder loan into common stock	786,000	-	786,000
Expenses paid by stockholder	41,693	355,000	474,140
Losses on settlements	229,500	-	306,215
Changes in operating assets and liabilities:			
(Increase) decrease in other assets	-	(28,817)	(28,817)
Increase (decrease) in accounts payable	-	108,699	134,344
Increase (decrease) in accrued expenses	-	(59,831)	16,007
Net cash used in operating activities	-	(933,062)	(1,036,935)
<b>Cash flows from investing activities:</b>			
Cash acquired in acquisition of Infectech	-	-	3,004
Net cash provided by investing activities	-	-	3,004

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**Cash flows from financing activities:**

Common stock issued for cash	-	-	25,000
Loans from stockholders	-	1,013,952	1,136,952
		-----	-----
Net cash provided by financing activities	-	1,013,952	1,161,952
		-----	-----
<b>Net increase in cash</b>	-	80,890	128,021
Cash - beginning of period	-	47,131	-
		-----	-----
<b>Cash - end of period</b>	\$ -	\$ 128,021	\$ 128,021
	=====	=====	=====

**Non-cash investing and financing activities:**

Assumption of obligation under license agreement			\$ 1,750,000
Value of shares issued as consideration in acquisition of Nutra Pharma, Inc.			\$ 112,500
Payments of license fee obligation by stockholder			\$ 208,550
Conversion of stockholder loan to common stock			\$ 862,012
Expenses paid by stockholder	\$ 41,693	\$ 355,000	\$ 474,140
Loan advances to Bio Therapeutics, Inc. by stockholder			\$ 629,000
Value of common stock issued as consideration in acquisition of Infectech, Inc.		\$ 362,334	\$ 4,189,501
Liabilities assumed in acquisition of Infectech, Inc.			\$ 115,586
Cancellation of common stock	\$ 2,055	\$ 304	\$ 14,791
Value of common stock issued by stockholder to third party in connection with settlement	\$ 229,500		\$ 229,500
Value of common stock issued by stockholder to employee for services rendered			\$ 75,000
Net deferred taxes recorded in connection with Acquisition		\$ 241,556	\$ 801,389
See Note F with respect to stockholder funding			

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See notes to condensed financial statements

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**Nutra Pharma Corp.**  
**(A Development Stage Company)**

**Notes to Condensed Consolidated Financial Statements - Unaudited**

**NOTE A - COMPANY FORMATION AND BASIS OF PRESENTATION**

Nutra Pharma Corp., a development stage company ("Nutra Pharma" or "the Parent") is a holding company that owns intellectual property and operations in the biotechnology industry. The Company incorporated under the laws of the state of California on February 1, 2000 under the original name of Exotic-Bird.com. In October 2001, the Company changed its name to Nutra Pharma Corp.

The unaudited consolidated financial statements include the accounts Nutra Pharma and its subsidiaries Infectech, Inc., and ReceptoPharm, Inc. (collectively "the Company"). At June 30, 2004, the Company owned approximately 63% of Infectech, Inc. (see Note D) and 31% of ReceptoPharm, Inc. (see Note E).

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All intercompany transactions and balances have been eliminated in consolidation.

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern. The Company has experienced recurring net losses and at June 30, 2004, has a working capital deficiency that raise substantial doubt about the Company's ability to continue as a going concern. Management intends to raise additional equity capital to continue funding its ongoing operations. If it is not successful in raising additional equity capital, the Company may seek to borrow additional funds from its stockholders. However, there can be no assurances that the Company will raise additional capital or additional loans from its stockholders on terms acceptable to the Company or at all. The consolidated financial statements do not include any adjustments relating to the recoverability or classification of recorded asset amounts or the amount and classification of liabilities that might be necessary as a result of this uncertainty.

### **NOTE B - RESTATEMENT OF PREVIOUSLY ISSUED CONDENSED FINANCIAL STATEMENTS**

#### **[1] Restatement of June 30, 2004 condensed financial statements**

The Company is restating its previously issued condensed financial statements for the three and six months ended June 30, 2004 and for the period from February 1, 2000 (inception) through June 30, 2004.

In January 2004, the Company erroneously issued 852,550 shares of its common stock in exchange for 852,550 shares of Infectech. This exchange was made on a one (1) for one (1) basis instead of a one (1) for two (2) basis per the acquisition agreement discussed in Note D herein. In January 2004, the Company sent correspondence to those shareholders that had been issued the 852,550 shares in error, requesting that they return the certificates representing the shares issued in error to the Company for cancellation and in their stead receive new certificates reflecting the correct share amount. On December 20, 2004, the Company's Board of Directors adopted a resolution authorizing its transfer agent to cancel the certificates that were issued in error and to reissue new certificates representing the correct share amount. The transfer agent refused to cancel the certificates issued in error, stating that they required physical possession of the certificates to effect cancellation; however, the transfer agent suggested that while we were still attempting to obtain the certificates issued in error from these shareholders, that we should issue stop transfer instructions to the transfer agent regarding those certificates, which we did in January 2005. As a result of the error described above, the Company incorrectly accounted for the issuance of common stock in January 2004.

Management has corrected this error by accounting for the issuance of 426,275 shares, which is the number of shares that should have been issued in the one for two exchange in connection with the Infectech agreement.

#### **[2] Restatement of June 30, 2003 condensed financial statements**

The Company is restating its previously issued condensed financial statements for the three months ended June 30, 2003 and for the period from February 1, 2000 (inception) through June 30, 2003. This restatement relates principally to the accounting treatment applied to stock-based compensation as charges had not previously been recognized for such stock-based transactions.

Set forth below is a comparison of the previously reported and restated condensed statements of operations and condensed balance sheets.

For the Period  
February 1,

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	Three Months Ended June 30, 2003		Six Months Ended June 30, 2003		(inception) Th June 30, 2003
	Previously Reported	Restated	Previously Reported (a)	Restated	Previously Reported (a)
Revenue	\$ 0	\$ 0		\$ 0	\$
Costs and expenses	103,822	883,080		1,371,643	2,
Net (loss) income	(103,822)	(883,080)		(1,371,643)	(2,
(Loss) income per common share - basic and diluted	\$ 0	\$ (0.03)		\$ (0.04)	

Balance Sheet Data:

Current assets	819,327	0	0
Total assets	819,327	0	0
Current liabilities	106,222	41,693	41,693
Total liabilities	106,222	41,693	41,693
Total stockholders' equity (capital deficit)	713,105	(41,693)	(41,693)

(a) The Company did not present these periods in its previously filed Form 10-QSB for the quarter ended June 30, 2003 and amendments thereto.

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**NOTE C - SIGNIFICANT ACCOUNTING POLICIES**

**[1] Use of estimates:**

The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States of America which 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 revenue and expense during the reporting period. Such estimates were used in the preliminary allocation of asset valuations in connection with the Infectech, Inc. acquisition. Actual results could differ from those estimates.

**[2] Income taxes:**

The Company accounts for income taxes in accordance with provisions of Statement of Financial Accounting Standards ("SFAS") No. 109, Accounting for Income Taxes, which requires the recognition of deferred tax assets and liabilities expected to be in effect when these balances reverse. Future tax benefits attributable to temporary differences are recognized to the extent that realization of such benefits is more likely than not. The Company does not file a consolidated federal return with Infectech, Inc., its majority-owned subsidiary.

**[3] Loss per share:**

Basic and diluted loss per share is computed by dividing net loss by the weighted average number of common shares outstanding for the period. The Company has no securities exercisable or convertible into common stock.

**[4] Intangible assets:**

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Intangible assets, principally patents, are being amortized on a straight-line basis over a period of 7 years. Amortization for the three and six months ended June 30, 2004 was \$183,066 and \$360,841 respectively. Annual amortization amounts to approximately \$800,000.

### **NOTE D - ACQUISITION OF INFECTECH, INC.**

On September 19, 2003, the Company entered into an Acquisition Agreement to acquire up to 100% of the issued and outstanding common stock of Infectech, Inc., a Delaware corporation ("Infectech"). Infectech is a development stage company based in Sharon, Pennsylvania, which is engaged in the development of diagnostic test kits used for the rapid identification of infectious human and animal diseases. Infectech owns patented technologies, which allow for the rapid detection of disease causing pathogens. Infectech's other patents include technology designed for use in the bioremediation of contaminated soil and water. Additionally, Infectech also owns a patent for the nontoxic induction of apoptosis in cancer cells utilizing hydrophobic hydrocarbons. Apoptosis is a method for inducing a genetically based induction of "cell suicide" in cells. It therefore serves as the foundation for cancer therapy.

The Acquisition Agreement provides for the acquisition by the Company of up to 100% of the issued and outstanding common stock of Infectech, through an exchange of one (1) share of the Company's common stock for every two (2) shares of Infectech common stock. On October 31, 2003, the Company issued 4,502,549 shares of its common stock in exchange for 9,005,098 shares of Infectech common stock owed by the officers, directors and affiliates of Infectech. This initial exchange resulted in the Company owning 58% of the issued and outstanding stock of Infectech.

In January 2004, the Company issued an additional 426,275 shares of its common stock in exchange for 852,550 shares of Infectech common stock, which increased the Company's ownership of Infectech to 63%.