NUTRA PHARMA CORP
Form 10QSB
May 26, 2005

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

FORM 10-QSB

(Mark One)
(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2005

( ) 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	91-2021600
(State or other jurisdiction of incorporation or organization)	(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 [X] No [ ]

There were 64,567,182 shares of common stock outstanding as of May 24, 2005.

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

PART 1 FINANCIAL INFORMATION

Item 1. Financial Statements

NUTRA PHARMA CORP.
(A Development Stage Company)
Consolidated Balance Sheet - Unaudited
March 31, 2005

ASSETS
Current assets:

Cash	$ 18,377
Property and equipment, net	60,486
Other assets	
Investments at cost	185,000
Other	17,041
	202,041
	$ 280,904
LIABILITIES AND STOCKHOLDERS' DEFICIT	
Current liabilities:	
Accounts payable	$ 72,940
Accrued expenses	259,435
Convertible loans	206,750
Total current liabilities	539,125
Stockholders' deficit:	
Common stock, $0.001 par value, 2,000,000,000 shares authorized, 60,854,682 shares outstanding	60,855
Additional paid-in capital	12,715,149
Deficit accumulated during the development stage	(13,034,225)
	(258,221)
	$ 280,904

See the accompanying notes to the consolidated financial statements.

NUTRA PHARMA CORP.
(A Development Stage Company)
Consolidated Statements of Operations - Unaudited

	Three Months Ended March 31,		For the Period From February 1, 2000 (Inception) Through March 31,
	2004	**2005**	**2005**
Revenue	$ -	$ -	$ -
Costs and expenses:			
General and administrative	140,288	381,907	3,804,467
Research and development	738,495	49,615	1,154,583
Stock based compensation	1,592,200	234,000	3,099,996
Write-off of advances to potential acquiree	-	-	629,000

Finance costs	-	-	786,000
Interest expense	-	7,902	12,608
Amortization of license agreement	-	-	155,210
Amortization of intangibles	177,775	-	656,732
Losses on settlements	-	-	1,261,284
Write-down of investment in Infectech, Inc.	-	-	620,805
Equity in loss of unconsolidated subsidiary	-	-	853,540
Total costs and expenses	2,648,758	673,424	13,034,225
Net loss before provision (benefit) for income taxes	(2,648,758)	(673,424)	(13,034,225)
Provision (benefit) for income taxes	(71,110)	-	-
Net loss	$(2,577,648)	$ (673,424)	$(13,034,225)
Per share information - basic and diluted			
Loss per common share	$ (0.05)	$ (0.01)	
Weighted average common shares outstanding	49,369,910	58,724,862	

See the accompanying notes to the consolidated financial statements.

NUTRA PHARMA CORP.
(A Development Stage Company)
Consolidated Statements of Cash Flows - Unaudited

	Three Months Ended March 31, 2004	2005	For the Period From February 1, 2000 (Inception) Through March 31, 2005
Cash flows from operating activities:			
Net cash (used in) operating activities	$ (363,300)	$ (442,127)	$(2,058,314)
Cash flows from investing activities:			
Cash reduction due to deconsolidation of Infectech, Inc.	-	-	(2,997)
Cash acquired in acquisition of Infectech, Inc.	-	-	3,004
Acquisition of property and equipment	-	(3,228)	(60,319)
Investments carried at cost	-	(80,000)	(185,000)
Net cash (used in) provided by investing activities	-	(83,228)	(245,312)
Cash flows from financing activities:			
Common stock issued for cash	-	134,300	1,082,000
Proceeds from convertible loans	-	-	304,750
Loans from stockholders	581,496	-	935,253

Net cash provided by financing activities	581,496	134,300	2,322,003
Net increase (decrease) in cash	218,196	(391,055)	18,377
Cash - beginning of period	47,131	409,432	-
Cash - end of period	$ 265,327	18,377	18,377

See the accompanying notes to the consolidated financial statements.

NUTRA PHARMA CORP.
(A Development Stage Company)
Notes to Unaudited Consolidated Financial Statements
March 31, 2005

1. BASIS OF PRESENTATION

The accompanying unaudited financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) for interim financial information and Item 310(b) of Regulation S-B. They do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results of operations for the periods presented are not necessarily indicative of the results to be expected for the full year. For further information, refer to the financial statements of the Company as of December 31, 2004, and for the two years then ended, including notes thereto included in the Company's Form 10-KSB.

The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States of America which require management to make estimates and assumptions. These estimates and assumptions 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. Actual results may differ from these estimates.

Principles of Consolidation

The consolidated financial statements presented herein include the accounts of Nutra Pharma and its subsidiary Receptopharm, Inc. (collectively, the "Company"). In addition, the Company consolidated Nanologix, Inc. during the period from January 1, 2004 through March 31, 2004 (see Note 2). All intercompany transactions and balances have been eliminated in consolidation.

Loss per Share

The Company calculates net income (loss) per share as required by Statement of Financial Accounting Standards (SFAS) 128, "Earnings per Share." Basic earnings (loss) per share is calculated by dividing net income (loss) by the weighted average number of common shares outstanding for the period. Diluted earnings (loss) per share is calculated by dividing net income (loss) by the weighted average number of common shares and dilutive common stock equivalents outstanding. During periods in which the Company incurs losses common stock equivalents, if any, are not considered, as their effect would be anti dilutive.

2. BASIS OF REPORTING

The Company's financial statements are presented on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. For the period ended March 31, 2005, the Company incurred a net loss of $673,424 and has working capital and accumulated deficits of $520,748 and $13,034,225 at March 31, 2005.

The Company's ability to continue as a going concern is contingent upon its ability to secure additional financing, increase ownership equity and attain profitable operations. In addition, the Company's ability to continue as a going concern must be considered in light of the problems, expenses and complications frequently encountered in established markets and the competitive environment in which the Company operates.

The Company is pursuing financing for its operations and seeking additional investments. In addition, the Company is seeking to establish a revenue base. Failure to secure such financing or to raise additional equity capital and to establish a revenue base may result in the Company depleting its available funds and not being able pay its obligations.

The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the possible inability of the Company to continue as a going concern.

3. NANOLOGIX, INC. (FORMERLY INFECTECH, INC.)

On September 19, 2003, the Company entered into an agreement ("Acquisition Agreement") to acquire up to 100% of the issued and outstanding common stock of Nanologix, Inc., a Delaware corporation ("Nanologix"). Nanologix 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. Nanologix owns patented technologies, which allow for the rapid detection of disease causing pathogens. Nanologix also owns a patented technology designed for use in the bioremediation of contaminated soil and water.

The Acquisition Agreement provided for the acquisition by the Company of up to 100% of the issued and outstanding common stock of Nanologix, through an exchange of one (1) share of the Company's common stock for every two (2) shares of Nanologix common stock. The Company recorded the acquisition of Nanologix as the purchase of assets, principally patents and other intangibles. The value of the Company's common shares issued in connection with this transaction is $0.85, which was the market value of the Company's common stock on September 22, 2003, the date the terms of the acquisition were agreed to and announced.

Through December 31, 2003, the Company issued an aggregate of 4,502,549 shares of its common stock in exchange for 9,005,098 shares of Nanologix. This initial exchange resulted in the Company owning approximately 58% of the issued and outstanding common stock of Nanologix. In January 2004, the Company issued an additional 426,275 shares of its common stock, in exchange for 852,550 shares of Nanologix. In September 2004, the Company issued an additional 293,288 shares of its common stock in exchange for 586,576 shares of Nanologix. These exchanges increased the Company's ownership interest in Nanologix from 58% to 67%.

On September 28, 2004, the Company transferred 6,000,000 shares of Nanologix, Inc. common stock that it owned to a shareholder of Nutra Pharma, to discharge a $1,384,931 demand loan to such shareholder. After giving effect to this transfer, the Company owned a total of 4,444,224 shares or approximately 29% of the issued and outstanding common stock of Nanologix which was 15,537,050.

Subsequent to September 28, 2004, the Company owned a minority interest in Nanologix and accordingly, applied the equity method of accounting to its

investment in Nanologix. The Company's share of Nanologix's earnings or losses is included in its statement of operations as a single amount. During the year ended December 31, 2004, Nanologix incurred a loss of $6,658,838. The Company's portion of the loss using the equity method of accounting of $1,664,710 exceeded the carrying value of the Company's investment which was $853,540 at December 31, 2004, and as such, the $853,540 was charged to operations at December 31, 2004. This charge reduced the carrying value of the Company's investment in Nanologix to $0.

At December 31, 2004, the Company owned a total of 4,556,174 shares or approximately 25% of the issued and outstanding common stock of Nanologix. During the first quarter of 2005 Nanologix issued additional shares of its common stock reducing the Company's ownership to approximately 13% at March 31, 2005.

The aggregate market value of the Company's 4,556,174 shares of Nanologix common stock based on the trading price of Nanologix common stock as quoted on the pink sheets of $.80 and $.50 per share at March 31, 2005, and May 20, 2005, was $3,644,939 and $2,278,087.

4. ACQUISITION OF RECEPTOPHARM, INC.

On December 12, 2003, the Company entered into an acquisition agreement (the "Agreement"), whereby it agreed to acquire a 49.5% interest in Receptopharm, Inc. ("Receptopharm"), a privately held biopharmaceutical company based in Ft. Lauderdale, Florida. Receptopharm is a development stage company engaged in the research and development of proprietary therapeutic proteins for the treatment of several chronic viral, autoimmune and neuro-degenerative diseases.

The closing of this transaction was subject to the approval of Receptopharm's board of directors, which was obtained on February 20, 2004. Pursuant to the Agreement, the Company is acquiring 49.5% of Receptopharm's common equity for $2,000,000 in cash. Receptopharm intends to use such funds to further research and development, which could significantly impact future results of operations.

The Company is purchasing its 49.5% ownership interest in a series of installments. At March 31, 2005, the Company had funded an aggregate of $1,450,000 to Receptopharm under the Agreement, which represented a 37 % interest in Receptopharm. From April 1, 2005 through May 20, 2005, the Company funded an additional $235,000 to Receptopharm, which increased the Company's ownership of Receptopharm to approximately 39%.

For accounting purposes, the Company is treating its capital investment in Receptopharm as a vehicle for research and development. Because the Company is solely providing financial support to further the research and development of Receptopharm, such amounts are being charged to expense as incurred by Receptopharm. Receptopharm presently has no ability to fund these activities and is dependent on the Company to fund its operations. In these circumstances, Receptopharm is considered a variable interest entity and has been consolidated. The creditors of Receptopharm do not have recourse to the general credit of the Company.

5. CONVERTIBLE LOANS

In November 2004, in accordance with the terms of completed Subscription Agreements, the Company received total proceeds of $206,750 from four (4) investors. These agreements provide that upon the expiration of a 6 month term from the date of execution, each of the four investors has the option of: (a) being repaid the amount of their investment together with 15% interest per annum; (b) converting their investment into shares of the Company's common stock at a conversion price of $0.17 per share up to an aggregate of 1,216,176 shares,

if all four investors convert; or (c) converting their investment into a number of shares of common stock of the Company equal to the sum of the principal and accrued interest on the note, divided by the conversion price equal to a price which is 35% below (i) the average of the last reported sales prices for the shares of Common Stock on the NASDAQ National Market, the American Stock Exchange, the NASDAQ Small Cap Market or the Over-the-Counter Bulletin Board for the 5 trading days immediately prior to such date or (ii) if there has been no sales on any such market on any applicable day, the average of the highest bid and lowest ask prices on such market at the end of any applicable day, or (iii) if the market value cannot be calculated as of such date on any of the foregoing bases, the Market Price will be at the fair market value as reasonably determined in good faith by our Board of Directors.

Each investor has piggyback registration rights that require the Company to register any shares held by them if the Company voluntarily files a registration statement. Additionally, should an investor decide to convert their investment into shares of common stock, the Company is required to file a registration statement with the Securities and Exchange Commission to register the investor's common stock. Should the Company fail to file the registration statement immediately upon the investor's conversion, the Company is required to issue to each investor, penalty shares of 5,000 shares of common stock per week for every week the registration statement is not filed.

The 6 month term provided for in the agreements expired in May 2005; therefore, the four (4) investors have the option to exercise their rights described in (a) - (c) above. The Company is currently renegotiating these agreements; however, there is no assurance that such negotiations will be successful or that they will be completed on favorable terms to the Company or that the investors will not exercise their rights under the agreements.

6. STOCKHOLDERS' DEFICIT

During the quarter ended March 31, 2005, the Company issued 6,105,000 shares which were subscribed for at December 31, 2004.

During the quarter ended March 31, 2005, the Company sold 790,000 shares of restricted common stock at $0.17 per share and received proceeds of $134,300. Of the shares sold, 90,000 were issued at March 31, 2005 and the remaining 700,000 were recorded as a subscription and the amount received is included in additional paid in capital.

During the quarter ended March 31, 2005, the Company issued 100,000 shares of restricted common stock to a consultant for services rendered. The Company recorded stock based compensation expense of $34,000 based on the market value of the Company's common stock on the date of the grant.

During the quarter ended March 31, 2005, the Company issued 500,000 shares of restricted common stock to a Director for services rendered. The Company recorded stock based compensation expense of $200,000 based on the market value of the Company's common stock on the date of the grant.

7. INVESTMENTS

Letter of Intent to Acquire Portage BioMed LLC

On October 28, 2004, the Company entered into a non-binding letter of intent to acquire 100% of the issued and outstanding common stock of Portage BioMed LLC, a biotechnology research company. The proposed terms reflected in the non-binding letter of intent are: (i) beginning on November 1, 2004, the Company will pay $40,000 per month to Portage BioMed for working capital, until such time that

Portage BioMed generates sufficient cash flow to sustain its operations; (ii) the Company will issue an aggregate of 1,000,000 shares of its restricted common stock to Portage BioMed's four members in exchange for their interest in Portage BioMed; (iii) the Company will also issue an aggregate of 550,000 shares of its restricted common stock to Portage BioMed's four members for four consecutive quarters commencing six months from the closing date of the transaction and upon the completion of certain agreed upon quarterly milestones; and (iv) Rik J. Deitsch, the Company's Chief Executive Officer, will be appointed to Portage BioMed's Board of Directors and one current Portage BioMed Director will be appointed as a Director of the Company.

As of March 31, 2005 the Company has made payments totaling $60,000 to Portage BioMed in connection with the letter of intent. As of March 31, 2005, the Company has not entered into a definitive agreement with Portage BioMed. This investment is included in other assets in the accompanying financial statements.

Investment in XenaCare LLC

On November 1, 2004, the Company completed an agreement with XenaCare LLC, a healthcare management company engaged in the business of manufacturing and distributing non-prescription pharmaceuticals to physician's offices. This agreement provides that the Company make an investment of up to $250,000 in 15 Site of Cares physician locations to be managed by XenaCare.

As of March 31, 2005, the Company has made payments totaling $125,000 to XenaCare in connection with this agreement. This investment is included in other assets in the accompanying financial statements.

8. SUBSEQUENT EVENTS

>From April 1, 2005 through May 20, 2005, the Company sold 3,012,500 shares of restricted common stock at $0.20 per share and received proceeds of $602,500.

On April 4, 2005, a Motion to Enforce Settlement Agreement was filed against the Company in the Circuit Court of Broward County Florida by Bio Therapeutics, Inc. f/k/a Phylomed Corp. in Nutra Pharma Corp. v. Bio Therapeutics, Inc. (17th Judicial Circuit, Case No. 03-008928 (03). This proceeding results from the Company's alleged breach of a settlement agreement that was entered into between Bio Therapeutics and the Company in resolution of a previous lawsuit between the Company and Bio Therapeutics that was resolved by entering into a Settlement Agreement. The Company also entered into a related License Agreement and Amendment to the License Agreement ("License Agreement") with Bio Therapeutics. In the April 4, 2005 motion, Bio Therapeutics alleges that the Company breached certain provisions of the License Agreement and requests that the Court grant its motion to enforce the Settlement Agreement by declaring the License Agreement terminated, enjoining the Company from further use of license products that was granted to the Company by the License Agreement, and awarding attorneys fees and costs to Bio Therapeutics.

The Company intends to defend against this action. The Company does not believe that this action will have a material effect upon its operations; and if the license agreement is terminated the Company does not believe there will be a material negative impact on the Company.

Item 2. Management's Discussion and Analysis of Financial Condition or Plan of Operations

Forward-Looking Statements

The following discussion and analysis contains forward-looking statements and should be read in conjunction with our financial statements and related notes.

For purposes of this Plan of Operations, Nutra Pharma Corp. is referred to herein as "we," "us," or "our." This discussion and analysis contains forward-looking statements based on our current expectations, assumptions, estimates and projections overview. The words or phrases "believe," "expect," "may," "should," "anticipates" or similar expressions are intended to identify "forward-looking statements". Actual results could differ materially from those projected in the forward-looking statements as a result of the following risks and uncertainties, including: (a) we have experienced recurring net losses and a working capital deficiency which raises substantial doubt about our ability to continue as a going concern; (b) our history of losses makes it difficult to evaluate our current and future business and our future financial results; (c) our continued operations are dependent upon obtaining equity or other financing and should we be unable to obtain such financing, we will be unable to continue our operations; (d) our inability to retain and attract key personnel could adversely affect our business; (e) we are subject to substantial Federal Drug Administration and other regulations and related costs which may adversely affect our operations; (f) a market for our potential products may never develop; (g) if we fail to adequately protect our patents, we may be unable to proceed with development of potential drug products; (h) we are dependent upon patents, licenses and other proprietary rights from third parties; should we lose such rights our operations will be negatively affected; (h) we may be unable to compete against our competitors in the medical device and biopharmaceutical markets since our competitors have superior financial and technical resources than we do; (i) issuance of shares of our common stock to consultants has and may in the future have a dilutive effect on the value of our common stock and may negatively effect the trading price of our common stock; (j) our Plan of Operations has been substantially delayed due to lack of financing; (k) our management decisions are made by our Chief Executive Officer, Rik Deitsch; if we lose his services, our operations will be negatively impacted; (l) we have entered into acquisition agreements which were later rescinded, which has delayed and otherwise negatively affected our operations; (m) we are subject to a substantial funding commitment of $315,000 due to Receptopharm in connection with the Receptopharm acquisition agreement and should we fail to meet this commitment, we may lose our ownership interest in Receptopharm and a substantial part of our Plan of Operations; and (n) we no longer have a controlling ownership or management interest in Infectech, Inc., which previously constituted a substantial part of our Plan of Operations and a possible revenue source.

PLAN OF OPERATIONS

We anticipate that our total estimated cash requirements of $880,000 for the next 12 months, pending adequate financing, will include: (a) $490,000 pertaining directly to our own operations; (b) funding of $315,000 for ReceptoPharm; and (c) $75,000 pertaining to our investment in Xenacare.

Specifically, our planned expenditures pertaining to (a) and (b) are:

OUR DIRECT EXPENDITURES

Type Expenditure	Total Expenditure	Monthly Expenditure
Salaries*	$ 165,000	$ 13,750
Travel related expenses for our Chief Executive Officer pertaining to research and due diligence	$ 40,000	$ 3,333

Consulting Fees for Director Tanvir Khandaker Pertaining to acquisition of licenses	$ 120,000	$ 10,000
Professional Fees -Legal and Accounting	$ 165,000	$ 13,750
Total	$ 490,000	$ 40,833

* Salaries include the following: (a) Chief Executive Officer - $130,000; and (b) Administrative Assistant - $35,000

FUNDING OF RECEPTOPHARM, INC.

Type Expenditure	Total Expenditure	Monthly Expenditure
Operating Expenses (Rent, supplies, utilities)	$ 50,000	$ 4,166
Salaries (CEO, President, Chief Science Officer, and Administrative Assistant)	$ 80,000	$ 6,667
Pre-Clinical Related Consulting	$ 15,000	$ 1,250
Clinical Studies (HIV, MS, AMN)	$ 170,000	$ 14,167
Total:	$ 315,000	$ 26,250

FUNDING OF XENACARE

Type Expenditure	Total Expenditure	Monthly Expenditure
Funding of Site of Cares	$ 75,000	$ 6,250

OUR TWELVE-MONTH PLAN OF OPERATIONS PENDING ADEQUATE FINANCING

We intend to accomplish the following regarding our Plan of Operations over the next twelve months.

ReceptoPharm

Pre-Clinical Related Consulting
Throughout our Plan of Operations, we plan to conduct pre-clinical consulting with various companies that we have agreements with pertaining to ReceptoPharm's Multiple Sclerosis (MS) and HIV drugs, which will consist of the following:

- MS Drug under Development - Microarray analysis is the study of the gene expression of cells. Histoculture is the study of the entire cellular environment. We plan to conduct microarray and histoculture studies and related analysis of the cells of Multiple Sclerosis

patients' to ascertain how certain drugs affect the cells of these patients. We plan to conduct these studies through our agreement with Eno Research and Development, a clinical research organization; and

- HIV Drug under Development - Viral isolates are common mutations of HIV. We plan to conduct these studies through our agreement with ReceptoPharm. ReceptoPharm has an agreement with the University of California, San Diego, to study the effect of ReceptoPharm's drug under development on different viral isolates to determine the drug's efficacy in mutated forms of the HIV virus.

Clinical Studies

Adrenomyeloneuropathy (AMN)
Adrenomyeloneuropathy (AMN) is a genetic disorder that affects the central nervous system. The disease causes neurological disability that is slowly progressive over several decades. Throughout our twelve month Plan of Operations and for 3 months thereafter, ReceptoPharm plans to conduct clinical studies of its Adrenomyeloneuropathy (AMN) drug, which is currently under development. We have an agreement with the Charles Dent Metabolic Unit located in London, England to conduct a clinical study that consists of:

- Recruitment of 20 patients with AMN;
- Administering the ReceptoPharm's AMN drug under development; and
- Monitoring patients throughout a 15-month protocol.

The clinical study is classified as a Phase III study and is the final step required for regulatory approval of the drug.

HIV and MS
ReceptoPharm also plans to conduct clinical studies of its HIV and MS drugs under development. These "Phase II" studies will either prove or disprove the preliminary efficacy of ReceptoPharms's HIV/MS drugs under development. ReceptoPharm will seek to secure agreements with third parties to conduct such clinical studies.

Liquidity and Capital Resources
We have experienced a significant loss from operations. Our ability to continue as a going concern is dependent on our ability to secure additional financing, increase ownership equity, and attain profitable operations. Additionally, our independent registered public accounting firm has issued a going concern opinion on our audited financial statements for the fiscal year ended December 31, 2004 since we have experienced recurring net losses and at December 31, 2004, a working capital deficiency. We have estimated expenses of $880,000 pertaining to our twelve month Plan of Operations or $73,333 of monthly expenditures. Based upon our current cash position of approximately $104,000, we have sufficient funds to conduct our operations for only approximately 5 weeks. We intend to satisfy our estimated cash requirements of $880,000 for our twelve month Plan of Operations pending adequate financing through divestiture of assets, a private placement of our equity securities or, if necessary, possibly through shareholder loans or traditional bank financing or a debt offering; however, because we are a development stage company with a limited operating history and a poor financial condition, we may be unsuccessful in obtaining shareholder loans, conducting a private placement of equity or debt securities, or in obtaining bank financing. In addition, if we only have nominal funds by which to conduct our operations, we may have to curtail our research and development activities, which will negatively impact development of our possible products. We have no alternative Plan of Operations. In the event that we do not obtain adequate financing to complete our Plan of Operations or if we do not adequately implement an alternative plan of operations that enables us to conduct operations without having received adequate financing, we may have to liquidate our business and undertake any or all of the following actions:

- Sell or dispose of our assets, if any;
- Pay our liabilities in order of priority, if we have available cash to

pay such liabilities;

- If any cash remains after we satisfy amounts due to our creditors, distribute any remaining cash to our shareholders in an amount equal to the net market value of our net assets;
- File a Certificate of Dissolution with the State of California to dissolve our corporation and close our business;
- Make the appropriate filings with the Securities and Exchange Commission so that we will no longer be required to file periodic and other required reports with the Securities and Exchange Commission, if, in fact, we are a reporting company at that time; and
- Make the appropriate filings with the National Association of Security Dealers to effect a delisting of our common stock, if, in fact, our common stock is trading on the Over-the-Counter Bulletin Board at that time.

Based upon our current assets, however, we will not have the ability to distribute any cash to our shareholders. If we have any liabilities that we are unable to satisfy and we qualify for protection under the U.S. Bankruptcy Code, we may voluntarily file for reorganization under Chapter 11 or liquidation under Chapter 7. Our creditors may also file a Chapter 7 or Chapter 11 bankruptcy action against us. If our creditors or we file for Chapter 7 or Chapter 11 bankruptcy, our creditors will take priority over our shareholders. If we fail to file for bankruptcy under Chapter 7 or Chapter 11 and we have creditors, such creditors may institute proceedings against us seeking forfeiture of our assets, if any.

We do not know and cannot determine which, if any, of these actions we will be forced to take. If any of these foregoing events occur, you could lose your entire investment in our shares.

If any of these foregoing events occur, you could lose your entire investment in our shares.

Item 3. Controls and Procedures

As required by Rule 13a-15 under the Exchange Act, as of the end of the period covered by this Quarterly Report on Form 10-QSB, we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures. This evaluation was carried out by our sole executive officer Rik Deitsch, who is our chief executive officer and chief financial officer, and a member of our board of directors. Based upon his evaluation, Mr. Deitsch concluded that our disclosure controls and procedures are effective. However, Mr. Deitsch did recommend to the board of directors that the Company should seek to hire an experienced chief financial officer, which would improve the review process of our controls and procedures.

There have been no changes in our system of internal control over financial reporting in connection with the evaluation by our principal executive officer and principal financial officer during our fiscal quarter ended March 31, 2005 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II OTHER INFORMATION

Item 1. Legal Proceedings

On April 4, 2005, a Motion to Enforce Settlement Agreement was filed against us in the Circuit Court of Broward County Florida by Bio Therapeutics, Inc. f/k/a Phylomed Corp. in Nutra Pharma Corp. v. Bio Therapeutics, Inc. (17th Judicial Circuit, Case No. 03-008928 (03)). This proceeding results from our alleged breach of a settlement agreement that was entered into between Bio Therapeutics

and us in resolution of a previous lawsuit between us and Bio Therapeutics that was resolved by entering into a Settlement Agreement. We also entered into a related License Agreement and Amendment to the License Agreement ("License Agreement") with Bio Therapeutics.

In the April 4, 2005 motion, Bio Therapeutics alleges that we breached certain provisions of the License Agreement and requests that the Court grant its motion to enforce the Settlement Agreement by declaring the License Agreement terminated, enjoining us from further use of license products that were granted to us by the License Agreement, and awarding attorneys fees and costs to Bio Therapeutics. This matter was set for a hearing on April 28, 2005 to hear a motion to set a motion for an evidential hearing. However, such hearing was cancelled and a new hearing date has not been set.

We intend to defend against this action. We do not believe that this action will have a material effect upon our operations; however, a negative judgment against us could have a materially adverse effect on our operations and financial condition.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

On January 26, 2005, we sold 60,000 shares of our restricted common stock at $0.17 per share or an aggregate of $10,200 to Richard Schimmoeller. We relied upon Section 4(2) of the Securities Act of 1933, as amended ("the Act") for the issuances of these shares. We believed Section 4(2) was available because:

- We are not and were not a blank check company at the time of the offer or sale;
- The investor had business experience and was an Accredited Investor as defined by Rule 501 of Regulation D of the Act;
- All offers and sales of the investment were made privately and no party engaged in any general solicitation or advertising of the proposed investment;
- The investor had a preexisting social, personal or business relationship with us and members of our management;
- The investor was provided with all information sufficient to allow him to make an informed investment decision;
- The investor had the opportunity to inspect our books and records and to verify statements made to induce them to invest;
- The Certificate representing the investment was issued with a restrictive legend indicating the securities represented by the certificate have not been registered; and
- No party received any transaction based compensation such as commissions in regard to locating any investor.

On January 26, 2005, we sold 30,000 shares of our restricted common stock at $0.17 per share or an aggregate of $5,100 to Dennis McDonald. We relied upon Section 4(2) of the Securities Act of 1933, as amended ("the Act") for the issuances of these shares. We believed Section 4(2) was available because:

- We are not and were not a blank check company at the time of the offer or sale;
- The investor had business experience and was an Accredited Investor as defined by Rule 501 of Regulation D of the Act;
- All offers and sales of the investment were made privately and no party engaged in any general solicitation or advertising of the proposed investment;
- The investor had a preexisting social, personal or business relationship with us and members of our management;
- The investor was provided with all information sufficient to allow him to make an informed investment decision;
- The investor had the opportunity to inspect our books and records and to verify statements made to induce her to invest;

- The Certificate representing the investment was issued with a restrictive legend indicating the securities represented by the certificate have not been registered; and
- No party received any transaction based compensation such as commissions in regard to locating any investor.

We sold a total of 700,000 shares of our restricted common stock at $0.17 per share or an aggregate of $119,000 to Rajni Kassett on the following dates and in the following shares denominations: (a) February 1, 2005 - 411,765 shares; (b) March 4, 2005 - 147,059 shares; (c) March 17, 2005 - 58,823 shares; and (d) March 24, 2005 - 82,353 shares. We relied upon Section 4(2) of the Securities Act of 1933, as amended ("the Act") for the issuances of these shares. We believed Section 4(2) was available because:

- We are not and were not a blank check company at the time of the offer or sale;
- The investor had business experience and was an Accredited Investor as defined by Rule 501 of Regulation D of the Act;
- All offers and sales of the investment were made privately and no party engaged in any general solicitation or advertising of the proposed investment;
- The investor had a preexisting social, personal or business relationship with us and members of our management;
- The investor was provided with all information sufficient to allow her to make an informed investment decision;
- The investor had the opportunity to inspect our books and records and to verify statements made to induce her to invest;
- The Certificate representing the investment was issued with a restrictive legend indicating the securities represented by the certificate have not been registered; and
- No party received any transaction based compensation such as commissions in regard to locating any investor.

On February 28, 2005, we issued 100,000 shares of our restricted common stock to Jason Unverferth in return for consulting services, specifically due diligence relating to potential acquisitions, that Mr. Unverferth rendered to us. The restricted shares were valued at $0.34 per share or an aggregate of $34,000. We believed Section 4(2) was available because the offer and sale did not involve a public offering. We had a pre-existing relationship with Mr. Unverferth as our consultant.

Item 3. Defaults Upon Senior Securities

None

Item 4. Submission of Matters to a Vote of Security Holders

None

Item 5. Other Information

None

Item 6. Exhibits

The following exhibits are filed herewith or are incorporated by reference to exhibits previously filed with the SEC:

3.1 Certificate of Incorporation dated February 1, 2000. (i)

3.2	Certificate of Amendment to Articles of Incorporation dated July 5, 2000. (i)
3.3	Certificate of Amendment to Articles of Incorporation dated October 31, 2001.
3.4	Bylaws of the Company. (i)
4.1	Form of Stock Certificate (i)
5.1	Opinion of Kenneth Eade, Attorney at Law on SB-2 Registration (i)
5.2	Opinion of Kenneth Eade, Attorney at Law on issuance of stock under plan and consent dated December 4, 2003 (vi)
6	Specimen of Stock Certificate (i)
10.1	Acquisition Agreement between Cyber Vitamin.com and Desert Corporate Services dated November 26, 2001 (ii)
10.2	Share Exchange Agreement between Nutra Pharma Corp. and Nutra Pharma, Inc. dated November 26, 2001 (ii)
10.3	Joint Venture Agreement between Nutra Pharma Corp. and Terra Bio Pharma dated January 29, 2002 (iii)
10.4	Definitive Agreement for Exchange of Common Stock dated August 20, 2002 by and among Nutra Pharma Corp. and Bio Therapeutics, Inc. (iii)
10.5	Closing Agreement for the Exchange of Common Stock dated August 20, 2002 by and between Nutra Pharma Corp. and Bio Therapeutics, Inc. (iv)
10.6	Amendment to Closing Agreement for the Exchange of Common Stock dated September 27, 2002 (v)
10.7	Acquisition Agreement dated September 19, 2003 between Nutra Pharma Corp. and Infectech, Inc. (vi)
10.8	Acquisition Agreement between Nutra Pharma Corp. and ReceptoPharm, Inc. dated February 20, 2004 (vii)
10.9	Settlement Agreement dated September 28, 2004 between Opus International, LLC (xi)
10.10	Agreement with XenaCare (xi)
10.11	Agreement with Eno Research and Development, Inc. (xi)
10.12	Agreement with Investor-Gate.com (xi)
10.13	Agreement with Tanvir Khandaker (xii)
14.1	Code of Ethics of the Company (x)
20.1	Rescission, Settlement and Release Agreement between George Minto and Zirk Engelbrecht (viii)
20.2	Offer to Purchase for Cash up to 2,000,000 shares of Nutra Pharma Corp. for $.80 cash per share (viii)
20.3	License Agreement dated October 3, 2003 between Biotherapeutics, Inc. and Nutra Pharma Corp. (ix)
20.4	Addendum to license Agreement dated October 3, 2003 between Biotherapeutics, Inc. and Nutra Pharma Corp. (ix)
31.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(i) Incorporated by reference to the Company's Registration Statement on Form SB-2/A (Registration No. 33-44398) filed on April 6, 2001 (the "Registration Statement").

(ii) Incorporated by reference to the Company's Current Report on Form 8K, filed December 26, 2001

(iii) Incorporated by reference to the Company's Current Report on Form 8K, filed February 28, 2002

(iv) Incorporated by reference to the Company's Current Report on Form 8K, filed September 9, 2002

(v) Incorporated by reference to the Company's Current Report on Form 8K, filed October 31, 2002

(vi) Incorporated by reference to the Company's Current Report on Form 8K, filed October 20, 2003

(vii) Incorporated by reference to the Company's Current Report on Form 8K, filed March 8, 2004

(viii) Incorporated by reference to the Company's Current Report on Form 8K, filed November 5, 2002
(ix) Incorporated by reference to the Company's Report on Form 10-KSB, filed April 20, 2004
(x) Incorporated by reference to the Company's Report on Form 10-KSB/A, filed May 7, 2004
(xi) Incorporated by reference to the Company's Report on Form 10-QSB, filed December 21, 2004
(xii) Incorporated by reference to the Company's Report on Form 10-KSB, filed May 2, 2005

SIGNATURES

In accordance with the requirements of the Securities Exchange Act of 1934, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NUTRA PHARMA CORP.

/s/ Rik J. Deitsch
Rik J. Deitsch, Chairman, President
Chief Executive Officer and Chief Financial Officer

Dated: May 26, 2005