NUTRA PHARMA CORP
Form 10-Q
November 15, 2002

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

FORM 10QSB

(X) Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended September 30, 2002

( ) Transition report pursuant of Section 13 or 15(d) of the Securities Exchange Act of 1939 for the transition period ____ to_____

COMMISSION FILE NUMBER: 333-44398

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)

485 Martin Lane, Beverly Hills, California	90210
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number: (310) 858-7088

Former name, former address and former fiscal year, if changed

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 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

The number of shares of the registrant's common stock as of September 30, 2002: 47,433,207.

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

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Nutra Pharma Corp.
(A Development Stage Company)
Balance Sheets

	December 31, 2001	September 30, 2002
ASSETS		
Current Assets:		
Cash	$ 0	$ 17,092
Loan Receivable	-	520,000
Total current assets:	0	537,092
Non-current Assets		
License Agreement	1,750,000	1,750,000
Accumulated Amortization	(116,667)	(116,667)
Total Non-Current Assets	1,633,333	$1,633,333
TOTAL ASSETS	$1,633,333	$2,170,425
LIABILITIES & STOCKHOLDERS' EQUITY		

Current Liabilities:		
Loan payable-related party	42,683	819,327
Total Current Liabilities	42,663	819,327
Long Term Liabilities		
License fees payable	1,725,000	1,675,000
Total Liabilities	1,767,683	2,494,327
Stockholders' Equity:		
Preferred stock authorized - 20,000,000 Issued and outstanding - 0 Common stock, $.001 par value Authorized _ 2,000,000,000 shares Issued and outstanding _ 44,500,000 shares at December 31, 2001 and 47,433,207 at September 30, 2002	69,444	72,377
Paid in capital	(17,500)	471,495
Deficit accumulated during the development stage	(186,294)	(867,774)
Total Stockholders' Equity	(134,350)	(323,902)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$1,633,333	$2,170,425

Nutra Pharma Corp.
(A Development Stage Company)
Statements of Operations
For the periods ended September 30, 2001 and 2002

	September 30 2002	September 30 2001
Income	$ 0	$ 0
Total Income	0	0
Operating Expenses		
Professional Fees	$ 37,295	5,000
General and administrative expenses	5,041	20,000
Total Expenses	42,336	25,000
Net income (loss)	$(42,336)	$(25,000)

Nutra Pharma Corp.
(A Development Stage Company)
Statement of Stockholders' Equity
For the period February 1, 2000 (inception)
through September 30, 2002

	Number of Shares Outstanding	Common Stock at Par Value	Paid In Capital	Deficit Accumulated During Development Stage
February 1, 2000 (inception)	0	$ 0	$ 0	
Stock issued to founders at inception	1,950,000	1,950	0	
Net loss - December 31, 2000				(1,950)
Balance at December 31, 2000	1,950,000	$ 1,950	$ 0	(1,950)
Common stocks issued 9/30/2001	50,000	25	(17,500)	
Common stocks issued	42,500,000	42,500		
Net loss - December 31, 2001				(184,344)
Balance at December 31, 2001	44, 500,000	$ 67,469	$(17,500)	(186,294)
Net loss - March 31, 2002				(146,644)
Balance at March 31, 2002	44,500,000	67,444	(17,500)	(360,438)
Stocks issued April 23, 2002	2,200,000	2,200	0	
Stocks issued May 21, 2002 for services	100,000	100	0	
Stocks cancelled May 23, 2002	(10,394,000)	(10,394)	89,433	
Stocks issued June 6, 2002	1,000,000	1,000	0	
Stocks issued June 30, 2002				
Net loss at June 30, 2002				(465,000)
Balance at June 30, 2002	37,567,700	62,511	71,933	(825,438)
Stocks cancelled July 16, 2002	(10,000)	(10)	0	
Stocks issued August 27, 2002	2,500,000	2,500	0	
Stocks issued August 27, 2002	1,000,000	1,000	0	
Stocks cancelled September 12, 2002	(1,000,000)	(1,000)	0	
Stocks issued September 30, 2002	7,376,207	7,376	399,562	
Net loss at September 30, 2002				(42,336)
Balance at September 30, 2002	47,433,207	72,377	471,495	(867,774)

NUTRA PHARMA CORPORATION
(A Development Stage Company)
Notes to Financial Statements
September 30, 2002

NOTE 1 - NATURE OF BUSINESS

Nutra Pharma was incorporated under the laws of the state of California on February 1 2000,under the original name of Exotic-Bird.com, and subsequently changed its name to Cyber-Vitamin.com and, in November, 2001, to Nutra Pharma Corporation. The purpose for which the corporation is organized is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of the State of California including, without limitation, to engage in the distribution of botanical biopharmaceutical products.

Nutra Pharma has been in the development stage since its formation on February 1, 2000. Planned principal operations have only recently commenced since then, but Nutra Pharma has not generated any significant revenue.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis - The Company uses the accrual method of accounting.

Cash and cash equivalents - The Company considers all short term, highly liquid investments that are readily convertible within three months to known amounts as cash equivalents. Currently, it has no cash equivalents.

Loss per share - Net loss per share is provided in accordance with Statement of Financial accounting Standards No. 128 "Earnings Per Share". Basic loss per share reflects the amount of losses for the period available to each share of common stock outstanding during the reporting period, while giving effect to all dilutive potential common shares that were outstanding during the period, such as stock options and convertible securities. Fully Diluted Earnings Per Shares shall be shown on stock options and other convertible issues that may be exercised within ten years of the financial statement dates. As of December 31, 2001 the Company had no issuable shares qualified as dilutive to be included in the earnings per share calculations.

Estimates - The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statement and accompanying notes. Actual results could differ from those estimates.

E. Revenues are recognized and recorded when ordered goods are paid for by credit card. Expenses are realized and recorded when invoiced. The Company has adopted the provision of SFAS No. 109 "Accounting for Income Taxes". It requires recognition of deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax liabilities and assets are determined based on the differences between the financial statement

and tax basis of assets and liabilities us interacted tax rates in effect for the year in which the differences are expected to reverse. Nutra Pharma Corporation has incurred losses that can be carried forward to offset future earnings if conditions of the Internal Revenue codes are met.

The Company's total deferred tax assets as of December 31, 2001 is as follows:

Net operating loss carryforward	$62,677
Valuation allowance	(62,677)
Net deferred tax asset	$ -

The net operating loss carry forward for federal tax purposes will expire in

year 2021.

NOTE 4 - RELATED PARTY TRANSACTIONS

The Company issued a total of 2,500,000 shares of unregistered common stock to its officers. The stocks issued are recorded at par value. The shares were subsequently returned to the treasury and the issuance was cancelled. The shares were returned after the September 30, 2002 quarter closing and as such the number of shares outstanding as of quarter end do not reflect the decrease of 2,500,000 shares. The company has increased the outstanding amount of a long term note payable to a director of the company, in exchange for working capital. The note is payable on demand, at an interest rate of 10% per annum.

The 7,376,207 shares of Nutra Pharma common stock issued on September 30, 2002 were to Bio Therapeutics Inc. shareholders pursuant to Nutra Pharma's acquisition of Bio Therapeutics Inc. The shares are being held in escrow until the final closing of the transaction.

NOTE 5 - License Agreement

On May 7, 2001, the Company entered into a license agreement. The purchase price for the license was $1,750,000. The cost of the licensing agreement acquired was recorded as an intangible asset and was being amortized over the term of the license of five years. The license was superseded by a joint venture agreement between the company and Terra BioPharma.

On January 30, 2002, the Company and Terra Biopharma S.A., a corporation formed under the laws of the Republic of Panama, entered into a joint venture agreement to patent the compound WD667, its manufacturing process and various uses in human and animal healing, and agreed to pay Terra Biopharma $1,740,000 in exchange for the distribution rights of the product, and we made payments of $269,327 to Terra Biopharma which it used on development of WD667, including renting a clinic for trials, and development of a manufacturing plant. This agreement superseded the exclusive license agreement between Terra Biopharma and Nutra Pharma dated May 7, 2001. This agreement is being rescinded, due to delays in development and uncertainty of Terra Bio Pharma's financial requirements and ability to develop the product. Upon final settlement of the

"rescission agreement", Nutra Pharma will no longer have rights to any of Terra Biopharma's research and development and Nutra Pharma will no longer have any outstanding financial obligations to Terra Biopharma. After final settlement, Nutra Pharma will no longer account for the Terra Biopharma license agreement as either an asset or a liability.

NOTE 6 - GOING CONCERN

The Company has nominal assets and limited operations with which to create operating capital. It has an accumulated deficit of $184,344 at December 31, 2001, and $867,774 at September 30, 2002. These factors raise substantial doubt about the company's ability to continue as a going concern. The company seeks to raise operating capital through private placements of its common stock. However, there can be no assurance that such offering or negotiations will be successful.

UNAUDITED INFORMATION

The information furnished herein was taken from the books and records of the Company without audit. However, such information reflects all adjustments which are, in the opinion of management, necessary to properly reflect the results of the interim period presented. The information presented is not necessarily indicative of the results from operations expected for the full fiscal year.

In this report references to "we," "us," and "our" refer to NUTRA PHARMA CORP.

FORWARD LOOKING STATEMENTS

This Form 10-QSB contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. For this purpose any statements contained in this Form 10-QSB that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the foregoing, words such as "may," "will," "expect," "believe," "anticipate," "estimate" or "continue" or comparable terminology are intended to identify forward-looking statements. These statements by their nature involve substantial risks and uncertainties, and actual results may differ materially depending on a variety of factors, many of which are not within Nutra Pharma's control. These factors include but are not limited to economic conditions generally and in the industries in which Nutra Pharma may participate; competition within Nutra Pharma's chosen industry, including competition from much larger competitors; technological advances and failure by Nutra Pharma to successfully develop business relationships.

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

Results of Operations

Since inception, we have experienced losses. We have financed our operations primarily through the sale of our common stock or by loans from shareholders.

The net loss for the three months ended September 30, 2002 was $42,336, compared to a net loss of $25,000 for the same period of 2001. Management attributes the increase in net loss to the development of Nutra Pharma's products and investment in Bio Therapeutics.

Liquidity and Capital Resources

As of December 31, 2001, we had a working capital deficit of $42,683, compared to a working capital deficit of $819,327 for September 30, 2002. We have no material commitments for the next twelve months. We believe that our current cash needs for at least the next twelve months can be met by loans from our directors, officers and shareholders.

Recent Developments

On August 22, 2002, Nutra Pharma Corp ("Nutra Pharma") consummated the first portion of its acquisition agreement with of Bio Therapeutics, Inc., a Florida corporation ("Bio Therapeutics"), provided for in the Definitive Agreement dated May 30, 2002 and the Closing Agreement for the Exchange of Common Stock dated August 12, 2002, as amended. Pursuant to the Agreement, Bio Therapeutics is being acquired by Nutra Pharma and will become a wholly owned subsidiary of Nutra Pharma, upon the completion of Nutra Pharma's private placement of a minimum of $1.5 million of its common stock. If Nutra Pharma fails to raise the minimum of $1.5 million in the private placement, the Agreement shall become null and void. In connection with the transaction, Nutra Pharma is issuing approximately 11,730,889 shares of its Common Stock, $.001 par value ("Common Stock"), to all holders of Bio Therapeutics common stock in exchange for 11,730,889 shares of Bio Therapeutics common stock, subject to adjustment and the issuance of additional shares to Bio Therapeutics shareholders if, on the date of final closing of the Agreement, the common stock of Nutra Pharma is not trading at the best offer price of $1.20 per share. As of September 30, 2002, 7,376,207 of these shares have been issued and are being held in escrow to

secure both parties' obligations under the Agreement.

The description of the Acquisition Agreement set forth herein is qualified in its entirety by reference to the copy of the Definitive Agreement dated May 30, 2002, the Amendment to Closing Agreement for the Exchange of Common Stock dated August 12, 2002, and the Amendment to Closing Agreement for the Exchange of Common Stock, dated September 27, 2002, which have been filed under 8-K prior to this report and which are incorporated herein by reference.

Upon completion of the acquisition, Bio Therapeutics Inc. will become a wholly-owned subsidiary of Nutra Pharma Corp. Bio Therapeutics is a developmental stage biopharmaceutical company with drugs for cancer, multiple sclerosis, or MS, and neuromuscular disorders. The Company has also developed a number of unique patented drug delivery platforms for topical and needle free delivery of these unique drugs. Its lead drug candidate, Alpha-Immunokine, a novel modified protein, has been studied as a treatment for several clinical disorders.

Preliminary test results show that the drug, administered to patients is extremely safe.

During the past decade, Bio Therapeutics has conducted pilot trials of the Immunokine in MS. The longest-enrolled MS patient has been treated for nearly ten years. Many patients report sustained relief of disabling fatigue and pain, improved ambulation, and other benefits. In the U.S., many patients with relapsing forms of MS are not receiving approved 'disease-modifying' therapies.

Bio Therapeutics' drug is the first of a new class of therapeutics. It may offer superior (or complementary) efficacy and much greater tolerability than current MS treatments. And it may prove beneficial to a broad range of MS, irrespective of disease severity. The Immunokine has been approved for formal controlled clinical trials in MS. Alpha-Immunokine-NNS, is derived from a small protein called alpha-cobratoxin. Native alpha-cobratoxin is a potent poison extracted from cobra venom. A specific chemical process modifies the cobra toxin, eliminating its deadly effect. The Immunokine retains some of the affinities of the native toxin, but to a much diminished degree -- likely a key factor in the agent's purported therapeutic effects.

Patents covering the manufacturing process have been filed; the first was recently issued. A new formulation of the modified protein may also prove effective when administered orally. The Company has recently developed a new spray "puffer" that permits efficient delivery of the agent through the oral mucosa. Patent applications have been filed. Oral delivery may provide MS patients with an additional "quality of life" benefit by eliminating or decreasing the requirement for routine injections.

During the last 10 years, Bio Therapeutics has conducted pilot studies in MS, treating several patients with Immunokine. The longest-enrolled patient is now commencing his 10th year, and credits the drug with his sustained improvement in quality of life. Since 1997, the Company has conducted open trials for the human therapeutic drug under the auspices of the Ministry of Health of the Bahamas in collaboration with Coral Pharmaceuticals. MS patients have reported relief of neuropathic pain (when present) soon after initiation of therapy. Marked reduction in fatigue, a prevalent and often disabling MS symptom, is typically noted after several weeks of treatment. Improved ambulation -- a function of balance, muscle strength, and coordination -- has been reported about six to eight months after the start of treatment; some patients continue to improve over subsequent months.

Clinical investigations of the Immunokine have been conducted in a variety of other neurologic, viral, and cancer-related disorders. There have been no significant safety issues with the Immunokine; tolerability is good. For

example, the agent has been investigated in clinical studies conducted at the University of Santiago in Chile. Studies involving more than 100 patients evaluated the Immunokine as a treatment for advanced prostate cancer and in the management of herpes-virus infections -- particularly recurrent varicella zoster (Shingles). The investigators noted significant symptomatic improvements (relief of fatigue and pain). They also believe that the drug exhibited antiviral and possibly antitumor activity. Those accounts support the safety

and tolerability of the drug, and are consistent with reports from the Ministry of Health's trials.

Veterinary studies complement the human clinical experience, providing additional data. For example, favorable results have been reported by treating various animals for Feline Leukemia, FIV (a feline virus analogous to HIV), canine malignancies, and a variety of other prevalent animal diseases and disorders. Without the drug, most of these veterinary patients would have been candidates for euthanasia.

Nutra Pharma has developed its own wound healing product, separate and apart from the joint venture, consisting of a wound care foam, using a patented delivery system developed by Bio Therapeutics, Inc.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

We are not currently involved in any legal proceedings.

Item 2. Changes in securities and use of proceeds

NONE

Item 3. Defaults on senior securities

NONE

Item 4. Submission of items to a vote

NONE

Item 5. Other information

Effective October 26, 2002, Officer and Director Dr. Edith W. Martin has resigned as the Company's President and from the Company's Board of Directors. On September 15, 2002, Dr. Harold Crews resigned as the Company's Chief Executive Officer and from the Company's Board of Directors.

Item 6.

a) Exhibits

NONE

b) Reports on 8K

8-Ks were filed on August 13, 2002 and September 9th, 2002.

SIGNATURES

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

NUTRA PHARMA CORP.

Dated: November 14, 2002 By: Zirk Engelbrecht

Zirk Engelbrecht, Chmn. and acting Vice Pres.

CERTIFICATION

We hereby certify that the foregoing report fully complies with the requirements of Sections 13(a) and 15(d) of the Exchange Act and the information contained in this report fairly represents, in all material respects, the financial condition and results of operations of the company.

Dated: November 14, 2002 By: Zirk Engelbrecht

Zirk Engelbrecht, Chmn and Acting Vice Pres.

Dated: November 14, 2002 By: Nancy Volpe

Nancy Volpe, Secretary/Treasurer