

GENETHERA INC  
Form 10KSB/A  
October 17, 2008

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, D.C. 20549**

**FORM 10-K/A**

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF  
1934**

**For the Fiscal Year Ended December 31, 2007**

**Commission File Number:**

**000-27237**

**GeneThera, Inc.**

(Exact name of registrant as Specified in its Charter)

**Nevada**

**65-0622463**

(State or Other Jurisdiction of

(Internal Revenue Service

Incorporation or Organization)

Employer Identification Number)

**3930 Youngfield Street**

**Wheat Ridge, Colorado**

**80033**

(Address of Principal Executive Offices)

(Zip Code)

Registrant's telephone number, including area code: **(303) 463-6371**

Securities registered pursuant to Section 12(b) of the Exchange Act:

**NONE**

Securities registered pursuant to Section 12(g) of the Exchange Act:

**Common Stock, \$0.001 per share**

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  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act):

Yes  No

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Indicate by check mark if the registrant is a well-known seasoned user, as defined in Rule 405 of the Securities Act.

Yes [ ] No [X]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) if the Act.

Yes [X] No [ ]

As of December 31, 2007, the registrant had 51,525,849 shares of its common stock (\$.001 par value) outstanding. The number of warrants outstanding as of December 31, 2007 was 597,826.

The issuer's revenue for its most recent fiscal year was \$97,900.

The aggregate market value of the issuer's voting stock held by non-affiliates of the issuer as of

December 31, 2007 was \$2,250,000.

## **PART I.**

### **ITEM 1. DESCRIPTION OF BUSINESS**

GeneThera, Inc. ( we or the Company ), formerly known as Hand Brand Distribution, Inc., was incorporated in November 1998, under the laws of the State of Florida. We transferred our state of incorporation under the laws of the State of Nevada in November 2007. This corporate action was finalized in January 2008. No shareholder approval was obtained for the transfer of our state of incorporation. The abovementioned corporate action protected the best interest of our long-term shareholders' investments when our Charter in Florida was in jeopardy. Our main focus was to guard their investment in GeneThera. Our Common Stock currently trades on the Over-the-Counter Bulletin Board ( OTC ) under the symbol GTHA. Our executive offices are located at 3930 Youngfield Street, Wheat Ridge, Colorado 80033 and our telephone number is 303-463-6371.

For the fiscal year 2006 the Company had one subsidiary, GeneThera, Inc., a Colorado corporation, ( GeneThera ).

## BUSINESS OVERVIEW

GeneThera, Inc., a Nevada corporation, was formerly known as Hand Brand Distribution, Inc., and was incorporated in November 1998 under the laws of the State of Florida. In November 2007, the Company commenced the transfer of their State of Incorporation under the laws of the State of Nevada. It was finalized in January 2008. The Company, without the approval from their shareholders, proceeded to change the state of incorporation in order to protect the investments of their long-term shareholders and its investors. The Company failed to file an Information Statement on the Schedule 14C and a Current Report on Form 8-K to notify the shareholders about the changes. The Company was rushed to incorporate elsewhere due to its Charter being taken by another entity which had nothing to do with GeneThera, Inc. It was a corporate action done under pressure. We thank all the shareholders who noticed the purchase of our Charter and notified us about it. We are not currently in any regulatory or clinical trials for any of the tests we have developed to date. The molecular tests developed by GeneThera are in a validation phase. We currently have no sales, marketing or distribution capability. GeneThera has no plans, in the immediate future, to offer any veterinary services in the United States.

Our independent auditors have expressed some doubt about our ability to continue as a going concern in their report on our consolidated financial statements for the fiscal year ended December 31, 2007. For the years ended December 31, 2007 and 2006, our operating losses were \$841,829 and \$1,482,570, respectively. Our current liabilities exceeded current assets by \$1,633,398 and \$1,392,097 for the years ended December 31, 2007 and 2006, respectively.

Up until 2002, GeneThera, Inc. was a privately held Colorado corporation ( GeneThera Colorado ). The Board of Directors at that time determined it would be in the best interests of the Company to become a publicly traded company in order to facilitate the business goals and objectives of the Company. That led to negotiations with the Board of Hand Brand Distribution to effect a reverse acquisition. The negotiations were on an arms-length basis at the time and results in the reverse acquisition being completed in October 2003 with the distribution of shares to Dr. Milici for the acquisition from him of GeneThera, Inc. A total of 9,270,000 (after 2:1) shares were issued as consideration for the sale of the private corporation. GeneThera received all the assets of GeneThera Colorado including all laboratory equipment, laboratory supplies, research and development, processes, and intellectual property.

We are a biotechnology company that develops molecular assays and is currently in the process of developing therapeutic vaccines for the detection and prevention of food contaminating pathogens, veterinary diseases, and diseases affecting human health. We are in the development stage and have not generated significant revenues since our organization. Since June 2005, we had research contracts with Xpention Genetics, LLC for the development of a molecular test for early detection of cancer in dogs and the development of a molecular test for early detection of cancers in humans Stage 1. GeneThera's business is based on its Integrated Technology Platform (ITP) that combines a proprietary diagnostic solution called Gene Expression System (GES) with PURIVAX, a highly efficient purification technology. The first part of this platform is the ongoing development of molecular diagnostic assays solutions using Real Time Fluorogenic Polymerase Chain Reaction (F-PCR) technology to detect the presence of infectious disease from the blood of live animals. The second part of the ITP is the development of therapeutic vaccines using RNA interference technology. It also allows for the efficient, effective, and continuous testing, management and treatment of animal populations. These facts distinguish the technology from any alternative testing and management methodology available to agriculture today all of which require the destruction of individual

animals and even entire herds. Our testing and data analysis processes also allow us not only to separate infected from clean animals, but also to gain knowledge vital to development of preventative vaccines.

To date, GeneThera has successfully developed the ability to detect Chronic Wasting Disease, a disease affecting elk and deer in North America. GeneThera has also successfully developed an assay for the detection of Mad Cow Disease, a disease recently found in the United States, but which has been in Europe for many years. Chronic Wasting Disease and Mad Cow Disease are both in the family of diseases called Transmissible spongiform Encephalopathy (TSE).

## **BUSINESS MODEL**

### **DESCRIPTION OF TECHNOLOGIES**

Summary. GeneThera's animal disease assay development business is based on its Integrated Technology Platform (ITP) that combines a proprietary diagnostic solution called Gene Expression System (GES) with PURIVAX, a highly sophisticated purification system that removes contaminating particles from biological fluids. The first part of this platform is the ongoing development of molecular diagnostic assay solutions using real time Fluorogenic Polymerase Chain Reaction (F-PCR) technology to detect the presence of infectious disease from the blood of live animals. The second part of the ITP is the development of therapeutic vaccines using RNA interference technology. Interference RNA technology is a new technique that is based on the use of short RNA sequences complementary to a specific target gene. Once the RNA sequence binds to the gene, the gene is deactivated or silenced and no longer able to produce the specific protein. It also allows for the efficient, effective, and continuous testing, management and treatment of animal populations. These facts distinguish the technology from any alternative testing and management methodology available to agriculture today all of which require the destruction of individual animals and even entire herds. Our testing and data analysis processes also allow us not only to separate infected from clean animals, but also to gain knowledge vital to development of preventative vaccines.

Each individual assay utilizes the propriety Field collection System (FCS) for the collection and transportation of blood samples to GeneThera's laboratory. This system consists of two (2) tubes. A 5ml red cap tube containing 1ml anticoagulant solution and a 10ml white cap tube containing 2ml of a cell lysing and RNA extraction solution. One (1) ml of blood is collected from the animal and added to the red cap tube and then the entire content of the red cap tube is immediately transfer to the white cap tube. The FCS allows GeneThera to maintain the integrity of each sample by the addition of specific reagents to test tubes contained in the system. GeneThera's FCS is designed to be an easy-to-use method of gathering blood samples from harvested or domesticated animals. It ensures consistency of samples as well as increased assurance of each sample's integrity.

We are also continuing our research to develop vaccines for Chronic Wasting Disease and Johnne's disease. The Company will need the approval of the USDA before the vaccines can be manufactured or sold. The approval process for animal vaccines is time-consuming and expensive. We anticipate that such approval, if it is obtained, may require more than \$5 million and may require more than one year for each vaccine for which approval is sought. Currently, we do not have the capital necessary to seek approval of any of our candidate vaccines, and we cannot provide any assurance that we will be able to raise the capital necessary for such approval on terms that are acceptable to us, if at all. In addition, even if we are successful in raising the capital necessary to seek approval of any vaccine, there are no assurances that such an approval will be granted, or if granted, whether we will be able to produce and sell such vaccines following such an approval in commercial quantities or to make a profit from such production and sales.

## **INTEGRATED TECHNOLOGY PLATFORM (ITP)**

GeneThera's integrated technology platform is the foundation for fast-track rDNA vaccine development. At the present stage we are working on the development of a recombinant DNA vaccine for transmissible spongiform encephalopathy (TSE) and Johnne's disease. Transmissible Spongiform Encephalopathy (TSE) is a group of invariably fatal neurodegenerative diseases that include Scrapie in sheep, Bovine Spongiform Encephalopathy (BSE) in cattle, Chronic Wasting Disease (CWD) in elk and deer, and Kuru Disease and variant Creutzfeld-Jacob Disease (vGCD) in humans. The pathological effects of the disease occur predominantly in the CNS (central nervous system) where the predominant hallmark is accumulation of an abnormally folded isoform of the prion protein (PrPsc).

Johnne's Disease is a chronic debilitating infectious disease of ruminants, characterized by weight loss and, particularly in cattle, by profuse diarrhea. The casual agent is a bacterium, *Mycobacterium avium* subspecies paratuberculosis. Infected animals may show no sign of the disease until years after the initial infection. Johnne's is a slow, progressive disease with worldwide distribution.

Both vaccine developments are in the in vitro or pre-clinical stage. We expect to initiate experimental animal studies for Johnne's disease in the next 12 months. A longer time frame (24 months) will be needed to initiate experimental animal studies for TSE. ITP combines the following technologies: 1) gene expression technology or GES; 2) viral DNA purification technology or PURIVAX technology; 3) genetically engineered Adenovirus(rAD) and recombinant Adeno Associate Virus (rAAV) systems (vectors). This integrated technology platform yields fast-track vaccine development. Leveraging its ITP, GeneThera believes that it can develop a prototype vaccine within four to six months versus the current standard of 18 to 24. We estimate that the cost to bring these vaccines to market is \$2-5 million. There is no assurance that we will be able to raise the capital necessary to bring a vaccine to market and if the capital is raised, that we will be able to over the government regulations involved in bringing such a product to market. The GES applied modular unit system utilizes robotics and is based on nucleic acid extraction in conjunction with F-PCR technology to develop gene expression assays. Using GES assays, vaccine efficacy can be measured quickly because it will be unnecessary to wait for the antibody response to measure how well the vaccine is working. F-PCR will allow effective quantification of the precise number of viral or bacterial genetic particles before, during and after vaccine injection(s). We anticipate that the more effective the vaccine is, the stronger the decrease of the infectious disease particles will be.

## GES SYSTEM

GES is a proprietary assay development system. GES was developed in 2001. To date, the system has been used to develop our TSE molecular assay. GES is a gene expression system to be used solely in our laboratory and will not be marketed for commercial sale. The core of GES is Fluorogenic Polymerase Chain Reaction technology (F-PCR).

GeneThera approaches the technical problems related to the use of conventional PCR in molecular diagnostics via our modular unit concept. Specifically, the modular unit consists of an Automated Nucleic Acid Workstation (ANAW) and a Sequence Detection System (SDS) that are integrated, allowing an operator to perform the entire procedure of DNA extraction and F-PCR analysis within a closed computerized system. This system results in minimal intervention and non post-PCR manipulation. GES is a molecular genetic base system that utilizes fluorogenic Polymerase chain reaction (F-PCR). Fluorogenic PCR (F-PCR) is a technology based on sequence specific hybridization between a nucleic acid target and a fluorogenic probe, a short sequence of DNA chemically treated to generate light at a specific wavelength, complementary to the target sequence. The probe consists of an oligonucleotide, a short synthetic DNA molecule, with two fluorescent molecules ( a reporter and quencher dye) attached to both ends of the oligonucleotide. Due to the unique design of the Fluorogenic probe, the activity of the Taq Polymerase enzyme allows direct detection of PCR products by the release of the fluorogenic reporter during PCR. The reporter and the quencher dye are linked at the end of the probe. When the probe is intact, the proximity of the reporter dye to the quencher dye results in a suppression of the reporter fluorescence. During PCR, if the target of interest is present, the probe specifically anneals between the forward and the reverse primer site. The nuclease activity of the Taq DNA Polymerase cleaves the probe between the reporter and the quencher only if the region binds to the target. If the probe is not bound then no cleavage occurs. After cleavage, the shortened probe dissociates from the target and the polymerization of the DNA strand continues. This process occurs in every cycle and does not interfere with the exponential accumulation of the product. The cleavage of the oligonucleotide between the reporter and the quencher dye results in an increase of fluorescence of the reporter that is directly proportional to the amount of the product accumulated. The specificity of this 5' nuclease assay results from the requirement of sequence complementary between probe and template in order for cleavage to occur. Thus, the fluorogenic signal is generated only if the target sequence of the probe is generated by PCR. No signal is generated by non-specific amplification.

To perform GES, specific laboratory equipment is needed. This involves some substantial initial costs to set up the laboratory operations. We have performed this substantial set up and are fully operational to perform GES. We currently have all the specific equipment necessary to further development. However, the use of F-PCR represents a great advantage over other available systems because of its greater sensitivity, speed, and accuracy.

The Automated Nucleic Acid Workstation is a highly flexible robotic system that extracts and purifies acids from a variety of complex samples, preparing them for F-PCR analysis. Data management system software includes a database to manage all run phases and record sample processing.

The Sequence Detection System detects the fluorescent signal generated by the cleavage of the reporter dye during each PCR cycle. This process confers specificity without the need of post-PCR hybridization. Most importantly, the SDS offers the advantage of monitoring real-time increases in fluorescence during PCR processing. Specifically, monitoring real-time progress of the PCR completely changes the approach to PR-based quantitation of DNA and RNA, most particularly in improving the precision in both detection and quantitation of DNA and RNA targets.





GeneThera currently faces limited competition in the use of F-PCR technology and the modular unit concept for commercial testing of either infectious disease in animals or food pathogen contamination. Currently, most labs utilize conventional microbiology, immunological or conventional PCR methods for either veterinary diseases or food pathogen contamination detection. Specific to microbiology and immunological techniques, the drawbacks of these approaches are:

1.

the antibodies-based culture media used to detect the presence of infectious diseases has a low level of sensitivity;

2.

high background due to non-specific binding of antibodies and/or culture contamination; sample preparation and storage creates artifacts; and long, cumbersome protocols necessary to perform these tests.

A major technical limitation of conventional PCR is the risk of contaminating a specimen with the products of previously amplified sequences. Known as cross-contamination, this phenomenon represents a constant challenge to any lab using conventional PCR. Managing these challenges is cumbersome and difficult to streamline. Fluorogenic PCR (F-PCR) attempts to overcome these drawbacks by making it possible for PCR to efficiently test large numbers of samples even when major laboratory facilities are not readily available. A novel methodology, F-PCR allows quantitative and qualitative detection of specific nucleic acid sequences in a sensitive, accurate, and rapid fashion.

## **PURIVAX TECHNOLOGY**

GeneThera has developed a large-scale process for highly purified and high viral titer (viral concentration) Adenovirus and AAV genetically engineered viruses. This technology enables GeneThera to develop Adenovirus and AAV-based recombinant DNA vaccines for veterinary diseases and food pathogens.

GeneThera's PURIVAX is a purification system that dramatically improves biological purity and viral titer of recombinant Adenovirus and AAV vectors. PURIVAX is intended to completely eliminate toxic side effects associated with Adenoviruses and AAV vectors, thereby making it possible to develop highly immunogenic and safe recombinant DNA vaccines. Importantly, recombinant DNA (rDNA) vaccine technology represents a powerful tool for an innovative vaccine design process known as genetic immunization.

Recombinant Adenovirus (rAD) and AAV (rAAV) vectors are the ideal candidates for a gene delivery system. These viruses can efficiently deliver genetic material to both dividing and non-dividing cells, thereby overcoming some of the obstacles encountered with first generation retroviral vectors.

Equally important, rAD and rAAV are engineered virus genomes that contain no viral gene. One of the key features for rAD and rAAV is their ability to infect a large variety of cells. However, two technical challenges had to be overcome to fully utilize rAD and rAAV in the development of rDNA vaccines:

1.

lack of large scale purification system; and

2.

low viral titer

Traditional technologies and first generation chromatography processes are limited both in terms of purity and yield. And, due to the limitation of these purification technologies, adequate viral titers cannot be achieved. We believe that the result is that there is currently no efficient system to deliver immunogenic genetic sequences into cells.

This is the significant of GeneThera's PURIVAX<sup>®</sup>, rAD and rAAV system for rDNA vaccine development. Succinctly stated, it is designed to be able to achieve both high purity and high viral titer (up to 10<sup>e16</sup> viral particles/eulate) based on its propriety multi-resin anion exchange chromatography system. GeneThera believes that biological contaminants such as endogenous retrovirus, bacterial, mycoplasma, non-specific nucleic acids, lipids, proteins, carbohydrates and endotoxins are eliminated during the purification process.

## **DEVELOPMENTS TO DATE:**

GeneThera is a biotechnology company that develops molecular tests and DNA vaccines for animal diseases. Listed below is a description of the different stages of development achieved for the different projects the company is currently working on.

### **CWD/BSE TEST**

GeneThera has developed a molecular test for the detection of Chronic Wasting Disease (CWD). This test measures the level of RNA of a genetic marker, EDRF that is found to be at low levels in animals affected by the disease. The same marker is also found at low levels in animals infected with BSE. Chronic Wasting Disease and Mad Cow Disease are both in the family of diseases called Transmissible Spongiform Encephalopathy (TSE). We have analyzed a total of 300 samples of elk and deer blood obtained from CWD free animals, suspected CWD positive depopulated herds, and experimentally infected animals. Samples were collected using the FCS and processed according to our protocol for extraction of total RNA from blood.

Our results have shown that both the clinical stage experimentally infected sample (CWD+) and one of the samples (#54) from the suspected CWD+ herd have a dramatic reduction in the level of expression of EDRF in blood. The remaining samples obtained from the same depopulated herds shows a profile of the level of expression of the EDRF gene identical to our negative control (CWD-).

These results suggest 1) a correlation between the presence of clinic signs of CWD and a significant reduction of the level of expression of EDRF in blood; 2) the indication that the down regulation of EDRF in blood may represent an early sign of CWD infection at a preclinical stage.

We believe that EDRF is a very useful genetic marker to detect the presence of TSE in the blood of infected live animals. We also believe that EDRF is an indicator of the presence of Transmissible Spongiform Encephalopathy (TSE) at an early stage of infection prior to the detection of the disease in the brain. However, additional studies are required to determine the time course correlation between the reduction in the level of expression of the EDRF gene and pre-clinical and clinical signs of TSE.

## **JOHNE S TEST**

GeneThera has developed a molecular test for the detection of Johne s disease, in blood. Johne s disease is a bacterial disease caused by Mycobacterium Paratuberculosis (MAP) in blood; which affects primarily dairy cows. Blood from uninfected cows was spiked with different concentrations of MAP. The Bacterial DNA was isolated using standard DNA extraction procedures and analyzed using the Real Time PCR technology. Using this methodology, we can detect the presence of twenty (20) bacterial particles from 1ml of blood. We believe our test will be very useful for early diagnosis of MAP infected cows. However, we have not yet tested blood from naturally infected Johne s animals. Additional studies are therefore necessary to determine the efficacy of our test in naturally infected animals.

## **PRODUCTS UNDER DEVELOPMENT:**

### **DNA VACCINES**

We are currently developing two (2) DNA vaccines. One vaccine targets Johne s disease; the other is related to TSE. GeneThera approaches to develop these vaccines are based on the use of PURIVAX technology, genetically engineered Adenoviral and AAV, and silencing RNA technology (iRNA).



## **JOHNE S DISEASE DNA VACCINE**

GeneThera is developing a vaccine for Johnes disease using Adenoviral genetically engineered virus and PURIVAX technology. To date, we have modified the Adenovirus by inserting a gene of the MAP bacterium responsible for triggering the infection in blood cells. Using PURIVAX the genetic construct has been purified and characterized.

## **TSE DNA VACCINE**

The company strategy to develop a TSE vaccine is based on the use of iRNA technology. To date, we have isolated a specific sequence of the prion protein gene. Our initial experiments indicate that our system is capable to generate a reduction in the expression of the prion protein gene of about seventy percent. Our next step will be to genetically alter the Adenovirus by inserting this specific sequenced and characterize the construct using PURIVAX. The vaccine is still in an in vitro or preclinical stage.

So far, none of our molecular tests of vaccine have been validated or approved by any regulatory agency in the United States or abroad. These tests and vaccines still require extensive validation and lengthy approval process. These procedures are extremely time consuming and expensive. There is no guarantee that none of the tests or vaccines that GeneThera is developing will be successfully validated or approved by any regulatory agency. GeneThera have limited financial resources. Therefore, the company may not be able to undertake any of the necessary steps to secure a successful validation or approval of any of the molecular tests or vaccines.

## **FUTURE DEVELOPMENT PLANS**

It is GeneThera s intention to continue with the research and development and validation of the molecular tests and DNA vaccines. Future plans comprises in initiating validation procedures for both TSE and Johnes disease molecular test. These validation protocols will be performed in Italy and Mexico. At the present time, we do not plan to initiate any validation protocol in the United States.

In parallel, we will continue R&D phases for both the Johnes disease and TSE DNA vaccine. We plan initiating an experimental animal protocol to determine the safety of our vaccines. We estimate that the experimental animal protocol may take up to a year. We project to initiate the experimental animal s studies within 12-24 months.

## **MARKET STRATEGY**

GeneThera's goal is to focus on the international market for the commercialization of its animal testing platform. We are in the process of setting up an animal testing laboratory in Monterrey Mexico. The company has no plans, in the immediate future, to offer any Veterinary Services in the United States.

However, if GeneThera decides to initiate animal testing in the United States, commercialization of its diagnostic tests will not require approval process from the USDA. All tests will be done utilizing the blood of animals that can be collected in the field using the Company's proprietary Field Collection System (FCS). The collected blood is then sent to GeneThera's laboratory for testing. Since all of the testing is done in house, meaning tested at laboratories operated by GeneThera and using GeneThera developed testing methods, the USDA deems GeneThera's test to be under the category of Veterinary Services. The regulations on Veterinary Services are much different than that of third party testing. Veterinary Services specifically mentioned by GeneThera are tests developed and performed in house. The USDA through APHIS regulates Veterinary Biologicals (vaccines bacterins, antisera, diagnostic kits and other product of biological origin) APHIS regulates veterinary biologics available for the diagnosis prevention and treatment of animal disease to ensure the products are pure, safe, potent and effective. GeneThera's molecular tests are not diagnostic kits and therefore do not fall under the Veterinary Biologics category.

## **SALES AND MARKETING**

We currently have no sales, marketing, or distribution capabilities and we do not anticipate having the resources in the foreseeable future to allocate to the sales and marketing of any products that we may develop. Our success will depend, in part, on our ability to either (i) enter into or maintain collaborative relationships with third parties for the marketing, sales, and distribution of products that we develop, if any, or (ii) hire and retain our own sales and marketing capabilities. Initially, we plan to market products that we develop and for which we obtain regulatory approval through marketing, licensing, distribution, or other arrangements with collaborative partners. We believe that this approach will both increase market acceptance of any products that we develop and enable us to avoid expending significant funds to develop a sales and marketing organization.

## **COMMERCIAL PRODUCTS**

## **RESEARCH AND DEVELOPMENT SERVICES**

Molecular, Cellular, Viral Biology Research, and Consulting Services. We provide independent research services to scientists in academia, the pharmaceutical industry, and the biotechnology industry. Primarily, we focus on technology relevant to animal and human immunotherapy. Our services are supported by more than 50 years of cumulative experience in research and development for both government and industry by GeneThera's senior scientists. We intend to develop a commercial-scale implementation of Adenovector Purification Process to support R&D material production. Furthermore, we intend to evaluate and test commercially available expression vectors and

incorporate them into our vector repertoire. These technologies are well established within the repertoire of GeneThera's scientific staff. We cannot provide any assurance, however, that we will be able to successfully offer these services or that, if offered, we can provide them profitably.

We intend to offer the following research and development services.

*Molecular Biology* services consisting of:

Synthetic cDNA Construction

Prokaryotic Expression Vector Construction & Development

e.coli Expression Strain Evaluation

Pilot Scale Fermentation

Mammalian Expression Vector Construction & Development

Baculovirus Expression

Protein Isolation

Protein Engineering: Complement Determining Region Conjugated Proteins

Monoclonal Antibody Production Chimerization & Humanization

Vector design for Prokaryotic Expression of Antibody Fragments (Fab) and Single Chain

Antibody (ScFv)

Pilot Scale-up Development

Process Purification & Characterization

Assay Development & Quality Control Pharmaceutical Dosage and Formulation

*Molecular Biology Potential Agreement Structure*, which refers to the following stages or options available to a potential customer interested in developing a gene/protein expression system for research purposes.

Stage 1 cDNA Construction & Expression Vector Development Stage in which a specific gene sequence is cloned in an expression vector and screened by restriction enzyme analysis.

Stage II in which the expression vector is grown into bacteria and the protein produced is purified by chromatography techniques.

Stage III, Assay for the protein stability and activity in which protein activity is determined by testing the recombinant protein using a specific stabilizing buffer. The recombinant protein is tested against a substrate. The substrate is the target protein that is deactivated by the recombinant protein.

Stage IV Quantification of protein yield per each cell line used for protein expression. Each type of cell line responds differently to each recombinant protein. Therefore, various cell lines that express the highest quantity of a specific recombinant protein are then used for large-scale recombinant protein production.

Stage V Experimental animal model development for determination of proper biological active concentration and stability and determination of proper storage. A typical animal model is a mouse model. Mice are divided into two groups: 1) normal control and 2) mice injected with different concentrations of recombinant protein. The biological activity is determined by immunological assays such as an ELISA test or Western blot analysis.

Gene Therapy Testing Services. GeneThera offers GLP testing programs for somatic cell, viral and naked DNA-based gene therapies. Our scientists have over eight years experience in providing fully integrated bio-safety testing programs for the cell and gene therapy fields and have supported a number of successful BLA and IND applications. To date, the Company has not generated any revenues with regard to these services, and there is no assurance that we will generate any revenues from such services.

Replication-Competent Viral Vector Testing. Sensitive in vitro cell culture assays are used to detect replication-competent retroviruses or adenoviruses. GeneThera intends to work with clients to provide custom replication-competent virus detection assays for the particular vector construct.

Complete Somatic Cell and Viral Vector Packaging and Producer Cell Line Characterization. GeneThera offers all of the assays mandated by regulatory authorities worldwide for the bio-safety analysis and characterization of cells and cell lines used in gene therapy products.

Vector Stock Characterization. Custom purity and potency testing is available for gene therapy viral vector stocks.



Vector Purification Process Validation for Viral Clearance. Most biopharmaceuticals require viral clearance studies to validate the removal of potential contaminants, such as those from bovine components or from helper viruses (adenovirus in AAV production). GeneThera can provide custom design and performance of viral studies for various vector purification processes.

Custom Bio-safety Testing Programs for Somatic Cell, Ex Vivo Cell, and Tissue Therapies. GeneThera can guide our clients through the unique process of designing and implementing a bio-safety testing program that meets the needs of each specific project.

To date, we have not entered into any agreement for the provision of any of the services described above with any customer. We are currently pursuing agreements to provide some of these services to potential customers. There is no assurance that any agreement will be entered into for the provision of the Company's services or that the Company will generate significant revenues or profits from any such agreement.

## **INTELLECTUAL PROPERTY**

We do not own any patents on any of our technology and have not filed any applications for patents in any country.

We cannot give any assurance that we will be able to file any patent applications or that, if we file one or more applications for patents, any patents will issue or that, if issued, the claims granted in any such patents will afford us adequate protection against competitors with similar technology.

We also depend upon the skills, knowledge, and experience of our scientific and technical personnel, none of which is patentable. To help protect our proprietary know-how which is not patentable, and for inventions for which patents may be difficult to endorse, we rely on trade secret protection to protect our interests.

## **COMPETITION**

We face competition from many companies, universities, and research institutions in the United States and abroad.

Virtually all of our competitors have substantially greater resources, experience in product commercialization, and obtaining regulatory approvals for their products, operating experience, research and development, marketing capabilities, and manufacturing capabilities that we do. We will face competition from companies marketing existing products or developing new products for diseases targeted by our technologies. The development of new products for those diseases for which we are attempting to develop products could render our product candidates noncompetitive and obsolete. Our current competitors include Prionics AG, IDEXX Laboratories, Inc., and Bio-Rad Laboratories, Inc.

Academic and government institutions are also carrying out a significant amount of research in the field of veterinary health, particularly in the fields of Chronic Wasting Disease and Mad Cow Disease. We anticipate that these institutions will become more aggressive in pursuing patent protection and negotiating licensing arrangements to collect royalties for use of technology that they have developed and to market commercial products similar to those that we seek to develop, either on their own or in collaboration with competitors. Any resulting increase in the cost or decrease in the availability of technology or product candidates from these institutions may affect our business.

Competition with respect to our veterinary technologies and potential products is and will be based, among other things, on effectiveness, safety, reliability, availability, price, and patent protection. Another important factor will be the timing of market introduction of products that we may develop and for which we may receive regulatory approval.

Accordingly, the speed with which we can develop products, complete the required animal studies or trials and approval processes and ultimately supply commercial quantities of the products to the market is expected to be an important competitive factor. Our competitive position will also depend upon our ability to attract and retain qualified personnel, to obtain patent protection or otherwise develop propriety products or processes, and to secure sufficient capital resources for the often substantial period between technological conception and commercial sales.

Several attempts have been made to develop technologies that compete with F-PCR. To our knowledge none of these technologies have resulted to date in any product available on the market. The field of biotechnology is very dynamic. The possibility that more advanced technologies could be developed into products that may compete with ours is very strong. However, it is very difficult to predict the length of time necessary for this scenario to take place.

## **MANUFACTURING**

We do not currently manufacture any products and do not have any facilities capable of manufacturing any products. If we are successful in developing a vaccine for veterinary purposes, we intend to contract with third parties or a collaborative partner to assist with production. We currently do not intend to establish a manufacturing facility to manufacture any products that we may develop. In the event we do decide to establish a commercial manufacturing facility, we will require substantial additional funds and will be required to hire and train significant numbers of employees and comply with the extensive federal and state regulations applicable to such a facility. In addition, we would be required to apply for a license from the United States Department of Agriculture's Animal and Plant Health Inspection Service to manufacture any such vaccines at such facilities.

## **PRODUCT LIABILITY**

The testing, manufacturing, and marketing of the Company's proposed products involves an inherent risk of product liability attributable to unwanted and potentially serious health effects in animals that may receive any vaccines that we may develop and market. To the extent we elect to test, manufacture, or market veterinary vaccines and other products, we will bear the risk of product liability directly. We do not currently have product liability insurance.

There is no guarantee that we can obtain product liability insurance at a reasonable cost, or at all, or that the amount of such insurance will be adequate to cover any liability that we may be exposed to. In the absence of such insurance, one or more product liability lawsuits against us can be expected to have a material adverse effect on our business and could result in our ceasing operations.

## **GOVERNMENT REGULATION**

Our unique approach to the testing for various animal diseases allows us to begin commercialization of its diagnostic tests without the need for a long and enduring approval process from the USDA. All tests are done utilizing the blood of animals that can be collected in the field using the Company's proprietary Field Collection System (FCS). The collected blood is then sent to our laboratory for testing. Since all of the testing for the diseases is done in house, meaning tested at laboratories operated by us and using our developed testing methods, the USDA deems our test to be under the category of Veterinary Services. The regulations on Veterinary Services are much different than that of third party testing. The USDA through APHIS regulates Veterinary Biologicals (vaccines bacterins, antisera, diagnostic kits and other product of biological origin) APHIS regulates veterinary biologics available for the diagnosis prevention and treatment of animal disease to ensure the products are pure, safe, potent and effective. GeneThera molecular tests are not diagnostics kits and therefore do not fall under the Veterinary Biologics category. The USDA,

to our best of our knowledge, does not regulate laboratory tests that are performed in-house under the category of Veterinary Services.

In the event that we develop a vaccine based on our research, the vaccine product and the facility at which commercial quantities of the vaccine will be produced will be subject to comprehensive regulation by the United States Department of Agriculture's Animal and Plant Health Inspection Service. Before any biological product (which includes vaccines) can be prepared for commercial sale, APHIS must approve and license the product and the facility at which it is proposed to be manufactured. The approval process is lengthy and expensive. We will be required to submit an application containing, among other things, an outline of production for the proposed product, characterization data, and protocols for animal studies and trials of host animal immunogenicity, safety, efficacy, back passage, shed/spread, interference, and other studies.

We do not have the capability to conduct our own studies and trials of any candidate vaccine that we may develop and will rely on collaborative partners to conduct all such studies. Currently, we do not have any such agreements with any partner, and we cannot give any assurance that we will be able to enter into such an agreement on terms that are favorable to the Company, if at all. If we do enter into one or more such agreements, we will not be able to control the timetable for completing such studies. Furthermore, we cannot give any assurance that any applications that we submit for any vaccine products will be approved by APHIS. The failure to receive such approval, or the receipt of approval following the approval of a competing product, would have an adverse material effect on the Company.

## LICENSING

Through our third division, Licensing, we intend to manage the marketing and sale of the vaccines developed by GeneThera's Research & Development division. As GeneThera does not intend to be a vaccine manufacturer, we plan to use our Licensing division to license the technology related to any vaccines that may be developed and to manage the revenue potential available from the successful development and validation of specific vaccines. We cannot provide any assurance that we will develop any vaccines or that, if they are developed, we will be able to license them successfully or that any such license will provide significant revenues.

## ITEM 1A RISK FACTORS

We encounter various risks related to our business and our industry. While the Company is optimistic about its long term prospects, the following risk factors should be considered in evaluating its outlook

### **There is a substantial doubt about GeneThera ability to continue as an on going concern**

GeneThera has had negligible revenues since inception. Because of these circumstances, GeneThera will require additional working capital to develop business operation. There is no assurance that GeneThera will reach a level of revenues adequate to generate sufficient cash flow from operation or obtain additional financing necessary to support GeneThera operating expenses requirements

### **If a Loss of Key Personnel Will Occur This Event Could Adversely Affect the Company**

The Company depends to a large part on the efforts and continued employment of Antonio Milici, M.D., Ph.D., our President, Chairman of The Board, and Chief Executive Officer. The loss of the services of Dr. Milici could adversely affect our business.

### **If the Company fails to attract and retain additional, high skilled personnel operations will suffer.**

Finding qualified personnel in the biotechnology industry is very challenging. Smaller biotechnology companies there are always at a disadvantage because of its limited financial resources. The Company has been unable at this time to hire any additional qualified personnel. If the Company is unable to hire additional personnel this may result in a substantial delay of its R&D and commercial operations.

**If the Company fails to attract significant additional capital, the Company may be unable to continue developing its products.**

From the starting of its operation, GeneThera has obtained limited funding to implement its business strategy. The Company does not have sufficient funding to meet its operating needs throughout 2008. Potential sources of additional funding could include strategic relationships, public or private sales of shares of common stocks, or other arrangements.

**Rapid Growth May Place Significant Demands on our Resources**

We expect significant expansion of our operations. Our anticipated future growth will place a significant demand on our managerial, operational and financial resources due to:

- \* The need to manage relationships with various strategic partners and other third parties;
- \* Difficulties in hiring and retaining skilled personnel necessary to support our business;
- \* The need to train and manage a growing employee base; and
- \* Pressures for the continued development of our financial and information management systems.

If we have not made adequate allowances for the costs and risks associated with this expansion or if our systems, procedures, or controls are not adequate to support our operations, our business could be harmed.

**The Company may not be able to comply with Government regulations**

The Company is subject to or affected by laws and regulations that govern, for example: (i) the vaccination of animals for certain diseases. The failure to comply with these laws and regulations, or to obtain applicable of these governmental approvals, could result in the imposition of penalties, cause delays in, or make impossible, the

marketing of our products and services.

### **The Company may be unable to compete against other more established biotech or pharmaceutical companies**

The Company **operates** in a very competitive and difficult area. Biotechnology is notoriously very difficult and risky business. The Company competes with other more established and better funded companies in the United States and overseas that are involved in the development of similar products. Several of these companies have significant greater financial resources as well greater production and market capabilities. The field of Biotechnology requires extensive research and development. Better funded competitors may be able to develop and market superior or less expensive product which will make the Company products less valuable or unmarketable.

### **The Company has no manufacturing capabilities**

The Company does not have manufacturing capabilities for its DNA vaccine technology. The Company solely relies on other companies to manufacture vaccines that can meet Government Regulations. Manufacturing of these products are very expensive and The Company may not be able to secure the necessary funding to hire any of such companies. If The Company is unable to produce these vaccines, then the Company may never be able to initiate clinical trials. This will seriously hamper the Company's ability to commercialize any of its DNA vaccine products

### **The Company has limited Government Regulatory Experience**

The company has never successfully undertaken a clinical trial for animal DNA vaccine. Our experience in this area is limited. The Company has never obtained regulatory approvals for any of its products.

### **Being Delisted from Over the Counter Bulletin Board (OTCBB)**

Although by the time of our original Form 10-K filing, our company was participant of the exchange list of OTCBB (Over the Counter Bulletin Board), FINRA delisted our Company on June 19, 2008 by putting a penalty symbol after our ticker symbol GTHA due to failing to file our quarterly and annual reports according to their standards. The Company paid FINRA \$4,000 for an appeal hearing, which was useless since FINRA already pre-determined our culpability before the appeal was addressed on June 20<sup>th</sup>, 2008. The Company had IT difficulties with their server. The Company does not change their date/time of filing; therefore, the Company was asking to the SEC to change the headline of the 10K filing. It could have been done but the Office of Technology from the SEC opted to ignore the Company's request for such modification due to our 16:20 date and time status on our computer screen. Even though, the filing of the 10K was done by 16:20; FINRA concluded the filing was done by 20:20. The Company learned that

the server was down for more than 4 hours when finally the server recovered its data; the date and time of the filing was changed without the Company's knowledge. Moreover, the Company understood when they filed for an extension requested by their auditors, that the Company had 15 calendar days to complete such extension of filing. The fifteenth day came along and the filing was completed and approved by the auditors. However, once the EDGAR was completed, the Company's server was having technical difficulties, especially when their server went down. Regardless of such explanation given to the SEC Technology Office requesting to change the headline of the filing, no one cared to contact the Company's CFO Interim to let them know about the answer to their updated request. When the appeal hearing was done, the FINRA staff only spoke with the Company's investor relations entity, Mr. Richard Dopkin. No one spoke with our IT specialist who knew about our technical difficulties and how to retrieve the correct filing done by 16:20. Moreover, FINRA did not care to speak with the officers of GeneThera, even though; they were witnesses of the IT difficulties. FINRA seized \$4,000 from the Company without a fair appeal hearing to the Company's shareholders since no one from FINRA cared to hear the essence of the appeal.

## ITEM 2

### DESCRIPTION OF PROPERTY

We lease a 5,730 square foot biotechnology laboratory located at 3930 Youngfield Street, Wheat Ridge, Colorado 80033. The lease is on a month-to-month basis and the rent is \$5,235.26 per month. Our rent payment is \$4,000 per month effective January 1<sup>st</sup>, 2008. We believe that our existing facilities are adequate to meet our current requirements. We sub-lease 700 square foot of office space to GTI Corporate Transfer Agents, LLC, a related party, located on the 3924 unit of our lease space reflected as 3930 Youngfield Street, Suite #2, Wheat Ridge, Colorado 80033. The lease is on a month-to-month basis and the rent is \$500.00 per month effective January 1<sup>st</sup>, 2008. We do not own any real property. If we are able to develop assays for different diseases, we intend to formalize the procedure into a commercial application through a series of laboratories to be owned and operated by GeneThera.

Currently we do not have the funds to purchase or construct any such laboratories and do not have commitment from any party to provide the funds for a laboratory.

## ITEM 3

### LEGAL PROCEEDINGS

On or about July 23, 2004, Sisu Media sued the Company in Jefferson County District court for breach of an alleged contract for website services for which the plaintiff seeks compensatory damages, plus costs, interest, and attorney's fees in amounts to be determined at trial. Trial was held on August 4, 2005, wherein the court determined that Sisu Media was entitled to compensation based only upon the breach of contract claim. Plaintiff's claims in *quantum meruit* and for unjust enrichment were dismissed. The court also dismissed defendant GeneThera, Inc.'s claim of aiding and abetting a breach of fiduciary duty by third party. Entry of judgment was entered in favor of the plaintiff for approximately \$49,000.00. On February 9, 2006, the Company appealed this judgment. The Appeals Committee's decision was in favor of the plaintiff due to the GeneThera's legal counsel's lack of preparedness. On July 19, 2007, the Appeals Committee approved plaintiff's attorney, specifying the attorney fees and costs in the amount of \$6,237.31 incurred in said appeal against GeneThera. No judgment has been paid to the plaintiff by the Company.



On or about September 21, 2006, MAG Capital, a California Limited Liability Company (Mercator Momentum III, LP; Mercator Momentum Fund LP; Monarch Pointe Fund, Ltd; a British Virgin Islands Corporation), served GeneThera, Inc., a Florida corporation, GTI Corporate Transfer Agents, LLC, a Colorado limited liability company, Antonio Milici, an individual, Tannya L. Irizarry, and Laura Bryan, individuals with a summons with the Federal Court, which was quashed. On October 11, 2006, the above entities filed a Superior Court State Complaint against GeneThera et al. for breach of written contract. The plaintiffs dropped the charges against GeneThera, Inc., GTI Corporate Transfer Agents, LLC, Antonio Milici, Tannya L. Irizarry and Laura Bryan. The plaintiffs charged the Company with breach of written contract for which the Company's litigation counsel filed an appeal on February 19, 2008. The Company's litigation counsel also filed a \$5 million suit against the plaintiffs and a \$50,000 law suit against the plaintiff's legal law firm for unethical procedure in approaching one of the defendants.

#### **ITEM 4 SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS**

None.

## **PART II.**

#### **ITEM 5 MARKET FOR COMMON EQUITY AND RELATED SHAREHOLDER MATTERS**

Our common stock currently trades on the Over the Counter Bulletin Board under the symbol GTHA. The following sets forth the range of high and low bid quotations for the periods indicated as reported by Yahoo Finance. Such quotations reflect prices between dealers, without retail markup, markdown or commission, and may not represent actual transactions.

<b>Year</b>	<b>Quarter</b>	<b>High</b>	<b>Low</b>
2007	Fourth	.03	.01
	Third	.03	.02
	Second	.05	.02
	First	0.05	.03

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2006	Fourth	\$0.08	\$0.02
	Third	0.10	0.05
	Second	0.33	0.08
	First	0.28	0.06
2005	Fourth	\$0.49	\$0.10
	Third	1.00	0.40
	Second	1.05	0.54
	First	1.25	0.92
2004	Fourth	1.94	0.88
	Third	1.60	0.70
	Second	2.85	0.90
	First	4.39	2.05

\* Source Yahoo Finance

There are no restrictions on the payment of dividends. There are approximately 1,149 record holders of common stock as of December 31, 2007.

## **DIVIDENDS**

On May 21<sup>st</sup>, 2007, the Company issued a one-time dividend payment in the amount of .0004 per share.

**ITEM 6 SELECTED FINANCIAL DATA**

The following selected financial data should be read in conjunction with Item 7. Management's Discussion and Analysis or Plan of Operation and Item 8. Financial Statements.

**Operating Data**

**As of December 31,**

**2007**

**2006**

**2005**

**Gross Profit**

97,900

150,000

190,982

**General and Administrative**

(379,068)

(739,529)

(896,696)

**Consulting expense**

(236,757)

(444,420)

(1,952,040)

**Depreciation**

(72,451)

(77,014)

(11,751)

**Other income (expense)**

(100)

(0)

(1,301,373)

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**Net loss**

(841,829)

(1,482,571)

(3,794,079)

**Loss per share**

(.02)

(.07)

(.17)

**Balance sheet data:**

**Cash and Cash Equivalents**

68,463

26,314

18,031

**Total assets**

364,305

394,607

473,396

**Total liabilities**

1,701,861

1,418,411

850,277

**Stockholders Equity (Deficit)**

**(1,337,556)**

**(1,023,804)**

**(376,881)**

## ITEM 7 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

### FORWARD-LOOKING AND CAUTIONARY STATEMENTS

Sections of this Form 10-K, including the Management's Discussion and Analysis or Plan of Operation, contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 (the Securities Act), Section 21E of the Securities and Exchange Act of 1934 (the Exchange Act), and the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to risks and uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from the results, performance or achievements expressed or implied by the forward-looking statements. You should not unduly rely on these statements. Forward-looking statements involve assumptions and describe our plans, strategies, and expectations.

You can generally identify a forward-looking statement by words such as may, will, should, would, could, plan, goal, potential, expect, anticipate, estimate, believe, intent, project, and similar words and variations thereof. This report contains forward-looking statements that address, among other things,

- \* our financing plans,
- \* regulatory environments in which we operate or plan to operate, and
- \* trends affecting our financial condition or results of operations, the impact of competition, the start-up of certain operations and acquisition opportunities.

Factors, risks, and uncertainties that could cause actual results to differ materially from those in the forward-looking statements ( Cautionary Statements ) include, among others,

- \* our ability to raise capital,
- \* our ability to execute our business strategy in a very competitive environment,
- \* our degree of financial leverage,
- \* risks associated with our acquiring and integrating companies into our own,
- \* risks relating to rapidly developing technology,
- \* regulatory considerations;
- \* risks related to international economies,
- \* risks related to market acceptance and demand for our products and services,

- \* the impact of competitive services and pricing, and
- \* other risks referenced from time to time in our SEC filings.

All subsequent written and oral forward-looking statements attributable to us, or anyone acting on our behalf, are expressly qualified in their entirety by the cautionary statements. We do not undertake any obligations to publicly release any revisions to any forward-looking statements to reflect events or circumstances after the date of this report or to reflect unanticipated events that may occur.

You should read the following discussion of our results and plan of operation in conjunction with the consolidated financial statements and the notes thereto appearing elsewhere in this Form 10-K. Statements in this Management Discussion and Analysis or Plan of Operation that are not statements of historical or current objective fact are forward-looking statements.

## OVERVIEW

We have developed proprietary diagnostic assays for use in the agricultural and veterinary markets. Specific assays for Chronic Wasting Disease (CWD) (among elk and deer) and Mad Cow Disease (among cattle) have been developed and are available currently on a limited basis. E. coli (predominantly cattle) and Johne's disease (predominantly cattle and bison) diagnostics are in development. We are also working on vaccine solutions to meet the growing demands of today's veterinary industry and tomorrow's agriculture and healthcare industries. The Company is organized and operated both to continually apply its scientific research to more effective management of diseases and, in so doing, realize the commercial potential of molecular biotechnology.

We have not generated significant operating revenues and, as of December 31, 2007 we had incurred a cumulative net loss from inception of \$16,409,792. Our ability to generate substantial operating revenue will depend on our ability to develop and obtain approval for molecular assays and developing therapeutic vaccines for the detection and prevention of food contaminating pathogens, veterinary diseases, and diseases affecting human health.

Our independent auditors have expressed some doubt about our ability to continue as a going concern in their report on our consolidated financial statements for the fiscal year ended December 31, 2007. For the years ended December 31, 2007 and 2006, our operating losses were \$841,829 and \$1,482,570, respectively. Our current liabilities exceeded current assets by \$1,633,398 and \$1,392,097 for the years ended December 31, 2007 and 2006, respectively.

Although we completed an equity financing with gross proceeds of approximately \$1.1 million in 2005, we will require significant additional funding in order to achieve our business plan. Over the next 12 months, in order to have the capability of achieving our business plan, we believe that we will require at least \$5,000,000 in additional funding. We will attempt to raise these funds by both means of one or more private offerings of debt or equity securities and revenues generated by our Project in Mexico. At this time, we have commitments for additional capital funds. This amount may exceed an additional \$1,000,000 depending on cost involved in the further development and commercialization of our products. In such event, we may need immediate additional funding. Our capital requirements will depend on many factors including, but not limited to, the timing of further development of assays to detect the presence of infectious disease from the blood of live animals, our hiring of additional personnel, the applications for, and receipt of, regulatory approvals for any veterinary vaccines that we may develop, and other factors. Our ability to raise capital will increase our ability to implement our business plan.

Over the next 12 months, we expect significant purchases and/or sales of plant or equipment and significant changes in the number of our employees for any off-balance sheet arrangements that will have current and future effect on our financial condition.

We also expect to spend a significant amount of our capital on research and development activities for commercialization relating to development and vaccine design/development. When we are able to develop assays for different diseases, we intend to formalize the procedure into a commercial application through a series of laboratories



to be owned and operated by GeneThera. To date, we have introduced our diagnostic solution for Chronic Wasting Disease (CWD) and Mad Cow Disease on a very limited basis. We anticipate that significant funds will be spent on research and development throughout the life of the Company, as this is the source for new products to be introduced to the market. Our plan is to seek new innovations in the biotechnology field. We may be successful in developing or validating any new assays and, when we are successful in developing and validating any such assays, we may be able to successfully commercialize them or earn profits from sales of those assays. Furthermore, we may be able to design, develop, or successfully commercialize vaccines as a result of our research and development efforts.

## **RECENT DEVELOPMENTS**

The Company is in continued negotiations with the Italian government to open a laboratory facility in Northern Italy for the validation and testing of its live animal test for TSE. The parties are currently discussing space requirements and personnel needs. The Italian Project is also impatiently awaiting the completion of the funding for this venture.

The Company has begun to form an entity with a Mexican company to jointly own and operate a laboratory facility in Monterrey, Mexico for express purposes of testing cattle for TSE. The entity is currently being legally formed. The Mexico Project is also enthusiastically waiting for the completion of the funding for this enterprise.

The Company signed an Investor Relations agreement with The Mezey Howarth Group, Inc., in March 2007. The Company terminated its Investor Relations arrangement with The Mezey Howarth Group, Inc. due to false press releases generated by J. Wade Mezey on June 18, 2007. This entity owes the Company \$120,000 for which GeneThera will pursue through litigation due to their failure in reimbursing the Company for line of credit pre-paid fees, which was never approved and/or materialized.

In March 2006, the Company opened a line of credit with Imperial Capital Holdings, LLC on the advice of the Company's consulting financial advisor, Mr. Gary Rasmussen, who is also the primary beneficiary of Imperial. The Company was not aware of the relationship but, more importantly, after the CEO of the Company learned that Red Sea Management was the managing company of Imperial Capital, the CEO opted not to use the line of credit, requesting from the SEC to grant a withdrawal. The withdrawal was approved on April 13, 2007.

## **RELATED PARTY TRANSACTIONS**

Setna Holdings, LLC is a related party to the Company with a promissory note of \$150,290. Setna is in the business of providing financial services and general business consulting services to privately-held and publicly-held corporations. Setna consults and assists GeneThera in implementing and also providing financial assistance while researching for appropriate plans for securing funds to meet the Company requirements for which Setna also introduces financial sources. Mr. Anthony J. Milici is the Managing Director of Setna Holdings. Upon the Company's direction and approval, Setna disseminates information regarding GeneThera to shareholders, brokers, dealers, other investment community professionals, and the general investing public.

GTI Corporate Transfer Agents, LLC is the Company's transfer agent. After the death of the original Managing Director, Ms. Juanita Pagan in March 2006, Ms. Tannya L. Irizarry became the Managing Director of GTI Corporate Transfer Agents, LLC with a one-third ownership and/or interest.

## RESULTS OF OPERATIONS

### Year Ended December 31, 2007 Compared to Year Ended December 31, 2006

For the year ended December 31, 2007, the Company reported a net loss of \$841,829, or less than \$0.02 per share, and \$97,900 of revenue as compared with a net loss of \$1,482,571, or \$0.07 per share, and \$150,000 of revenue for the twelve months ended December 31, 2006.

**General and Administrative Expenses:** General and administrative expenses decreased to \$379,068 for the twelve months ended December 31, 2007 compared to \$739,529 for the same period in 2006. This decline was due to a decrease in personnel.

**Consulting Expenses:** Consulting expenses decreased to \$236,757 for the twelve months ended December 31, 2007 compared to \$444,420 for the same period in 2006. The decrease is attributable to the discontinuation of use of marketing consultants traditionally paid in stock of the Company.

**Depreciation and Amortization Expense:** Depreciation and amortization expenses decreased to \$72,451 for the twelve months ended December 31, 2007 compared to \$77,014 for the same period in 2006 primarily due to no new equipment being purchased.

### Year Ended December 31, 2006 Compared to Year Ended December 31, 2005

For the year ended December 31, 2006, the Company reported a net loss of \$1,482,571, or \$0.07 per share, and \$150,000 of revenue as compared with a net loss of \$3,794,079, or \$0.017 per share, and \$190,982 of revenue for the twelve months ended December 31, 2005.

**General and Administrative Expenses:** General and administrative expenses decreased to \$739,529 for the twelve months ended December 31, 2006 compared to \$896,696 for the same period in 2005. The decrease was attributable to the decrease in employees in 2006 due to budget constraints.

**Consulting Expenses:** Consulting expenses decreased to \$444,420 for the twelve months ended December 31, 2006 compared to \$1,952,040 for the same period in 2005. This decrease is primarily attributed to the elimination of marketing consultants traditionally paid in stock of the Company.

**Depreciation and Amortization Expense:** Depreciation and amortization expenses increased to \$77,014 for the twelve months ended December 31, 2006 compared to \$11,751 for the same period in 2005 primarily due to equipment purchased to expand the lab.

## LIQUIDITY AND CAPITAL RESOURCES

We had a cash balance of \$196 as of December 31, 2007 and a cash balance of \$234 as of December 31, 2006. Our current cash balance is not sufficient to fund our business objectives and we will need significant additional capital over the next 12-18 months in order to fund our planned operations. We may be unable to secure any additional financing on terms that are acceptable to us, if at all.

Since we completed the reverse merger with Hand Brand Distribution, Inc., we have financed our operations, in large part, by private placements of our common and preferred stock and promissory notes convertible into our common stock. We have raised an aggregate of \$2,613,900 through such sales, including the sale of approximately \$1.1 million of our preferred stock in January 2005.

We will require significant additional funding in order to achieve our business plan. Specifically, we intend to spend significant funds on validating and testing our products, seeking necessary regulatory approvals and focusing on international expansion. Over the next 12 month, in order to have the capability of achieving our business plan, we believe that we will require at least \$5,000,000. We will attempt to raise these funds by means of one or more private offerings of debt or equity securities or both. We may not be able to secure the financing that we believe is necessary to implement our strategic objectives and, even if additional financing is secured, we may not achieve our strategic objectives. As of the date of this Report, we do not have any firm commitments from any investors for any additional funding.

Our longer-term working capital and capital requirements will depend upon numerous factors, including revenue and profit generation, pre-clinical studies and clinical trials, the timing and cost of obtaining regulatory approvals, the cost of filing, prosecuting, defending, and enforcing patent claims and other intellectual property rights, competing technological and market developments, collaborative arrangements. Additional capital will be required in order to attain such goals. Such additional funds may not become available on acceptable terms and we cannot give any assurance that any additional funding that we do obtain will be sufficient to meet our needs in the long term.

## **CRITICAL ACCOUNTING POLICIES**

In December 2001, the SEC requested that all registrants discuss their most critical accounting policies in Management's Discussion and Analysis of Financial Condition or Plan of Operation. The SEC indicated that a critical account policy is one which is both important to the portrayal of the Company's financial condition and results and requires management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. Our significant accounting policies are described in Note 1 to our consolidated financial statements included in this Report.

## **RECENTLY ISSUED ACCOUNTING STANDARDS**

On December 16, 2004, the Financial Accounting Standard Board issued SFAS No. 123 (revised 2004), Share-Based Payment, which is a revision of SFAS No. 123. SFAS No. 123 GeneThera supersedes APB No. 25, and amends SFAS No. 95, Statement of Cash Flows. Generally, the approach in SFAS No. 123 GeneThera is similar to the approach described in SFAS No. 123. However, SFAS No. 123 GeneThera requires all share-based payments to employees, including grants of employee stock options, to be recognized in the income statement based on their fair values. Pro forma disclosure is no longer an alternative. SFAS No. 123 GeneThera must be adopted no later than July 1, 2005. The Company has adopted SFAS No. 123 GeneThera using a modified retrospective method which includes the requirements of the modified prospective method described above, but also permits entities to restate based on the amounts previously recognized under SFAS No. 123 for purposes of pro forma disclosures either (a) all prior periods presented or (b) prior interim periods of the year of adoption. In March 2005, the FASB issued FASB interpretation No. 47, Accounting for Conditional Asset Retirement Obligations (FIN 47). FIN 47 provides guidance relating to the identification of and financial reporting for legal obligations to perform an asset retirement activity.

The Interpretation requires recognition of a liability for the fair value of a conditional asset retirement obligation when incurred if the liability's fair value can be reasonably estimated. FIN 47 also defines when an entity would have sufficient information to reasonably estimate the fair value of an asset retirement obligation. The provision is effective no later than the end of fiscal years ending after December 15, 2005. The Company will adopt FIN 47 beginning the first quarter of fiscal year 2006 and does not believe the adoption will have a material impact on its consolidated financial position or results of operations or cash flows.

In May 2005, the FASB issued SFAS No. 154, Accounting Changes and Error Corrections (SFAS 154) which replaces Accounting Principles Board Opinions No. 20 Accounting Changes and SFAS No. 3, Reporting Accounting

Changes in Interim Financial Statements An Amendment of APB Opinion No. 28. SFAS 154 provides guidance on the accounting for and reporting of accounting changes and error corrections. It establishes retrospective applications, or the latest practicable date, as the required method for reporting a change in accounting changes and a correction of errors made in fiscal years beginning after December 15, 2005 and is required to be adopted by the Company in the first quarter of 2006. The Company is currently evaluating the effect that the adoption of SFAS 154 will have on its results of operations and financial condition but does not expect it to have material impact.

In June 2005, the Emerging Issues Task Force, or EITF, reached a consensus on Issue 05-6, Determining the Amortization Period for Leasehold Improvements, which requires that leasehold improvements acquired in a business combination or purchased subsequent to the inception of a lease be amortized over the lesser of the useful life of the assets or a term that includes renewals that are reasonable assured at the date of the business combination or purchase. EITF 05-6 is effective for periods beginning after July 1, 2005. We do not expect the provisions of this consensus to have a material impact on the financial position, results or cash flows.

In February 2006, the FASB issued SFAS 155, Accounting for Certain Hybrid Financial Instruments, which amends SFAS 133, Accounting for Derivative Instruments and Hedging Activities, and SFAS 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities a replacement of FASB Statement No. 125. SFAS 155 will be effective for the Company for all financial instruments issued or acquired after the beginning of its fiscal year ending December 31, 2006. The Company has not yet evaluated and determined the likely effect of SFAS 155 on future financial statements.

In June 2006, the FASB issued Interpretation No. 48, Accounting for Uncertainty in Income Taxes An Interpretation of FASB Statement No. 109, (FIN 48). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with FASB Statement No. 109, Accounting for Income Taxes. FIN 48 also prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return that results in a tax benefit. Additionally, FIN 48 provides guidance on de-recognition, income statement classification of interest and penalties, accounting interim periods, disclosure, and transition. This interpretation is effective for the Company for its fiscal year ending December 31, 2007. The Company has not yet evaluated the effect that the application of FIN 48 may have, if any, on its future results of operations and financial condition.

In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements. This statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. This statement applies under other accounting pronouncements that require or permit fair value measurements. SFAS No. 157 is effective for the Company for its fiscal year beginning on July 1, 2008. The Company is currently assessing the impact the adoption of SFAS No. 157 will have on its financial statements.

In September 2006, the Sec issued Staff Accounting Bulletin (SAB) No. 108 in order to eliminate the diversity of practice surrounding how public companies quantify financial statement misstatements. In SAB 108, the SEC staff established an approach that requires quantification of financial statement misstatements based on the effects of the misstatements on each of the Company's financial statements and the related financial statement disclosures. SAB No.

108 is effective for the Company for its current fiscal year. The adoption of SAB No. 108 did not have an impact on the Company's financial statements.

On February 15, 2007, the FASB issues SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities - Including an Amendment of FASB Statement No. 115." This standard permits an entity to measure many financial instruments and certain other items at estimated fair value. Most of the provisions of SFAS No. 115 (Accounting for Certain Investment in Debt and Equity Securities) apply to all entities that own trading and available-for-sale securities. The fair value option created by SFAS No. 159 permits an entity to measure eligible items at fair value as of specified election dates. Among others eligible items exclude (1) financial instruments classified (partially or in total) as permanent or temporary stockholders' equity (such as a convertible debt security with a non-contingent beneficial conversion feature) and (2) investments in subsidiaries and interests in variable interests that must be consolidated. A for-profit business entity will be required to report unrealized gains and losses on items for which the fair value option has been elected in its statements of operations at each subsequent reporting date. The fair value option (a) may generally be applied instrument by instrument, (b) is irrevocable unless a new elections date occurs, and (c) must be applied to the entire instrument and not to only a portion of the instrument. SFAS No. 159 is effective as of the beginning of the first fiscal year that begins after November 15, 2007. The Company has not yet evaluated the effect that the application of SFAS No. 159 may have, if any, on its future results of operations and financial condition.

## **EMPLOYEES**

As of December 31, 2007, we had a total of two (2) full-time employees who devote substantial effort on our behalf. None of our employees are represented by a collective bargaining unit. We entered into an employment agreement with Antonio Milici, M.D., Ph.D., to serve as our Chief Executive Officer and Chief Scientific Officer through January 7, 2012. In consideration for his services, Dr. Milici will receive a base salary of \$144,000 per annum plus bonuses as may be determined by the Board of Directors in its sole discretion. As part of his employment agreement, Dr. Milici is subject to non-disclosure and non-competition obligations and has transferred to the Company all of his interests in any idea, concept, technique, invention or written work. We also entered into an employment agreement with Tannya L. Irizarry to serve as our Chief Administrative Officer through January 7, 2012. Ms. Irizarry's base salary is \$90,000 per annum. The above salaries have been accrued to be paid in common stock shares from the Company. There are no employee issues at this time.

## **RESEARCH AND DEVELOPMENT**

We anticipate that R&D will be the source for both assay development and vaccine design/development. If we are able to develop assays for different diseases, we intend to formalize the procedure into a commercial application through a series of laboratories to be owned and operated by GeneThera. To date, we have introduced our diagnostic solution for Chronic Wasting Disease and Mad Cow Disease on a very limited basis. We anticipate that R&D will be ongoing during the life of the Company, as this is the source for new products to be introduced to the market. Our plan is to seek new innovations in the biotechnology field. We cannot assure you that we will be successful in developing or validating any new assays or, if we are successful in developing and validating any such assays, that we

can successfully commercialize them or earn profits from sales of those assays. Furthermore, we cannot assure you that we will be able to design, develop, or successfully commercialize any vaccines as a result of our research and development efforts.

## **COMMERCIAL DIAGNOSTIC TESTING**

In the event that we are able to develop assays for the detection of diseases in animals, we intend to establish a series of diagnostic testing laboratories geographically proximate to the primary sources of individual diseases and/or according to specific available operating efficiencies. The specific number of labs to be built and operated will be based on assay demand (demand facilitated by the number of specific disease assays GeneThera develops), our ability to obtain the capital to build the labs, and our ability to successfully manage them from our principal office.

## **PROPERTIES**

We lease a 5,730 square foot biotechnology laboratory located at 3930 Youngfield Street, Wheat Ridge, Colorado 80033. The lease expired in January 2007, and the rent is \$5,235.00 per month. Currently, the Company is on a month-to-month basis. Effective January 2008, the rent is \$4,000 per month. We sub-lease 700 square feet to GTI Corporate Transfer Agents, LLC. The monthly rent is \$500. We believe that our existing facilities are adequate to meet our current requirements. We do not own any real property. If we are able to develop assays for different diseases, we intend to formalize the procedure into a commercial application through a series of laboratories to be owned and operated by GeneThera. Currently, we do not have the funds to purchase or construct any such laboratories and do not have a commitment from any party to provide the funds for a laboratory.

**ITEM 8 FINANCIAL STATEMENTS**

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

*JASPERS + HALL, PC*

*CERTIFIED PUBLIC ACCOUNTANTS*

*9175 E Kenyon Avenue*

*Denver, CO 80237*

*303-796-0099*

Board of Directors

GeneThera, Inc.

Wheat Ridge, CO

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We have audited the accompanying consolidated balance sheets of GeneThera, Inc. and subsidiary as of December 31, 2007 and 2006, and the related statements of operations, stockholders' deficit and cash flows for the years then ended and for the period from January 1, 2005 to December 31, 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. The cumulative financial statements for the period October 5, 1998 (inception) to December 31, 2004, were audited by other accountants, whose report dated February 28, 2005, expressed an unqualified opinion on those statements however they did express concern regarding the Company's ability to continue as a going concern. They have not performed any auditing procedures since that date.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the



accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of GeneThera, Inc. and subsidiary. as of December 31, 2007 and 2006, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 9 to the financial statements, the Company's accumulated deficit from operations and its difficulties in maintaining sufficient working capital raise substantial doubt about its ability to continue as a going concern. Management's plans concerning these matters are also described in Note 9. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Jaspers + Hall, PC

Denver, Colorado

April 18, 2008

## Balance Sheet

**Assets**

	<b>2007</b>	<b>2006</b>
<b>Current Assets</b>		
Cash	196	234
Accounts receivable	68,267	6,800
Accounts receivable Related Parties	-	17,390
Prepaid expenses	-	1,890
<b>Total Current Assets</b>	<b>68,463</b>	<b>26,314</b>
Property and equipment	727,428	727,428
Accumulated Depreciation	(436,864)	(364,413)
Property and equipment, net	290,564	363,015
<b>Other Assets</b>		
Deposits	5,278	5,278
<b>Total Other Assets</b>	<b>5,278</b>	<b>5,278</b>
<b>Total Assets</b>	<b>\$ 364,305</b>	<b>\$ 394,607</b>

The accompanying notes are an integral part of these financial statements.

**Liabilities and Stockholders' Equity**

	<b>2007</b>	<b>2006</b>
Current Liabilities		
Accounts payable	582,869	594,095
Accrued expenses	968,702	704,724
Leases payable, current portion	-	12,040
Notes payable	150,290	107,552
<b>Total Current Liabilities</b>	<b>1,701,861</b>	<b>1,418,411</b>
<b>Total Liabilities</b>	<b>1,701,861</b>	<b>1,418,411</b>
Stockholders' Equity		
Preferred stock, \$.001 par value, 20,000,000 shares authorized;		
Series A 4,600 shares issued and outstanding \$.001 par value	5	5
Series B 3,000,000 shares issued and outstanding \$.001 par value	3,000	2,250
Common stock \$.001 par value, 100,000,000 shares authorized;		
51,525,849 shares issued and outstanding	51,527	35,476
Additional paid in capital	15,017,704	14,506,428
Deficit accumulated during development stage	(16,409,792)	(15,567,963)
<b>Total Stockholders' Equity</b>	<b>(1,337,556)</b>	<b>(1,023,804)</b>
<b>Total Liabilities &amp; Stockholders' Equity</b>	<b>364,305</b>	<b>394,607</b>

The accompanying notes are an integral part of these financial statements

**Statement of Operations**

	<b>Year End December 31,</b>		<b>For the period from</b>
	<b>2007</b>	<b>2006</b>	<b>October 5, 1998</b>
			<b>(inception) to</b>
			<b>December 31, 2007</b>
Income			
Sales	\$ 97,900	\$ 150,000	\$ 516,649
Research fees	-	-	188,382
Total income	97,900	150,000	705,031
Cost of sales	-	-	(30,352)
Gross profit	97,900	150,000	674,679
Expenses			
Other compensation	-	-	3,283,009
Consulting	236,757	444,420	4,820,594
General and administrative expenses	379,068	739,529	3,886,687
Payroll expenses	235,350	306,890	2,104,619
Depreciation	72,451	77,014	475,567
Settlement expense		25,132	82,625
Dividend Payment	15,980		15,980
Lab expenses	223	39,592	294,740
Total expenses	939,829	1,632,578	15,019,535
Loss from operations	(841,929)	(1,482,577)	(14,344,856)
Other income (expenses)			
Beneficial conversion expense	-	-	(1,987,991)
Interest expense	-	-	(46,758)
Gain on settlements	-	-	58,203
Other income (expenses), net	100	6	33,675
Net loss	\$ (841,829)	\$ (1,482,570)	\$ (16,409,792)
Loss per common share Basic & Diluted	\$ (0.017)	\$ (0.065)	
Weight Average Shares	50,475,480	22,923,273	

The accompanying notes are an integral part of these financial statements

## STATEMENTS OF CHANGES IN STOCKHOLDERS EQUITY (DEFICIT)

	Preferred Stock A		Preferred Stock B		Common Stock		Paid in Capital	Subscription Agreement	Development Stage	Total
	Shares	Amount	Shares	Amount	Shares	Amount			Accumulated Deficit	
<b>Balance December 31, 2004</b>	-	-	-	-	18,732,534	18,733	10,146,977	(100,040)	\$ (10,413,571)	(347,901)
Shares issued in exchange for convertible notes payable					19,000	19	18,981			19,000
Shares issued for consulting services					2,050,000	2,050	1,965,952			1,968,002
Shares issued to officers					90,000	90	73,260			73,350
Cancellation of Previously issued consulting shares					(15,204)	(15)	(15,945)			(15,960)
Beneficial conversion feature							367,397			367,397
Preferred stock issued	11,000	11					1,099,989			1,100,000
Preferred dividends									(46,338)	(46,338)

paid						
Repurchase of Common stock			(1,400)	(1)	(1,609)	(1,610)
Shares issued upon conversion of Preferred Shares	(1,400)	(1)	318,182	318	(317)	
Additional Paid in capital-related party - note payment					20,000	20,000
Shares issued to employees			15,000	15	12,285	12,300
Shares issued upon conversion of Preferred Shares	(5,000)	(5)	1,086,957	1,087	(1,082)	
Satisfaction of Subscription Receivable					100,040	100,040
Net loss for the year 2005						(3,625,483) (3,625,483)
<b>Balance December 31, 2005</b>	<b>4,600</b>	<b>5</b>	<b>22,295,069</b>	<b>22,296</b>	<b>13,685,888</b>	<b>- (14,085,392) (377,203)</b>
Shares issued to officers in lieu of salary						90,000 90
	12,510				12,600	

Shares issued to replace cancelled certificate-settlement	40,000	40	7,160		7,200
Shares issued for consulting services	700,000	700	87,300		88,000
Share issued to officer	1,500,000	1,500	58,500		60,000
Shares issued for consulting services	5,796,667	5,797	326,003		331,800
Share issued to officer	750,000	750	29,250		30,000
Shares issued for Settlement	600,000	600	35,400		36,000
Shares issued to officers in lieu of accrued salary	1,600,000	1,600	114,400		116,000
Shares issued for consulting services	4,353,000	4,353	150,017		154,370
Net Loss December 31, 2006				(1,482,571)	(1,482,571)
<b>Balance December 31, 2006</b>	<b>4,600</b>	<b>5</b>	<b>2,250,000</b>	<b>2,250</b>	<b>35,474,736</b>
					<b>35,476</b>
				<b>\$</b>	<b>14,506,428</b>
				<b>-</b>	<b>(15,567,963)</b>
					<b>(1,023,804)</b>
Shares issued for consulting services			2,336,500	2,337	87,623
Shares issued to officers in lieu of			1,485,000	1,485	71,865



salary

Shares  
issued for  
consulting  
services

7,912,001 7,912 255,504

Shares  
Sold  
Officers

750,000 750 14,250

Shares  
issued for  
consulting  
services

1,855,390 1,855 35,252

Shares  
issued for  
consulting  
services

2,462,222 2,462 46,782

Net Loss  
December  
31, 2007

(841,829)

**Balance  
December  
31, 2007**

**4,600 5 3,000,000 3,000 51,525,849 51,527 15,017,704**

**- (16,409,792)**

The accompanying notes are an integral part of these financial statements

**Statement of Cash Flows**

	<b>Year End December 31,</b>		<b>For the period from</b>
	<b>2007</b>	<b>2006</b>	<b>October 5, 1998</b>
			<b>(inception) to</b>
			<b>December 31, 2007</b>
Cash flows from operating activities:			
Net loss	\$ (841,829)	\$ 1,482,571	\$ (15,757,660)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Depreciation and amortization	72,451	77,014	\$ 238,031
Compensation in exchange for common stock	439,727	629,970	\$ 8,960,311
Beneficial conversion feature			\$ 1,987,990
Changes in operating assets and liabilities			
(Increase) Decrease in:			
Accounts receivable	(61,467)	(90,990)	\$ (129,734)
Accounts receivable Related Parties	17,390	(17,390)	\$ 17,390
Reserve for Uncollectible	-	90,000	\$ 90,000
Inventory	-	-	\$ -
Prepaid expenses	1,890	8,661	\$ (110)
Other assets	-	9,736	\$ 7,278
Increase in accounts payable and accrued liabilities	353,752	417,669	\$ 1,720,956
Total adjustments	823,743	1,124,670	12,892,112
Net cash used in operating activities	(18,086)	(357,901)	(2,865,548)
Cash flows from investing activities:			

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Cash payments for the purchase of property	-	-	(299,072)
Cash flows from financing activities:			
Bank overdraft			-
Capital contributed as equipment			272,376
Principal payments on notes & leases payable			(240,119)
Payment of lease payable	(12,040)	(2,311)	120,343
Payment for Accrued Salaries	73,350	116,000	189,350
Proceeds from issuance of stock	15,000	90,000	1,908,882
Proceeds from loans payable	(58,262)	152,777	1,632,790
Proceeds from Subscription Receivable	-		100,040
Repurchase of Common Stock	-		(1,610)
Receipt of APIC	-		20,000
Payment of Preferred Dividends	-		(46,338)
Net cash provided by financing activities	18,048	356,466	3,955,714
Net increase (decrease) in cash	(38)	(1,435)	791,094
Cash, beginning of year	234	1,669	-
Cash, end of year	\$ 196	\$ 234	\$ 196
Supplemental disclosures of cash flow information:			
Cash paid during the period for interest expense	\$ -		\$ 46,758
Cash paid during the period for Taxes	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these financial statements

GENETHERA, INC. AND SUBSIDIARY

**(A DEVELOPMENT STAGE COMPANY)**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007

**NOTE 1**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Organization and Nature of Operations*

The consolidated financial statements include GeneThera, Inc. and its wholly owned subsidiary GeneThera, Inc. (Colorado) (collectively the Company )

GeneThera, Inc., formerly known as Hand Brand Distribution, Inc., was incorporated in November 1995, under the laws of the State of Florida. On February 25, 2002, GeneThera, Inc. acquired 100% of the outstanding shares of GeneThera, Inc. (Colorado). A total of 16,611,900 shares of common stock were issued for the acquisition. For accounting purposes, the acquisition has been treated as a reversed merger and as a recapitalization of GeneThera, Inc. (Colorado).

GeneThera, Inc. (Colorado) is a biotechnology company that develops molecular assays for the detection of food contaminating pathogens, veterinary diseases and genetically modified organisms.

*Principles of Consolidation*

The accompanying consolidated financial statements include the accounts of GeneThera, Inc. (Florida) and GeneThera, Inc. (Colorado). All significant inter-company balances and transactions have been eliminated in consolidation.

*Use of Estimates*

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

### ***Concentration of Credit Risk***

Financial instruments that potentially subject the Company to concentration risks are cash and accounts receivable. At various times during the year, the Company had deposits in excess of the federally insured limits. The Company maintains its cash with high quality financial institutions, which the Company believes limits these risks.

### ***RELATED PARTY TRANSACTIONS***

Setna Holdings, LLC is a related party to the Company with a promissory note of \$150,290. Mr. Anthony J. Milici is the Managing Director of Setna Holdings. GTI Corporate Transfer Agents, LLC is the Company's transfer agent. After the death of the original Managing Director, Ms. Juanita Pagan sometime in March 2006, Ms. Tannya L. Irizarry became the Managing Director (Interim) of GTI Corporate Transfer Agents, LLC with a one third ownership and/or interest.

Ms. Irizarry is also the Chief Administrative Officer and Chief Financial Officer (Interim) of the Company, hence making the accounts receivable transaction of \$17,390 to be a related party. GTI Corporate Transfer Agents LLC does not share employer identification number with GeneThera, Inc. Elia, Inc. was paid 500,000 common shares in exchange for services rendered on May 2<sup>nd</sup> 2006. Elia is partially owned by an independent contractor of GeneThera, Inc. Elia has paid \$78,202 of GeneThera, Inc. expenses in 2006.

### **NOTE 1**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued**

#### ***Property and Equipment***

Property and equipment are stated at cost. Equipment under capital leases is stated at the present value of minimum lease payments. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, which is 5 to 10 years. Betterments, which extend the life of the asset, are capitalized, and maintenance and repairs are expensed as incurred.

### ***Impairment of Long-Lived Assets***

The Company reviews the recoverability of its long-lived assets to determine whether events or changes in circumstances occurred that indicate the carrying value of the asset may not be recoverable. The assessment of possible impairment is based on the ability to recover the carrying value of the asset from the expected future cash flows of the related operations. If these cash flows are less than the carrying value of such asset, an impairment loss is recognized for the difference between the estimated fair value and carrying value. The measurement of impairment requires management to make estimates of these cash flows related to long-lived assets, as well as other fair value determinations.

### ***Revenue Recognition***

Our Research and Development contracts are on a pre-paid basis in order to reflect our milestones during the research investigation. Revenues from sales are recognized when services are completed.

### ***Loss per Share***

Basic loss per share for each year is computed by dividing loss for the year by the weighted average number of common shares outstanding during the year. Diluted loss per share includes the effects of common stock equivalents to the extent they are dilutive. At December 31, 2007 and 2006 all common stock equivalents were anti-dilutive and therefore diluted loss per share equaled basic loss per share. The total outstanding warrants of 597,826 and the CEO exercisable option of 2,730,000 would be added into the weighted average common shares if not anti-dilutive in calculating diluted loss per share.

### ***Fair Value of Financial Instruments***

The respective carrying value of certain on-balance sheet financial instruments approximated their fair value. These instruments include cash, accounts receivable and accounts payable. Fair values were assumed to approximate carrying values for these financial instruments since they are short-term in nature and their carrying amounts approximate fair values or they are receivable or payable on demand.

### ***Net Cash and Cash Equivalents***

The Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

### ***Recent Accounting Pronouncements***

In March 2005, the FASB issued FASB interpretation No. 47, *Accounting for Conditional Asset Retirement Obligations* ( FIN 47 ). FIN 47 provides guidance relating to the identification of and financial reporting for legal obligations to perform an asset retirement activity. The Interpretation requires recognition of a liability for the fair value of a conditional asset retirement obligation when incurred if the liability's fair value can be reasonably estimated. FIN 47 also defines when an entity would have sufficient information to reasonably estimate the fair value of an asset retirement obligation. The provision is effective no later than the end of fiscal

### **NOTE 1**

#### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued**

years ending after December 15, 2005. The Company will adopt FIN 47 beginning the first quarter of fiscal year 2006 and does not believe the adoption will have a material impact on its consolidated financial position or results of operations or cash flows.

In May 2005, the FASB issued SFAS No. 154, *Accounting Changes and Error Corrections* ( SFAS 154 ) which replaces Accounting Principles Board Opinions No. 20 *Accounting Changes* and SFAS No. 3, *Reporting Accounting Changes in Interim Financial Statements - An Amendment of APB Opinion No. 28*. SFAS 154 provides guidance on the accounting for and reporting of accounting changes and error corrections. It establishes retrospective application, or the latest practicable date, as the required method for reporting a change in accounting changes and a correction of errors made in fiscal years beginning after December 15, 2005 and is required to be adopted by the company in the first quarter of 2006. The Company is currently evaluating the effect that the adoption of SFAS 154 will have on its results of operations and financial condition but does not expect it to have a material impact.

In June 2005, the Emerging Issues Task Force, or EITF, reached a consensus on Issue 05-6, *Determining the Amortization Period for Leasehold Improvements*, which requires that leasehold improvements acquired in a business combination or purchased subsequent to the inception of a lease be amortized over the lesser of the useful life of the assets or a term that includes renewals that are reasonably assured at the date of the business combination or purchase. EITF 05-6 is effective for periods beginning after July 1, 2005. We do not expect the provisions of this consensus to have a material impact on the financial position, results of operations or cash flows.

In February 2006, the FASB issued SFAS 155, Accounting for Certain Hybrid Financial Instruments, which amends SFAS 133, Accounting for Derivative Instruments and Hedging Activities, and SFAS 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities - a replacement of FASB Statement No. 125. SFAS 155 will be effective for the Company for all financial instruments issued or acquired after the beginning its fiscal year ending December 31, 2006. The Company not yet evaluated and determined the likely effect of SFAS 155 on future financial statements.

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## **NOTE 1**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

#### ***Recent Accounting Pronouncements - continued***

disclosures. SAB No. 108 is effective for the Company for its current fiscal year. The adoption of SAB No. 108 did not have an impact on the Company s financial statements.



On February 15, 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities Including an Amendment of FASB Statement No. 115. This standard permits an entity to measure many financial instruments and certain other items at estimated fair value. Most of the provisions of SFAS No. 115 ( Accounting for Certain Investments in Debt and Equity Securities) apply to all entities that own trading and available-for-sale securities. The fair value option created by SFAS No. 159 permits an entity to measure eligible items at fair value as of specified election dates. Among others, eligible items exclude (1) financial instruments classified (partially or in total) as permanent or temporary stockholders equity (such as a convertible debt security with a non-contingent beneficial conversion feature) and (2) investments in subsidiaries and interests in variable interests that must be consolidated. A for-profit business entity will be required to report unrealized gains and losses on items for which the fair value option has been elected in its statements of operations at each subsequent reporting date. The fair value option (a) may generally be applied instrument by instruments, (b) is irrevocable unless a new elections date occurs, and (c) must be applied to the entire instrument and not to only a portion of the instrument. SFAS No. 159 is effective as of the beginning of the first fiscal year that begins after November 15, 2007. The Company has not yet evaluated the effect that the application of SFAS No. 159, may have, if any, on its future results of operations and financial condition.

**NOTE 2 ACCOUNTS RECEIVABLE**

The Company has an outstanding Accounts Receivable to a related party as follows:

	2007	2006
Receivable with no interest, due on demand, unsecured.	\$0	\$17,390
Less Current Portion	<u>(0)</u>	<u>(17,390)</u>
Total Accounts Receivable- related party	<b>\$0</b>	<b>\$0</b>

There was no interest revenue related to this obligation for the years ended December 31, 2007 and 2006. This transaction is with a related party as an officer of GeneThera, Inc. is a one-third owner of GTI Corporate Transfer Agents, LLC. GTI paid GeneThera operations expenses in the beginning of 2006.

The receivable of \$90,000 for Xpention Genetics was written off to bad debt and reserve for uncollectible debt.

**NOTE 3****PROPERTIES AND EQUIPMENT**

Property and equipment at December 31, 2007 and 2006 consisted of the following:

	2007	2006
Office Equipment	\$84,344	\$84,344
Laboratory Equipment	643,084	643,084
Total	727,428	727,428
Less: Accumulated Depreciation	(436,864)	(364,413)
Net Property & Equipment	290,564	363,015

Depreciation expense for the years ended December 31, 2007 and 2006 was \$72,451 and \$77,014, respectively.

**NOTE 4****LEASE OBLIGATIONS***Operating Leases*

The Company leases its office, warehouse, laboratory space and vehicle under non-cancelable operating leases, which have initial terms in a month-to-month basis. We sub-lease 700 square foot office space to GTI Corporate Transfer Agents, LLC located on the 3924 unit of our lease space reflected as 3930 Youngfield Street, Suite #2, Wheat Ridge, CO 80033. The Lease is on a month-to-month basis and the rent is \$500.00 per month. The rent is paid out in Common Stock.

Total lease expense for the years ended December 31, 2007 and 2006 was \$54,405, and \$62,823, respectively.

*Capital Leases*

The Company's property under capital leases is included in property and equipment (See Note 3) and is summarized as follows:

	2007	2006
Laboratory Equipment	\$31,574	\$31,574
Computer	2,672	2,672
Total	34,246	34,264
Less: Accumulated Depreciation	(23,077)	(23,077)
Net Assets Under Capital Leases	\$11,169	\$12,760

Future annual minimum lease payments under these non-cancelable operating and capital leases at December 31, 2007 were as follows:

	Operating Leases	Capital Leases
2008	0	0
2009	0	0
2010 and thereafter	<u>0</u>	0
Less amount representing interest	<b>\$0</b>	0
Present value of minimum lease payments		<u>0</u>
Less current portion		0
		<u>(0)</u>
Long-term portion of capital lease payable		<b>\$0</b>

Total interest expense, including late fees, under capital leases was \$0 and \$3,828 for the years ended December 31, 2007 and 2006, respectively.

#### NOTE 5

#### LOAN PAYABLE

The Company has an outstanding loan payable to a related party as follows:

	2007	2006
Loan payable with no interest, due on demand, unsecured	105,290	107,552
Less current portion	<u>(0)</u>	<u>(0)</u>
Total current loan payable- related party	\$105,290	\$107,552

There was no interest expense related to this obligation for the years ended December 31, 2007 and 2006. Setna Holdings is a shareholder and is managed by Anthony J. Milici. Setna is advancing the company funds for their operational expense until pending contracts are finalized.

#### NOTE 6

#### STOCKHOLDERS EQUITY (DEFICIT)

*Common Stock Transactions*

On December 31, 2007, the Company authorized 100,000,000 shares of \$.001 par value common stock; 51,525,849 are outstanding at December 31, 2007.

In January 2005, the Company issued 2,000 shares of common stock valued at \$2,200 pursuant to conversion rights exercised by a holder.

In January 2005, the Company cancelled 15,204 shares of common stock valued at \$15,960 from a consultant. Accordingly, \$15,960 for consultant expense was charged to operations.

In January 2005, the Company cancelled 1,400 shares of common stock valued at \$1,610 from a consultant. Accordingly, \$1,610 for consultant expense was charged to operations.

In March 2005, the Company issued 1,475,000 shares valued at \$1,489,999 to a marketing consultant and resulted in an immediate charge to operations.

**NOTE 6**

**STOCKHOLDERS EQUITY (DEFICIT) - continued**

In March 2005, the Company issued 175,000 shares valued at \$182,000 to two consultants assisting the Company in the development of operations in Mexico and resulted in immediate charges to operations.

In March 2005, the Company issued 45,000 shares valued at \$46,350 to an officer in lieu of salary and resulted in an immediate charge to operations.

In May 2005, the Company issued 45,000 shares valued at \$27,000 to an officer in lieu of salary and resulted in an immediate charge to operations.

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In May 2005, the Company issued 17,000 shares of common stock valued at \$12,580 pursuant to conversion rights exercised by a holder. In June 2005, the Company issued 318,182 shares of common stock in exchange for 1,400 of its Series A Preferred Stock.

In July 2005, the Company issued 15,000 shares of common stock valued at \$12,300 to employees and resulted in an immediate charge to operations.

In July 2005, the Company issued 400,000 shares valued at \$296,000 to a marketing consultant and resulted in an immediate charge to operations.

In March 2006, the Company issued 40,000 shares valued at \$7,200 in settlement of a lawsuit previously filed by OR Surgical and resulted in an immediate charge to operations.

In March 2006, the Company issued 90,000 shares valued at \$12,600 to two officers in lieu of salary and resulted in an immediate charge to operations.

In May 2006, the Company issued 500,000 shares valued at \$65,000 to a marketing consulting group and resulted in an immediate charge to operations.

In May 2006, the Company issued 50,000 shares valued at \$6,500 to consulting services for lab work and resulted in an immediate charge to operations.

In June 2006, the Company issued 750,000 shares valued at \$82,500 to consulting services of operations and resulted in an immediate charge to operations.

In August 2006, the Company issued 2,130,000 shares valued at \$131,800 to consulting services of operations and resulted in an immediate charge to operations.

In August 2006, the Company issued 625,000 shares valued at \$37,500 to the line of credit fees of operations and resulted in an immediate charge to operations.

In September 2006, the Company issued 3,041,667 shares valued at \$162,500 to consulting services of operations and resulted in an immediate charge to operations.

In September 2006, the Company issued 600,000 shares valued at \$36,000 to a settlement and resulted in an immediate charge to operations.

In September 2006, the Company issued 1,000,000 shares valued at \$50,000 to lieu of salary and resulted in an immediate charge to operations.

In October 2006, the Company issued 2,400,000 shares valued at \$96,750 to consulting services of operations and resulted in an immediate charge to operations.

#### **NOTE 6**

#### **STOCKHOLDERS EQUITY (DEFICIT) - continued**

In November 2006, the Company issued 678,000 shares valued at \$29,870 to consulting services of operations and resulted in an immediate charge to operations.

In November 2006, the Company cancelled 200,000 shares valued at \$10,000 to consulting services.

In December 2006, the Company issued 1,100,000 shares valued at \$34,000 to consulting services of operations and resulted in an immediate charge to operations.

In January 2007, the Company issued 1,100,000 shares valued at \$33,000 to consulting services of operations and resulted in an immediate charge to operations.

In February 2007, the Company issued 400,000 shares valued at \$16,000 to consulting services of operations and resulted in an immediate charge to operations.

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In March 2007, the Company issued 836,500 shares valued at \$40,960 to consulting services of operations and resulted in an immediate charge to operations.

In April 2007, the Company issued 1,399,706 shares valued at \$59,835 to consulting services of operations and resulted in an immediate charge to operations.

In April 2007, the Company issued 1,440,000 shares valued at \$.05/share, \$72,000 for lieu salary.

In May 2007, the Company issued 5,295,331 shares valued at \$160,356 to consulting services of operations and resulted in an immediate charge to operations.

In May 2007, the company issued 45,000 shares valued at \$.03/share, \$1,350 for lieu of salary.

In June 2007, the company issued 1,216,964 shares valued at \$43,225 to consulting services of operations and resulted in an immediate charge to operations.

In July 2007, the company issued 534,928 shares valued at \$10,699 to consulting services of operations and resulted in an immediate charge to operations.

In August 2007, the company issued 738,438 shares valued at \$14,769 to consulting services of operations and resulted in an immediate charge to operations.

In September 2007, the company issued 582,024 shares valued at \$11,640 to consulting services of operations and resulted in an immediate charge to operations.

In October 2007, the company issued 1,211,347 shares valued at 24,226 to consulting services of operations and resulted in an immediate charge to operations.

In November 2007, the company issued 523,526 shares valued at 10,471 to consulting services of operations and resulted in an immediate charge to operations.



In December 2007, the company issued 727,349 shares valued at 14,547 to consulting services of operations and resulted in an immediate charge to operations.

### **Preferred Stock**

On December 31, 2007, the Company authorized 20,000,000 shares of \$0.001 par value preferred stock; 4,600 shares of Series A, Convertible Preferred Stock ( Series A ) and 3,000,000 Shares of Series B, Convertible Preferred Stock ( Series B ) were issued and outstanding at December 31, 2007.

Preferred Stock ( Series A ) shall be convertible into Common Stock any time at the holder's sole discretion in part or in whole by dividing the Purchase Price per Share by a price (the Conversion Price ) equal to 110% of the Market Value on the Closing Date. Market Value on any given date shall be defined as the average of the lowest three intra-day trading prices of the Company's common stock during the 15 immediately preceding trading days.

Pursuant to the Registrant's Certificate of Designation establishing the Series B Preferred Stock, each share of the currently issued and outstanding Series B Preferred Stock may be converted into ten (10) fully paid and non-assessable shares of the Registrant's common stock. On all matters submitted to a vote of the holders of the common stock, including, without limitation, the election of directors, a holder of shares of the Series B Preferred Stock is entitled to the number of votes on such matters equal to the number of shares of the Series B Preferred Stock held by such holder multiplied by twenty (20).

On January 18, 2005, the Company issued 11,000 shares of its Series A Preferred Stock to Mercator Momentum Fund, LP, Mercator Momentum Fund III, LP and Monarch Pointe Fund, Ltd. (the Purchasers ), for \$100 per share, or an aggregate of \$1,100,000. The Company also issued warrants to purchase an aggregate of 597,826 shares of common stock at an exercise price of \$0.92 per share, in consideration for the aggregate proceeds of \$1,100,000 to the Purchasers and Mercator Advisory Group, LLC, an affiliate of the Purchasers. In connection with the sale of the shares, the Company paid a due diligence fee of \$88,000 and legal expenses of \$10,000 to Mercator Advisory Group, LLC. All warrants expire on January 18, 2008.

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In June 2005, 1,400 shares of Series A Preferred Stock were cancelled and converted into 318,182 common shares of the company

In July 2005, 5,000 shares of Series A Preferred Stock were cancelled and converted into 1,086,957 common shares of the company.

The adjustment to shareholder equity was due to the reclassification in common stock in the amount of 49,658.

On May 5, 2006, GeneThera, Inc. (the "Registrant") entered into a subscription agreement and issued 1,500,000 shares of the Registrant's Series B convertible, preferred stock, par value \$0.001 per share (the "Series B Preferred Stock"), to Antonio Milici, Registrant's Chief Executive Officer and Chairman of the Board of Directors. The Series B Preferred Stock was issued to Dr. Milici for cash consideration of \$.04, per share, or an aggregate of Sixty Thousand (\$60,000) Dollars.

On September 1, 2006, GeneThera, Inc. (the "Registrant") entered into a subscription agreement and issued 750,000 shares of the Registrant's Series B convertible, preferred stock, par value \$0.001 per share (the "Series B Preferred Stock"), to Tannya L. Irizarry, Registrant's Chief Administrative Officer. The Series B Preferred Stock was issued to Ms. Irizarry for cash consideration of \$.04, per share, or an aggregate of Thirty Thousand (\$30,000) Dollars.

In April 2007, the company issued 750,000 preferred B shares valued at \$.06/share to adjust 9/1/06 issued Preferred Stock. To Tannya L. Irizarry, Registrant's Chief Administrative officer.

### **Warrants**

The Company has warrants to purchase an aggregate of 597,826 shares of common stock at an exercise price of \$0.92 per share outstanding at December 31, 2007. Warrants expire on January 18<sup>th</sup> 2008.

### **Summary of Warrant activity**

Warrants-Common Share Equivalents	Weighted Average Exercise Price	Warrants exercisable-Common share equivalents	Weighted Average Exercise Price
--------------------------------------	--	---	---------------------------------------

Outstanding December 31, 2004				
Granted	597,826	\$0.92	597,826	\$0.92
Exercised	0		0	
Outstanding December 31, 2005	597,826	\$0.92	597,826	\$0.92
Granted	0		0	
Exercised	0		0	
Outstanding December 31, 2006	597,826	\$0.92	597,826	\$0.92
Granted	0		0	
Exercised	0		0	
Outstanding December 31, 2007	597,826	\$0.92	597,826	\$0.92

(1) In January of 2005, we issued 597,826 warrants to MAG Capital and three affiliated parties of MAG Capital as part of a \$1.1 million convertible note. The warrants carried a term of 3 years and subsequently expired in January of 2008.

Warrants outstanding

Warrants exercisable

Range of Warrant Exercise Price	Warrants-Common Share Equivalents	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life as of 12/31/2007	Warrants-Common Share Equivalents	Weighted average Exercise price
\$0.92	597,826	\$0.92	.083 years	597,826	\$0.92

Option grant summary

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	Warrants-Common Share Equivalents	Weighted Average Exercise Price	Warrants exercisable-Common share equivalents	Weighted Average Exercise Price
Outstanding December 31, 2004	0			
Granted (1)	597,826	\$0.92	597,826	\$0.92
Exercised	0		0	
Outstanding December 31, 2005	597,826	\$0.92	597,826	\$0.92
Granted	0		0	
Exercised	0		0	
Outstanding December 31, 2006	597,826	\$0.92	597,826	\$0.92
Granted	0		0	
Exercised	0		0	
Outstanding December 31, 2007	597,826	\$0.92	597,826	\$0.92
	Options-Common Share Equivalents	Weighted Average Exercise Price	Options exercisable-Common share equivalents	Weighted Average Exercise Price
Outstanding December 31, 2003	0			
Granted (2)	1,450,000	\$0.25	1,450,000	\$0.25
Exercised	0		0	
Outstanding December 31, 2004	1,450,000	\$0.25	1,450,000	\$0.25
Granted (3)	1,280,000	\$0.44	1,280,000	\$0.44
Exercised	0		0	
Outstanding December 31, 2005	2,730,000	\$0.34	2,730,000	\$0.34
Granted	0		0	
Exercised	0		0	
Outstanding December 31, 2006	2,730,000	\$0.34	2,730,000	\$0.34
Granted	0		0	
Exercised	0		0	
Outstanding December 31, 2007	2,730,000	\$0.34	2,730,000	\$0.34

Options outstanding

Options exercisable

Range of Option Exercise Price	Options-Common Share Equivalents	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life as of 12/31/2007	Options-Common Share Equivalents	Weighted average Exercise price
\$0.25	1,780,000	\$0.25	3.33	1,780,000	\$0.25
\$0.50	950,000	\$0.50	2.25	950,000	\$0.50
Total	2,730,000	\$0.34		2,730,000	\$0.34

(1)

Issued pursuant to 2004 Senior Officer Option Plan. These options were subsequently recalculated after the Company's reverse stock split made effective in July 2008. Outstanding options under this plan are now 290 at an exercise price of \$1250.

(2)

Issued pursuant to 2005 Employee, Director, and Consultant Option Plan. These options were subsequently recalculated after the Company's reverse stock split in July 2008. Outstanding options under this plan after the split were 66 at \$1250 and all expired in September 2008.

(3)

Issued pursuant to 2005 Employee, Director, and Consultant Option Plan. These options were subsequently recalculated after the Company's reverse stock split in July 2008. Outstanding options under this plan after the split were 190 at \$2500 and expire in September 2010.

**NOTE 7**

**INCOME TAXES**

The Company has no current or deferred income tax due to its operating losses.

The Company has a federal net operating loss carry forward at December 31, 2007 and 2006 of approximately \$16,409,792 and \$15,567,963, respectively, subject to annual limitations prescribed by the Internal Revenue Code, that are available to offset future taxable income through 2025. A 100% valuation allowance has been recorded to offset the net deferred taxes due to uncertainty of the Company's ability to generate future taxable income.

**NOTE 8**

**CONTINGENCIES**

The Company is involved in claims arising during the ordinary course of business resulting from disputes with vendors and shareholders over various contracts and agreements. While the ultimate outcome of these matters has yet to be determined, management has included a provision for these claims based on known facts and circumstances as of December 31, 2007 in the amount of \$55,000.

**NOTE 9****GOING-CONCERN UNCERTAINTY**

These financial statements are presented assuming the Company will continue as a going concern. For the years ended December 31, 2007 and 2006, the Company showed operating losses of \$841,829 and \$1,482,570, respectively. The accompanying financial statements indicate that current liabilities exceed current assets by \$1,633,398 and \$1,392,097 at December 31 2007 and 2006, respectively.

These factors raise substantial doubt about its ability to continue as a going concern. Management's plan with regard to these matters includes raising working capital and significant assets and resources to assure the Company's viability, through private or public equity offering, and/or debt financing, and/or through the acquisition of new business or private ventures. The Company will bring in contract work and start the operation in Mexico to bring in revenue.

**NOTE 10 RESEARCH AND DEVELOPMENT COSTS**

All research and development costs are charged to expense when incurred. The following table illustrates the types of expenses imbedded in the financial statements as costs related to laboratory research, formulation, and design and testing of products and processes as related to the business plan.

	2007	2006
Consulting	0	0
Salaries	144,000	144,000
Lease Expense	63,217	63,217
Depreciation	11,751	11,751
Lab Expenses	223	39,592
Totals	\$219,191	\$258,560

**ITEM 9 CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

Since March 15, 2006, our auditors are Jaspers + Hall, PC.

## **ITEM 9A CONTROLS AND PROCEDURES**

Dr. Tony Milici, Our Chief Executive Officer ( CEO ), and Tannya L. Irizarry, our Chief Financial Officer ( CFO ), have performed an evaluation of the Company s disclosure controls and procedures, as that term is defined in Rule 13a-15 (e) of the Securities Exchange Act of 1934, as amended (the Exchange Act ), as of December 31, 2007 and each has concluded that such disclosure controls and procedures were ineffective to ensure that information required to be disclosed in our periodic reports filed under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the Securities and Exchange Commission s rules and forms and such information is accumulated and communicated to our management as appropriate to allow for timely decisions regarding required disclosure. We will be working on them to improve their effectiveness. Therefore, there will be significant changes in our internal controls and in other factors that will definitely and positively affect internal controls subsequent to the date we carried out our evaluation.

## **MANAGEMENT S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). The Company s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Because of its inherent limitations, internal controls over financial reporting many not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the r isk that controls may become inadequate because of changes in conditions or because the degree of compliance with policies or procedures may deteriorate.

Under the supervision and with the participation of our management, including our CEO and CFO, we conducted an assessment of the effectiveness of our internal control over financial reporting as of December 31, 2007. The assessment was based on criteria established in the framework Internal Control-Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management concluded that our internal control over financial reporting was ineffective as of December 31, 2007.

## **PART III.**



**ITEM 10 DIRECTORS, OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT**

**DIRECTORS AND EXECUTIVE OFFICERS**

The following persons are currently serving as the Company's executive officers and directors.

Name

Age

Positions

Dr. Antonio Milici

53

Chairman of the Board, Chief Executive Officer and  
Chief Scientific Officer

Tannya L. Irizarry

48

Chief Financial Officer (Interim)

Dr. Thomas G. Slaga

63

Director

**Dr. Antonio Milici** founded GeneThera, Inc. in 1999 and has served as its Chairman and CEO since inception. Prior to founding GeneThera, Dr. Milici served as CEO and President of Genetrans, Inc., a genetic diagnostic company

from 1993 to 1998. Dr. Milici was also an assistant professor in the department of Molecular Pathology at the University of Texas M.D. Anderson Cancer Center.

**Tannya L. Irizarry** has served as Chief Administrative Officer since 1999. She is now serving as Chief Financial Officer (Interim). Ms. Irizarry has over 20 years of experience in medical technology and biotechnology industries. Ms. Irizarry worked at the University of Texas M.D. Anderson Cancer Center in the department of Neuro-Oncology with Dr. William S. Fields and the Office of Education with Dr. James Bowen; St. Joseph Hospital in the biotechnology division. Ms. Irizarry was the Vice President of Genetrans, Inc. from 1994 to 1998. Ms. Irizarry relocated to Colorado in order to manage GeneThera, Inc. at the request of Dr. Milici.

**Dr. Thomas Slaga** has served on GeneThera's Board of Directors since 2003. Dr. Slaga has investigated cancer causation and prevention for more than 35 years. He held a position as Scientific Director of the AMC Cancer Research Center in Denver, Colorado since 1999 until 2005. He chairs the Center for Cancer Causation and Prevention at AMC and also serves as Deputy Director of the University of Colorado Cancer Center. Previously, from 1983 to 1997, he served as Director of the Science Park Research Division of The University of Texas M.D. Anderson Cancer Center. Dr. Slaga was co-founder of Molecular Carcinogenesis in 1987 and served as editor-in-chief until early 2003. Since June 2005, Dr. Slaga was appointed Director of The Cancer Institute at the University of Texas in San Antonio.

Each Director is elected at the Company's annual meeting of shareholders and holds office until the next annual meeting of shareholders, or until the successors are elected and qualified. At present, the Company's bylaws provide for not less than three or more than seven Directors. Currently, we have two Director Positions. The bylaws permit the Board of Directors to fill any vacancy and such Director may serve until the next Annual Meeting of Shareholders or until his successor is elected and qualified. Officers are elected by the Board of Directors and their terms of office are, except to the extent governed by employment contracts, at the discretion of the Board. The officers of the Company devote full time to the business of the Company.

## **SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our Executive Officers, Directors and 10% Shareholders to file reports regarding initial ownership and changes in ownership with the SEC. Executive Officers, Directors, and 10% Shareholders are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file. Our information regarding compliance with Section 16(a) is based solely on a review of the copies of such reports furnished to us by our Executive Officers, Directors and 10% Shareholders. These forms include (i) Form 3, which is the Initial Statement of Beneficial Ownership of Securities, (ii) Form 4, which is a Statement of Changes in Beneficial Ownership, and (iii) Form 5, which is an Annual Statement of Changes in Beneficial Ownership.

The Company has recently adopted a Code of Ethics applicable to its principal executive officer, principal financial officer, and principal accounting officer. Our Code of Ethics can be obtained by calling the Company at 303-463-6371.

## **ITEM 11 EXECUTIVE COMPENSATION**

The following table sets forth certain summary information for the fiscal year ended December 31, 2007, concerning the compensation awarded to, earned by, or paid to those persons serving as executive officers during fiscal year 2007.

### **SUMMARY COMPENSATION TABLE**

The following table sets forth certain summary information for the fiscal year ended December 31, 2007, concerning the compensation awarded to, earned by, or paid to those persons serving as executive officers during fiscal year 2006, that served as our Chief Executive Officer or earned compensation in excess of \$100,000 (the Names Executive Officers ). No other executive officer of the Company had a total annual salary and bonus for 2007 that exceeded \$100,000. Antonio Milici, M.D., Ph.D., and Tannya L. Irizarry were the only executive officers during the fiscal year ended December 31, 2007.

The following table summarizes compensation earned in each of the last three fiscal years by the named officers.

**Summary Compensation Table**

The following table summarizes the annual and long-term compensation paid to Dr. Tony Milici, our chief executive officer. Except for Dr. Milici, no other executive officer received annual remuneration in excess of \$100,000 during 2006 or 2007. This summary compensation table shows certain compensation information for services rendered in all capacities during each of the last two completed fiscal years.

Name and Principal Position	Year	Salary \$	Bonus	Stock Awards	Option Awards	Non-Equity Incentive Plan Compensation	Change in Pension Value and Non-Qualified Deferred Compensation Earnings	All Other Compensation	Total
Dr. Tony Milici	2006	144,000 (1)	-	-	-	-	-	-	144,000
Chief Executive Officer	2007	\$144,000 (2)							144,000
Tannya Irizarry Chief Financial Officer	2006	90,000		45,000 Restricted Shares					135,000
Tannya Irizarry Chief Financial Officer	2007	90,000	-	45,000 Restricted Shares	-	-	-	-	135,000

No other officer or director received in excess of \$100,000 for the years ending December 31, 2007 and 2006.

(1) and (2) Dr. Milici's salaries for years indicated have been accrued but not paid.

The Company provides Dr. Milici with a company car and reimburses him for fuel costs.

## COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

On January 23, 2002, the Company entered into an employment agreement with Antonio Milici, M.D., Ph.D., to serve as the Chief Executive Officer and Chief Scientific Officer of the Company through January 7, 2012. Unless either party gives notice to terminate the agreement at least thirty days prior to expiration of the agreement, the agreement will automatically be extended for an additional two year period. In consideration for his services, Dr. Milici receives a base salary of \$144,000 per annum throughout the term of the agreement plus bonuses as may be determined by the Compensation Committee of the Board of Directors in its discretion or if the Company achieves net income in excess of \$2,000,000 per year. As part of his employment agreement, Dr. Milici has agreed not to compete with the Company, solicit any of its customers or solicit any of its employees for a period of two years after the term of the agreement. Dr. Milici is also subject to confidentiality obligations in favor of the Company and has agreed to transfer to the Company all of his interests in any idea, concept, technique, inventory or written work developed by him during the term of his employment agreement. The Company also provides a company vehicle and gas allowance for him and his scientific consultants.

No director received compensation for his services to the Company.

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

The following table sets forth certain information concerning the beneficial ownership of our outstanding classes of stock as of December 31, 2007 by each person known by us to be (i) the beneficial owner of more than 5% of the outstanding shares of common stock, (ii) each current director and nominee, (iii) each of the executive officers who were serving as executive officers at the end of the December 31, 2007 fiscal year and (iv) all of our directors and current executive officers as a group. Unless otherwise indicated below, to our knowledge, all persons listed below have sole voting and investment power with respect to their shares of common stock except to the extent that authority is shared by spouses under applicable law. The calculation of percentage ownership for each listed beneficial owner is based upon the number of shares of common stock issued and outstanding on December 31, 2007, plus shares of common stock subject to options, warrants and conversion rights held by such person on December 31, 2007, and exercisable or convertible within 60 days thereafter.

The following table shows, as of December 31, 2007, the common stock owned beneficially by (i) each person known by us to be the beneficial owner of more than five percent of our Common Stock, (ii) each of our directors, (iii) each of our executive officers, and (iv) all of our directors and executive officers as a group. Unless otherwise indicated, the address of each person or entity named below is c/o GeneThera, Inc., 3930 Youngfield Street, Wheat Ridge, Colorado 80033.

Name of Beneficial Owner	Number of Shares Beneficially Owned (1)	Percent of Class
Five Percent Shareholders:		
Elmer McNece, Jr.	6,670,000	12.94%
Knight Equity Markets, LP	6,204,528	12.04%
Directors and Executive Officers:		
Dr. Antonio Milici (2)	10,068,339	19.54%
Tannya L. Irizarry	735,000	1.43%
All Directors and Executive Officers as a Group (two persons):	10,803,339	21.0%

(1)

This table is based upon information supplied by officers, directors and principal shareholders and Schedules 13D and 13G filed with the SEC. Unless otherwise indicated in the footnotes to this Table and subject to community property laws where applicable, the Company believes that each of the shareholders named in this Table has sole voting and investment power with respect to the shares indicated as beneficially owned. Applicable percentages are based on 51,525,849 shares of common stock outstanding on December 31, 2007, adjusted as required by rules promulgated by the SEC.

(2) Includes 300,000 shares subject to operations exercisable within 60 days of December 31, 2007.

## SERIES B PREFERRED STOCK

Name of Beneficial Owner (1)	Common Stock Beneficially Owned (2)		Voting Preferred Stock Beneficially Owned (2)	
	Number	Percent	Number	%
Antonio Milici	10,068,339	19.54%	1,500,000	50%
Tannya L. Irizarry (3)	735,000	1.43%	1,500,000	50%
All Directors and Officers as a Group (2 persons)	10,803,339	21.0%	3,000,000	100.0

(1) This table is based upon information supplied by officers, directors, and principal shareholders and documents filed with the SEC. Unless otherwise indicated and subject to community property laws, if applicable, the Company believes that each of the shareholders named in this table has sole voting and investment power with respect to the

shares indicated as beneficially owned.

(2) Applicable percentages are based on 51,525,849 shares of common stock outstanding and on 3,000,000 shares of Series B Preferred Stock outstanding on December 31, 2007, adjusted as required by rules promulgated by the SEC. Although the Series A Preferred Stock is convertible into approximately 7.2 million shares of our common stock (assuming all shares were converted as of the date of this prospectus), this Table does not give effect to the Series A Preferred Stock because these shares have no voting rights and their convertibility by the holder is currently being contested by the Company.

(3) Ms. Irizarry is married to Dr. Antonio Milici. Therefore, she has a beneficial interest in his shares.

## **ITEM 13 CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

### **SERIES A PREFERRED STOCK FINANCING**

On January 18, 2005, we issued 11,000 shares of our Series A Preferred Stock to Mercator Momentum Fund, LP, Mercator Momentum Fund III, LP, and Monarch Pointe Fund, Ltd. (the Purchasers), for \$100 per share, or an aggregate of \$1,100,000. We also issued warrants to purchase an aggregate of 597,826 shares of common stock at an exercise price of \$0.92 per share, in consideration for the aggregate proceeds of \$1,100,000 to the Purchasers and Mercator Advisory Group, LLC, an affiliate of the Purchasers. The warrants became exercisable on January 18, 2005, and are exercisable for three years from their date of issuance. The warrants were never exercised. We paid a due diligence fee of \$88,000 and legal expenses of \$10,000 to Mercator Advisory Group, LLC.

The Series A Preferred Stock is convertible into the Company's common stock at an initial conversion price of \$1.01, subject to adjustment. If, at any time after March 14, 2005, the market price (i.e., the average of the lowest three intra-day trading prices of the Company's common stock during the 15 trading days immediately preceding the conversion date) is less than \$1.11, then the conversion price of the Series A Preferred Stock is 80% of the market price on the date of such conversion. If an Event of Default as defined in the subscription agreement under which the Purchasers bought the Series A Preferred Stock occurs (e.g., bankruptcy, failure to timely file the registration statement, failure of such registration statement to be timely declared effective), the conversion price of the Series A Preferred Stock is reduced by 10%. The Series A Preferred Stock pays a per share monthly dividend equal to \$100 multiplied by the prime rate (as reported in the Wall Street Journal) plus 2.5% to the extent that funds are lawfully available. The Series A Preferred Stock has sole preference of priority at par in liquidation over our common stock

and any subsequent series of preferred stock.

In connection with the issuance of the Series A Preferred Stock and warrants, we agreed to file a registration statement with the U.S. Securities and Exchange Commission ( SEC ) registering the shares of common stock issuable upon conversion of the preferred stock and exercise of the warrants, and to use diligent efforts to have the registration statement declared effective within 120 days after the initial filing of the registration statement. Under the terms of the agreements with the Purchasers, the ownership of our common stock by the Purchasers will not exceed 9.99% of the total outstanding shares at any one time. In addition, the Purchasers agreed not to sell, in any trading day, shares of our common stock in excess of 20% of the total shares traded on such trading day.

### SERIES B PREFERRED STOCK FINANCING

Name of Beneficial Owner (1)	Common Stock Beneficially Owned (2)		Voting Preferred Stock Beneficially Owned (2)	
	Number	Percent	Number	%
Antonio Milici (3)	10,068,339	19.54	1,500,000	50.0
Tannya L. Irizarry (4)	735,000	1.43	1,500,000	50.0
All Directors and Officers as a Group (2 persons)	10,803,339	21.0	3,000,000	100.0

(1)

This table is based upon information supplied by officers, directors, and principal shareholders and documents filed with the SEC. Unless otherwise indicated and subject to community property laws, if applicable, the Company believes that each of the shareholders named in this table has sole voting and investment power with respect to the shares indicated as beneficially owned.

(2)

Applicable percentages are based on 24,325,069 shares of common stock outstanding and on 1,500,000 shares of Series B Preferred Stock outstanding on June 30, 2006, adjusted as required by rules promulgated by the SEC.

Although the Series A Preferred Stock is convertible into approximately 7.2 million shares of our common stock (assuming all shares were converted as of the date of this prospectus), this Table does not give effect to the Series A Preferred Stock because these shares have no voting rights and their convertibility by the holder is currently being contested by the Company.

(3)

On June 15, 2006, Dr. Milici owns 1,500,000 shares of our Series B Preferred Stock. Dr. Milici is our Chief Executive Officer and Chairman of the Board. He owns 10,068,339 shares of our common stock. Pursuant to our Certificate of Designation establishing the Series B Preferred Stock, each share of our currently issued and outstanding Series B Preferred Stock may be converted into ten fully paid and non-assessable shares of our common



stock. On all matters submitted to a vote of the holders of the common stock, including, without limitation, the election of directors, a holder of shares of the Series B Preferred Stock shall be entitled to the number of votes on such matters equal to the number of shares of the Series B Preferred Stock held by such holder multiplied by twenty (20). Therefore, Dr. Milici will have the power to vote 40,068,339 shares, effectively giving him absolute voting control of the Company.

(4)

Ms. Irizarry is married to Dr. Antonio Milici. Therefore, she has a beneficial interest in his shares.

## **MARKETING CONSULTANT**

In March 2007 we entered into a consulting agreement with The Mézey Howarth Group (the Marketing Consultant ) pursuant to which the Marketing Consultant agreed to provide us with Investor Relations. In June 2007, the marketing consultant was terminated. Currently, the Company is in the process of signing a consulting agreement as a marketing consultant with JR Dopkin & Associates from New York. On February 29<sup>th</sup>, 2008, the Company signed a consulting agreement as a marketing consultant with Jack Craig from Florida. They will both work together as marketing/Investor Relations consultants.

## **ITEM 14 PRINCIPAL ACCOUNTING FEES AND SERVICES**

### **AUDIT FEES**

The aggregate fees billed for each of the last two fiscal years for professional services rendered by our principal accountant for the audit of the Company's annual financial statements and review of financial statements included in the registrant's Form 10-Q was as follows:

2006

\$15,000

2007

\$26,500

### **AUDIT-RELATED FEES**

The aggregate fees billed in each of the last two fiscal years for assurance and related services by our principal accountant that are reasonably related to the performance of the audit and not reported in Audit Fees was \$-0-.

**TAX FEES**

The aggregate fees billed in each of the last two fiscal years for services rendered by our principal accountant for tax compliance, tax advice, and tax planning was \$-0-.

**ALL OTHER FEES**

The aggregate fees billed in each of the last two fiscal years for products and services provided by our principal accountant other than those described above was \$-0-.

The Company's audit committee, which consists of all directors, approved the services described above.

**ITEM 15 EXHIBITS, FINANCIAL STATEMENTS, SCHEDULES AND REPORTS**

**EXHIBITS**

The following documents are filed herewith or have been included as exhibits to previous filings with the SEC and are incorporated herein by this reference:

**EXHIBIT**

**DESCRIPTION OF DOCUMENT**

1.1

Articles of Incorporation of GeneThera, Inc., as amended in the State of Nevada. (6)

1.2

Bylaws, as amended. (2)

0.1

Form of Common Stock Purchase Agreement among GeneThera, Inc. and various original holders of the common stock of GeneThera, Inc. (1)

0.2

Form of Letter Agreement between GeneThera, Inc. and various original holders of the Common Stock of GeneThera, Inc. (2)

0.3

Employment Agreement dated as of January 23, 2002 between Antonio Milici, MD, PhD and GeneThera, Inc. (2)

0.4

Letter of Intent dated November 6, 2003 between Oncology Sciences Corporation and GeneThera, Inc. (3)

0.5

Research Consulting Agreement between Xpention Genetics, Inc. and GeneThera, Inc.

0.6

Placement Agent Agreement dated as of May 31, 2004 between Invest Line Securities, LLC and GeneThera, Inc. (4)

0.7

Letter Agreement dated November 22, 2003 between NVO Solutions, Inc. and GeneThera, Inc. (4)

0.8

Resolution Agreement dated August 2004 by and among John Taggart, Family Health News, Inc., and GeneThera, Inc. (4)

0.9

GeneThera, Inc. 2004 Employee, Director, and Consultant Stock Option Plan (6)

0.10

GeneThera, Inc. 2004 Senior Executive Officer Option Plan. (6)

0.11

Subscription Agreement dated as of January 18, 2005 by and between GeneThera, Inc., Mercator Advisory Group, LLC, Mercator Momentum Fund, LP, Mercator Momentum Fund III, LP, and Monarch Pointe Fund, Ltd. (5)

0.12

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Registration Rights Agreement dated as of January 18, 2005 by and between GeneThera, Inc., Mercator Advisory Group, LLC, Mercator Momentum Fund, LP, Mercator Momentum Fund III, LP, and Monarch Pointe Fund, Ltd. (5)

0.13

Warrant to Purchase Common Stock issued to Mercator Advisory Group, LLC. (5)

0.14

Warrant to Purchase Common Stock issued to Mercator Momentum Fund, LP. (5)

0.15

Warrant to Purchase Common Stock issued to Mercator Momentum Fund III, LP. (5)

0.16

Warrant to Purchase Common Stock issued to Monarch Pointe Fund, Ltd. (5)

0.17

Industrial Multi-Tenant Lease dated December 4, 2001 between Youngfield Plaza LLC and GeneThera, Inc. (4)

0.18

Amendment to Industrial Multi-Tenant Lease dated December 12, 2004 between Youngfield Plaza LLC and GeneThera, Inc. (6)

0.19

Strategic Alliance Agreement dated November 1, 2004 between G. Gekko Enterprises and GeneThera, Inc. (6)

0.20

Securities Purchase Agreement dated November 8, 2004 between G. Gekko Enterprises and GeneThera, Inc. (6)

0.21

Letter Agreement dated March 1, 2005 between 0711005 B.C. Ltd and GeneThera, Inc. (6)

0.22

Mutual Release and Settlement Agreement dated March 1, 2005 between J.P. Turner & Company, L.L.C. and GeneThera, Inc. (6)

21.1

List of Subsidiaries. (6)

0.1

Certification of Chief Executive Officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act

31.1

Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act.

0.2

Certification of Chief Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act

0.2

Certificate of Chief Financial Officer furnished pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350)

0.1

Curriculum Vitae. (4)

(1)

Incorporated by reference to our Current Report on Form 8-K, as filed with the Commission on March 5, 2002.

(2)

Incorporated by reference to our Annual Report on Form 10-Q, as filed with the Commission on June 4, 2002.

(3)

Incorporated by reference to our Annual Report on Form 10-Q, as filed with the Commission on April 14, 2004.

(4)

Incorporated by reference to our Registration Statement on Form SB-2 (File No. 333-118937) and amendments thereto, declares effective December 1, 2004.

(5)

Incorporated by reference to our Current Report on Form 8-K, as filed with the Commission on January 19, 2005.

(6)

Incorporated by reference to our Registration Statement on Form SB-2 (File No. 333-123138) filed on March 4, 2005.