GENETHERA INC
Form 10-Q/A
August 23, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

AMENDMENT NUMBER 1

FORM 10-Q/A

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended **June 30, 2016**

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM ______ TO ________

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)

9101 Harlan Street Suite 130, Westminster, CO

80031

(Address of Principal Executive Offices)

(Zip Code)

Registrant s telephone number, including area code:

(303) 439-2085

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 if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes ¨ No x

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T

(§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-Q or any amendment to this Form 10-Q. Yes x No o

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

Large accelerated filer ¨ **Accelerated filer** ¨
Non-accelerated filer ¨ **Smaller reporting company** x

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

Yes ¨ No x

State the number of shares of the issuer's common stock outstanding, as of the latest practicable date: 40, 064, 983 shares of common stock issued and outstanding as of August 22, 2016.

Explanatory Note

The purpose of Amendment No. 1 on Form 10 Q/A1 to the Company s quarterly report on Form 10 Q for the period ended June 30, 2016, filed with the Securities and Exchange Commission on August 22, 2016 (the Form 10 Q), is correct footnote No. 7 of Part I Financial information for the three and six-month period ended June 30, 2016. A bullet point item from these documents had been inadvertently excluded in the final version of the original Form 10-Q. The numbers presented in our Financial Statements remain unchanged.

No other changes have been made to the Form 10 Q. This Amendment No. 1 speaks as of the original filing date of the Form 10 Q and does not reflect events that may have occurred subsequent to the original filing date. This Amended Report restates only those portions of the Original 10-Q affected by the above noted changes. This Amended Report includes currently-dated certifications of the Company s Chief Executive Officer and Chief Financial Officer, as required by Sections 302 and 906 of the Sarbanes-Oxley Act of 2002.

PART I FINANCIAL INFORMATION

FORWARD-LOOKING AND CAUTIONARY STATEMENTS

Sections of this Form 10-Q, including Business and Management's Discussion and Analysis or Plan of Operation, contain "forward-looking statements". 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, intend, 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, and 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.

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GeneThera, Inc. - Consolidated Balance Sheets

		June 30, 2016 (unaudited)		December 31, 2015
ASSETS				
Receivable-related party	$	54,591	$	22,492
Total current assets		54,591		22,492
Property and equipment				
Office and laboratory equipment and leasehold improvements		784,330		784,330
Construction in process		0		13,000
Less: Accumulated depreciation		(784,330)		(784,330)
Total property and equipment, net		0		13,000
Investment in Galtheron Molecular, at cost		110,620		110,620
TOTAL ASSETS	$	165,211	$	146,111
LIABILITIES & STOCKHOLDERS' DEFICIT				
Current liabilities				
Bank Overdraft	$	719	$	33
Accounts payable		968,821		925,652
Accounts payable-related party		281,087		268,282
Accrued expenses		3,473,584		3,216,564
Settlement payable		325,885		325,885
Notes payable		10,800		10,800
Convertible notes payable, net of discount		1,353,328		1,262,002
Loan from shareholder		668,691		660,869
Total liabilities		7,082,916		6,670,087
Commitments and Contingincies		-		-
Stockholders' deficit:				
Series A preferred stock, par value $0.001 per share, 20,000,000 shares authorized, 4,600 shares and 4,600 shares issued and outstanding as of June 30, 2016 and December 31, 2015, respectively		5		5
Series B preferred stock, par value $0.001 per share, 30,000,000 shares authorized, 15,410,000 and 15,410,000 shares issued and outstanding as of June 30, 2016 and December 31, 2015, respectively		15,410		15,410
Common stock, par value $0.001 per share, 300,000,000				

shares authorized, 40,064,983 and 36,610,636 shares issued and outstanding as of June 30, 2016 and December 31, 2015, respectively		40,065		36,612
Common stock to be issued		53,572		53,572
Additional paid-in capital		18,561,342		18,405,246
Accumulated deficit		(25,588,098)		(25,034,820)
Total stockholders' deficit of Genethera, Inc.		(6,917,705)		(6,523,976)
TOTAL LIABILITIES & STOCKHOLDERS' DEFICIT	$	165,211	$	146,111

See accompanying notes to unaudited consolidated financial statements.

GeneThera, Inc. - Consolidated Statements of Operations

	3 Months Ended June 30,			For the Six Months Ended June 30,		
	2016 (unaudited)	2015 (unaudited)		2016 (unaudited)		2015 (unaudited)
Expenses						
General and administrative expenses	95,353	51,450	$	170,109	$	214,256
Payroll expenses	96,000	96,000		282,000		282,000
Depreciation	-	80		0		160
Total operating expenses	191,353	147,530		452,109		496,416
Loss from operations	(191,353)	(147,530)		(452,109)		(496,416)
Other expenses						
Interest expense	(32,464)	(10,321)		(88,168)		(17,898)
Loss on disposal of asset	-	-		(13,000)		-
Total other expense	(32,464)	(10,321)		(101,168)		(17,898)
Net loss before income taxes	(223,817)	(157,851)		(553,277)		(514,314)
Provision for income taxes	-	-		-		-
Net loss	(223,817)	(157,851)	$	(553,277)	$	(514,314)
Loss per common share - Basic and diluted	(0.01)	(0.00)	$	(0.02)	$	(0.01)
Weighted average common shares outstanding - Basic and diluted	38,183,086	37,410,636		36,610,636		37,396,811

See accompanying notes to unaudited consolidated financial statements.

GeneThera, Inc. - Consolidated Statements of Cash Flows

	For the Six Months Ended June 30, 2016 (unaudited)	For the Six Months Ended June 30, 2015 (unaudited)
Cash flows from operating activities		
Net loss	$ (553,277)	$ (514,314)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation	45,000	55,000
Amortization of discount on debt	60,325	
Depreciation and amortization	-	160
Shares issued for services	77,050	-
Loss on abandonment	13,000	-
Changes in operating assets and liabilities:		
Accounts receivable - related parties	(32,099)	(146,641)
Accounts payable and accrued expenses - related parties	7,822	263,776
Accounts payable and accrued expenses	267,993	188,618
Net cash used in operating activities	(114,186)	(153,401)
Cash flows from investing activities		
Investment in Galtheron Molecular Solutions	-	(110,620)
Net cash used in investing activities	-	(110,620)
Cash flows from financing activities		
Bank overdraft	686	
Net advance from related parties	113,500	264,958
Net cash provided by financing activities	114,186	264,958
Net effect of exchange rates change	-	-
Net decrease in cash	(0)	937
Cash at the beginning of the year	-	94
Cash at the end of the year	(0)	1,031
Supplemental disclosures of cash flow information:	-	
Cash paid for interest	$ -	$ -
Cash paid for income taxes	$ -	$ -
Non-cash investing and financing transactions:		
Equipment purchased by third party	$ -	$ 5,739

Property acquired in exchange for common stock	$	-	$	26,000
Conversion of convertible notes payable to common stock	$	(40,000)	$	69,026
Convertible note proceeds received by related party	$	113,500	$	256,000
				-
		-		

See accompanying notes to unaudited consolidated financial statements.

GENETHERA, INC.

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2016 and 2015

Note 1 Organization and nature of operations and summary of significant accounting policies

Organization and nature of operations

The consolidated financial statements include GeneThera, Inc. (a Nevada Coporation) and its wholly owned subsidiary GeneThera, Inc. (Colorado) (collectively GeneThera or the Company). GeneThera is a biotechnology company that develops molecular assays for the detection of food contaminating pathogens, veterinary diseases and genetically modified organisms. The Company has not commenced sales, as yet, but only participates research and development of its products, and is solely dependent on outside financing.

The accompanying unaudited interim consolidated financial statements of GeneThera have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules of the Securities and Exchange Commission and should be read in conjunction with the audited financial statements and notes thereto contained in the Company s latest Annual Report filed with the SEC on Form 10-K. In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of financial position and the results of operations for the interim periods presented have been reflected herein. The results of operations for the six months ended June 30, 2016 are not necessarily indicative of the results to be expected for the full year. Notes to the financial statements which would substantially duplicate the disclosure contained in the audited financial statements for the most recent fiscal year ending December 31, 2015, as reported in Form 10-K, have been omitted, including summaries of the Company s significant accounting policies.

Use of estimates

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

Cash and cash equivalents

Cash equivalents are highly liquid investments with an original maturity of three months or less.

Principles of consolidation

The consolidated financial statements include the accounts of the Company, and its subsidiary. All intercompany accounts are eliminated upon consolidation.

Property and equipment, net

Property and equipment consists primarily of office and laboratory equipment and leasehold improvements and is stated at cost. Depreciation is computed on a straight-line basis over the estimated useful lives ranging from five to seven years. Leasehold improvements are amortized over the shorter of their economic lives or lease terms.

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

Research and development contracts are on a pre-paid basis in order to reflect milestones during research investigation. Revenues are recognized when services are completed. There were no revenues during the years ended December 31, 2015 or the six months ended June 30, 2016.

Stock-Based Compensation

Stock-based compensation is accounted for under FASB ASC Topic No. 718 *Compensation Stock Compensation*. The guidance requires recognition in the financial statements of the cost of employee services received in exchange for an award of equity instruments over the period the employee is required to perform the services in exchange for the award (presumptively the vesting period). The guidance also requires measurement of the cost of employee services received in exchange for an award based on the grant-date fair value of the award. The Company accounts for non-employee share-based awards in accordance with guidance related to equity instruments that are issued to other than employees for acquisition, or in conjunction with selling, goods or services.

Income taxes

Income taxes are accounted for in accordance with the provisions of FASB ASC Topic No. 740 - *Income Taxes*. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amounts expected to be realized.

Basic and diluted net loss per common share

Basic and diluted net loss per share calculations are presented in accordance with FASB ASC Topic No. 260 *Earnings per Share*, and are calculated on the basis of the weighted average number of common shares outstanding during the period. Diluted net loss per share calculations includes the dilutive effect of common stock equivalents in years with net income. Basic and diluted loss per share is the same due to the absence of common stock equivalents.

Fair value of financial instruments

The carrying value of cash, accounts payable and accrued expenses approximates fair value due to the short term nature of these accounts.

Recently issued accounting pronouncements

The Company does not expect the adoption of any recently issued accounting pronouncements to have a significant effect on its consolidated financial position or results of operations. The following are being evaluated for any potential impact:

In February 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-02, *Leases*. ASU 2016-02 requires a lessee to record a right of use asset and a corresponding lease liability on the balance sheet for all leases with terms longer than 12 months. ASU 2016-02 is effective for all interim and annual reporting periods beginning after December 15, 2018. Early adoption is permitted. The Company is in the process of evaluating the impact of ASU 2016-02 on the Company s financial statements and disclosures.

In March 2016, the FASB issued ASU 2016-09, *Compensation Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*. The amendments in this Update simplify the accounting for share-based payment award transactions including: income tax consequences, classification of awards as either equity or liabilities and classification on the statement of cash flows. This Update is effective for annual periods beginning after December 15, 2016, including interim periods within those annual periods. Early adoption is permitted. The Company is currently in the process of evaluating this Update.

Although there are several other new accounting pronouncements issued or proposed by the FASB, which the Company has adopted or will adopt, as applicable, we do not believe any of these accounting pronouncements has had or will have a material impact on our consolidated financial position or results of operations.

Note 2- Going Concern

As reflected in the accompanying consolidated financial statements, the Company has an accumulated deficit of $25,588,098 and negative working capital of $7,028,324 as of June 30, 2016. This raises substantial doubt about the Company s ability to continue as a going concern. The Company s ability to continue as a going concern is dependent on its ability to raise additional capital and implement its business plan. The consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

Management believes that actions presently being taken to obtain additional funding and implement its strategic plans provide the opportunity for the Company to continue as a going concern.

Note 3 - Property and Equipment

As of December 31, 2015, the Company had construction in progress in the amount of $13,000 related to renovation of its lab space, and had not completed the work as of that date. In March 2016, we abandoned this construction in process since we sub-leased a different lab space (Note 8).

Note 4 Related party transactions

The Company has an outstanding loan payable, including interest, to our CEO and shareholder amounting to $668,691 and $660,869 as of June 30, 2016 and December 31, 2015, respectively. This outstanding loan to the Company is unsecured and bears interest at 2.41% per year. During the six months ended June 30, 2016 and 2015, the Company has recorded interest expense on this loan in the amount of $7,822 and $7,776, respectively.

As of June 30, 2016, the Company has the following outstanding liabilities due to related parties:

	June 30, 2016	December 31, 2015
Setna Holdings LLC	$ 158,511	$ 150,705
Kalos, Holdings	89,896	86,896
Tannya Irizarry	25,355	23,356
Elia Holdings, LLC	7,325	7,325
	$ 281,087	$ 268,282

The Company has amounts receivable from separate related parties of $54,591 and $22,492 as of June 30, 2016 and December 31, 2015, respectively.

During the six months ended June 30, 2016 and 2015, the Company issued $113,500 and $256,000, respectively, of convertible promissory notes (see Note 6). The proceeds from these notes were managed by a subsidiary of Setna Holdings, a related party, in exchange for a handling fees of ten percent of the gross proceeds, which are reflected in General and Administrative expenses. Total fee as of June 30, 2016 and 2015 were $11,350 and $25,600, respectively.

Note 5 Accrued expenses

The Company s accrued expenses consisted of the following:

		June 30, 2016		December 31, 2015
Accrued officer salaries (see below)	$	3,180,904	$	2,943,904
Accrued interest		51,302		31,282
Other		241,378		241,378
	$	3,473,584	$	3,216,564

Under the terms of the employment agreements between the Company and its CEO and CFO, which run through January 2017, compensation is accrued at a combined rate of $32,000 per month. No cash compensation was paid to the officers in 2016 or 2015; salaries totaling $237,000 and $384,000 were added to accrued liabilities in both 2016 and 2015, respectively. In addition, we issued our CFO, $45,000 worth of our restricted common stock, and accrued stock based compensation worth $45,000 to our President.

Note 6 Convertible notes payable

During the six months ended June 30, 2016, the Company issued Subordinated Convertible Promissory notes in the aggregate amount of $83,500. In total during six months ended June 30, 2016, eight new convertible notes were issued which accrue 8% per annum, and are convertible between $0.020 and $0.050. The Company recognized a discount on debt of $41,500, which will be amortized over the next 6 months and will be charged to interest. The Company amortized $38,619 from the discount balance as of December 31, 2015, and $21,706 from the June 30, 2016 balance totaling $60,325 in interest expense, leaving a remaining balance as of June 30, 2016 of $20,794. As of June 30, 2016, Outstanding Convertible notes were convertible into 18,817,000 shares of common stock.

During the year ended December 31, 2015, the Company issued Subordinated Convertible Promissory notes in the aggregate amount of $417,960, and convertible notes and related interest totaling $69,026 were converted to 2,298,465 shares of common stock. Of that, 515,133 shares of common stock valued at $15,454 had been issued as of December 31, 2015; the remaining 1,783,332 shares valued at $53,572 have not yet been issued as of December 31, 2015. In total during 2015, 19 new convertible notes were issued which accrue 8% per annum, and are convertible between $0.015 and $0.4. We recognized a discount on debt of $151,307, of which $112,687 was amortized during the period and charged to interest. $38,619 remains to be amortized in the next fiscal year. As of December 31, 2015, Outstanding Convertible notes were convertible into 15,942,000 shares of common stock.

Note 7 - Shareholders equity

Convertible preferred stock rights

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 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. The Company is disputing the convertibility of these preferred shares.

Preferred Stock (Series B) shall be convertible into ten common shares at any time and holders are entitled to 20 common share votes per such preferred share.

Common stock

The Company has authorized 300,000,000 shares of its common stock, $.001 par value. The Company had issued and outstanding 40,064,983 and 36,610,636 shares as of June 30, 2016 and December 31, 2015, respectively.

During the six months ended June 30, 2016, the Company issued 1,572,450 shares of common stock valued at $77,050 in exchange for services and property:

?

918,368 shares valued at $45,000 to an officer for services; and

?

654,082 shares valued at $32,050 to two vendors for consulting services.

During the six months ended June 30, 2016, the Company had Convertible Notes Payable that were converted into Common Stock:

?

1,881,897 shares of common stock were issued for converted notes totaling $40,000

?

An additional 1,783,332 shares valued at $53,572 were yet to be issued pursuant to convertible notes payable that were converted.

Note 8 Commitments

Employment Agreements

In 2012, the Company entered into five-year employment agreements with its chief executive and scientific officer and its chief administrative and financial officer. The agreements provide for compensation of $18,000 and $14,000 per month, respectively, and expire on January 7, 2017.

Office Space Lease

Our current office space is leased by a related party, who bears the liability of the contract, however we are subleasing the entire space, and our rental fees are based on the total amount of the original contract. The current lease rates are $2,495.00 per month though the end of 2016.

Note 9 Subsequent events

In late September 2016, the Company expects to finalize and enter into an exclusive License Agreement with Galtheron Molecular Solutions. GeneThera will license Galtheron to commercialize diagnostic and vaccine technologies in Europe and the Middle East. Further details will be forthcoming. This has been delayed until the renovations of the laboratory is completed. Galtheron expects for this to be completed in the last half of the 2016-year end.

On July 15, 2016, the Company entered into a Subordinated Convertible Promissory Note for $11,000 from an unrelated entity, bearing an 8% interest rate per annum until paid. The note is convertible at $0.01 per share.

On August 5, 2016, the Company entered into a Subordinated Convertible Promissory Note for $5,000 from an unrelated entity, bearing an 8% interest rate per annum until paid. The note is convertible at $0.03 per share.

ITEM 2:

MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Sections of this Form 10-Q, including the Management s Discussion and Analysis or Plan of Operation, contain forward-looking statements . 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, woul could, plans, goal, potential, expect, anticipate, estimate, believe, intent, project, and similar 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

* 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

* 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-Q. Statements in this Management s 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 revenue as of June 30, 2016. 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 substantial doubt about our ability to continue as a going concern in their report on our consolidated financial statements as of June 30, 2016 and December 31, 2015. For the six months ended June 30, 2016 and twelve months ended December 31, 2015, our operating losses were $553,277 and $1,085,471, respectively. Our current liabilities exceeded current assets by $7,028,324 and $6,647,596 as of June 30, 2016 and December 31, 2015, respectively.

For the six months ended June 30, 2016, our operating losses were $553,277. The increase in 2016 is directly attributable higher outstanding convertible debt and the related interest charges.

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 9 months, in order to have the capability of achieving our business plan, we believe that we will require at least $10,000,000 in additional funding. We will attempt to raise these funds by both means of one or more private offerings of debt or equity securities. In such events, 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.

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 robotic 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.

RELATED PARTY TRANSACTIONS

The Company has an outstanding loan payable, including interest, to our CEO and shareholder amounting to $668,691 and $660,869 as of June 30, 2016 and December 31, 2015, respectively. This outstanding loan to the Company is unsecured and bears interest at 2.41% per year. During the six months ended June 30, 2016 and 2015, the Company has recorded interest expense on this loan in the amount of $7,822 and $7,776, respectively.

GTI Corporate Transfer Agents, LLC is the Company s transfer agent. On August 20, 2015, Ms. Michelle Torres Colón was promoted to be the new managing director with a 34% ownership and/or interest. Ms. Tannya Irizarry is a board member and has a 33% ownership and/or interest. Ms. Daisy Garcia is the assistant managing director with a 33% ownership and/or interest. Ms. Krystle Rundle is no longer a board member.

RECENTLY ISSUED ACCOUNTING STANDARDS

The Company does not expect the adoption of any recently issued accounting pronouncements to have a significant effect on its consolidated financial position or results of operations. The following are being evaluated for any potential impact:

In February 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-02, *Leases*. ASU 2016-02 requires a lessee to record a right of use asset and a corresponding lease liability on the balance sheet for all leases with terms longer than 12 months. ASU 2016-02 is effective for all interim and annual reporting periods beginning after December 15, 2018. Early adoption is permitted. The Company is in the process of evaluating the impact of ASU 2016-02 on the Company s financial statements and disclosures.

In March 2016, the FASB issued ASU 2016-09, *Compensation Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*. The amendments in this Update simplify the accounting for share-based payment award transactions including: income tax consequences, classification of awards as either equity or liabilities and classification on the statement of cash flows. This Update is effective for annual periods beginning after December 15, 2016, including interim periods within those annual periods. Early adoption is permitted. The Company is currently in the process of evaluating this Update.

Although there are several other new accounting pronouncements issued or proposed by the FASB, which the Company has adopted or will adopt, as applicable, we do not believe any of these accounting pronouncements has had or will have a material impact on our consolidated financial position or results of operations.

EMPLOYEES

As of June 30, 2016, we had a total of two full-time employees who devoted 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, 2017. In consideration for his services, Dr. Milici will receive a base salary of $216,000 per annum plus bonuses as may be determined by the Board of Directors at 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, 2017. Since May 2006, Ms. Irizarry is also our Chief Financial Officer (Interim). Ms. Irizarry s base salary is $168,000 per annum. The above salaries have been accrued to be partially paid in common stock shares from the Company. There are no employee issues at this time.

RESULTS OF OPERATIONS

FOR THE THREE MONTHS ENDED JUNE 30, 2016, COMPARED TO THE THREE MONTHS ENDED JUNE 30, 2015

We did not generate any revenue for the three months ended June 30, 2016 and 2015.

We had total operating expenses of $191,353 for the three months ended June 30, 2016, compared to total operating expenses of $147,530 for the three months ended June 30, 2015, a increase of $43,823 from the prior period. The increase was largely due to higher general and administrative expenses, which increased by $43,903 over the prior period.

We had a net loss of $223,817 for the three months ended June 30, 2016, compared to a net loss of $157,851 for the three months ended June 30, 2015, an increase of $65,966 from the prior period.

FOR THE SIX MONTHS ENDED JUNE 30, 2016, COMPARED TO THE SIX MONTHS ENDED JUNE 30, 2015

We did not generate any revenue for the six months ended June 30, 2016 and 2015.

We had total operating expenses of $452,109 for the six months ended June 30, 2016, compared to total operating expenses of $496,416 for the six months ended June 30, 2015, a decrease of $44,307 from the prior period. The decrease was largely due to lower general and administrative expenses, which decreased by $44,147 over the prior period.

We had a net loss of $553,277 for the six months ended June 30, 2016, compared to a net loss of $514,314 for the six months ended June 30, 2015, an increase of $38,963 from the prior period.

LIQUIDITY AND CAPITAL RESOURCES

We had total assets as of June 30, 2016 of $165,211, which included cash of $-0-, receivables from related parties of $54,591, and Investment in Galtheron Molecular of $110,620.

We had total liabilities of $7,082,916 as of June 30, 2016, which included $1,249,908 of accounts payable, $3,473,584 of accrued liabilities, and $2,022,019 of notes and loans payable.

We had negative working capital of $7,028,324 and an accumulated deficit of $25,588,098 as of June 30, 2016.

During October 2015, the Company issued Subordinated Convertible Promissory notes in the aggregate amount of $30,960.

On January 29, 2016, the Company issued a Subordinated Convertible Promissory Notes in the amount of $20,000.

On January 29, 2016, the Company issued a Subordinated Convertible Promissory Notes in the amount of $10,000.

On April 4, 2016, the Company issued a Subordinated Convertible Promissory Notes in the amount of $30,000.

On May 20, 2016, the Company issued a Subordinated Convertible Promissory Notes in the amount of $10,000.

On June 1, 2016, the Company issued a Subordinated Convertible Promissory Notes in the amount of $10,000.

On June 1, 2016, the Company issued a Subordinated Convertible Promissory Notes in the amount of $1,500.

On July 15, 2016, the Company issued a Subordinated Convertible Promissory Notes in the amount of $11,000.

On August 5, 2016, the Company issued a Subordinated Convertible Promissory Notes in the amount of $5,000.

It is estimated that we will require outside capital for the remainder of 2016 for the commercialization of GeneThera molecular assays as well as the development of our therapeutic vaccines. The Company intends to raise these funds by means of one or more private offerings of debt or equity securities or both. The Company is still in discussions with one or two groups to obtain financing through equity. No definitive agreements have been signed. There are no guarantees whether the Company will be able to secure such financing, and if the financing is secured, there are no guarantees whether the Company can achieve the goals laid out in its business plan fully. We will require significant additional funding in order to achieve our business plan.

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, and 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.

In the future, we may be required to seek additional capital by selling debt or equity securities, selling assets, or otherwise be required to bring cash flows in balance when we approach a condition of cash insufficiency. The sale of additional equity or debt securities, if accomplished, may result in dilution to our then shareholders.

The Company has no off balance sheet commitments or arrangements.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Pursuant to Item 305(e) of Regulation S-K (§ 229.305(e)), the Company is not required to provide the information required by this Item as it is a smaller reporting company, as defined by Rule 229.10(f)(1).

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

In connection with the preparation of this annual report, an evaluation was carried out by the Company s management, with the participation of the chief executive officer and the acting chief financial officer, of the effectiveness of the Company s disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (Exchange Act)) as of June 30, 2016. Disclosure controls and procedures are designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the Commission s rules and forms, and that such information is accumulated and communicated to management, including the chief executive officer and the chief financial officer, to allow timely decisions regarding required disclosures.

Based on that evaluation, the Company s management concluded, as of the end of the period covered by this report, that the Company s disclosure controls and procedures were ineffective in recording, processing, summarizing, and reporting information required to be disclosed, within the time periods specified in the Commission s rules and forms, and such information was not accumulated and communicated to management, including the chief executive officer and the chief financial officer, to allow timely decisions regarding required disclosures.

Management s Report on Internal Control over Financial Reporting

The Company s management is responsible for establishing and maintaining adequate internal control over financial reporting. The Company s internal control over financial reporting is a process, under the supervision of the chief executive officer and the chief financial officer, designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company s financial statements for external purposes in accordance with United States generally accepted accounting principles (GAAP). Internal control over financial reporting includes those policies and procedures that:

Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the Company s assets.

Provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of management and the board of directors.

Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company s assets that could have a material effect on the financial statements.

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

The Company s management conducted an assessment of the effectiveness of our internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission, this assessment is to determine if there exist material weaknesses in internal control over financial reporting. A material weakness is a control deficiency, or a combination of deficiencies in internal control over financial reporting that creates a reasonable possibility that a material misstatement in annual or interim financial statements will not be prevented or detected on a timely basis. Our assessment of the effectiveness of our internal control over financial reporting identified certain material weaknesses, therefore management considers its internal control over financial reporting to be NOT effective.

The matters involving internal control over financial reporting that our management considered to be material weaknesses were:

Insufficient accounting resources. Management had insufficient accounting resources, which insufficiency resulted in delays associated with our reporting of our operating results. Accordingly, we determined as of June30, 2016, that the insufficient accounting resources are part of the material weaknesses as stated above.

US GAAP knowledge. Management has engaged an external consultant to counter the internal lack of US GAAP knowledge. Nonetheless, internally there is a lack of internal US GAAP knowledge, therefore, the work of the external consultant does not entirely compensate for this internal deficiency. Accordingly, we determined as of June 30, 2016, that the internal lack of US GAAP knowledge is part of the material weaknesses as stated above.

As a result of the material weaknesses in internal control over financial reporting described above, the Company s management has concluded that, as of June 30, 2016, that the Company s internal control over financial reporting was not effective based on the criteria in *Internal Control Integrated Framework* issued by the COSO. The Company intends to remedy its material weaknesses by:

engaging a new accounting consultant that has a working knowledge of GAAP accounting

This interim quarterly report does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting. We were not required to have, nor have we, engaged our independent registered public accounting firm to perform an audit of internal control over financial reporting pursuant to the rules of the Commission that permit us to provide only management s report in this annual report.

Changes in Internal Controls over Financial Reporting

During the period ended June 30, 2016, management has implemented a variety of internal controls procedure and financial reporting oversight. This has enabled the company to perform an assessment of the effectiveness of our internal control over financial reporting. This assessment did identify material weaknesses; which management intends to remedy.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Unless otherwise noted, these judgements are accrued in accounts payable.

On June 6, 2008, M.A.G. Capital, LLC; Mercator Momentum Fund III, LP; Mercator Momentum Fund, LP; and Monarch Pointe Fund, Ltd. filed a Judgment at the Orange County Recorder in the amount of $37,721. The Company has not satisfied the judgment.

On June 6, 2008, Mark A. Shoemaker filed a Civil Judgment at the LA County/Recorder of Deeds Court in the amount of $37,721. This lawyer has been disbarred and incarcerated. The Company will not satisfy the judgment.

In June 2009, James Tufts filed a complaint at the Small Claims Court in Jefferson County CO in the amount of $4,000 plus expenses from a London trip. The Company has not satisfied the judgment.

On June 26, 2009, Enterprise Leasing Company of Denver filed a Civil Judgment at the Jefferson County District Court in the State of Colorado in the amount of $78,178. The Company has not satisfied the judgment.

On August 17, 2010, Banc of America Leasing filed a Civil Judgment at the Oakland County District in Troy, Michigan in the amount of $24,002. The Company has not satisfied the judgment.

On September 23, 2010, Liberty Acquisitions filed a Civil Judgment at the Jefferson County Court in the State of Colorado in the amount of $3,300. The Company has not satisfied the judgment.

On February 10, 2009, Centennial Credit Corporation filed a Civil Judgment at the Jefferson County Court in the amount of $967. The Company has no idea which entity is this; therefore, the Company has not satisfied the judgment.

On August 29, 2011, GeneThera had a court hearing concerning a litigation filed by The Park III related to unpaid rent according to our lease agreement. The District Court of Boulder entered a judgment against the Company in the amount of $77,000. The Company has not satisfied the judgment.

On November 26, 2012, the Internal Revenue Service filed a Federal Tax Lien in the amount of $1,275. The Company has not satisfied the lien.

On November 14, 2014, Litchfield Church Ranch, LLC filed a Summons in Forcible Entry and Detainer against the Company after the owner was unable to sell the building to us because he was upended for over $800,000 in his mortgage. As per the Summons, the plaintiff claimed $364,968.69 in past due rent. As per our accounting records, the Company had $242,000 with the offer to purchase such property at $1,850,000 plus scheduled payments for the past due rent. The owner s bank did not allow him to sell the property to the Company and/or anyone. We went to mediation. The owner s legal team and our legal team settled for $115,000 with the contingency to pay the goodwill amount of $15,000 by September 12, 2015. We did. The Company has an additional six months to complete the remaining $100,000 settlement. If not paid off prior to August 12, 2016, there will be no discount and the Company shall owe the judgment balance in the amount of $325,885. The mediator, a retired judge, found in our favor. Therefore, the settlement was agreed upon by both parties. The Company has not been able to complete the settlement at the present time. We will approach Litchfield with another settlement agreement, as soon as we are able to complete it.

Item 1A.

Risk Factors

There have been no material changes from the risk factors previously disclosed in the Company s Annual Report on Form 10-K, filed with the Commission on May 13, 2016 and investors are encouraged to review such risk factors prior to making an investment in the Company.

Item 2.

Unregistered Sales of Equity Securities and Use of Proceeds

On September 19, 2015, the Company issued 500,000 restricted shares to High Point Communication for them to be our new Investor Relations entity. Another 500,000 restricted shares, according to their consulting agreement, would be issued contingency upon the completion of their consulting task. The task was not completed to the CEO s satisfaction. No additional restricted shares will be issued; and the 500,000 restricted stock certificate will not have the legend removed.

During October 2015, the Company issued Subordinated Convertible Promissory Notes in the aggregate amount of $30,960.

On January 29, 2016, the Company issued a Subordinated Convertible Promissory Notes in the amount of $20,000.

On January 30, 2016, the Company issued a Subordinated Convertible Promissory Notes in the amount of $10,000.

On April 4, 2016, the Company issued a Subordinated Convertible Promissory Notes in the amount of $30,000.

On May 20, 2016, the Company issued a Subordinated Convertible Promissory Notes in the amount of $10,000.

On June 1, 2016, the Company issued a Subordinated Convertible Promissory Notes in the amount of $10,000.

On June 1, 2016, the Company issued a Subordinated Convertible Promissory Notes in the amount of $1,500.

On June 30, 2016, The Company issued 1,881,897 shares of common stock for payment of converted notes payable totaling $40,000.

On July 15, 2016, the Company issued a Subordinated Convertible Promissory Notes in the amount of $11,000.

On August 5, 2016, the Company issued a Subordinated Convertible Promissory Notes in the amount of $5,000.

Item 3.

Defaults upon Senior Securities

None.

Item 4:

Mine Safety Disclosures

Not applicable.

Item 5:

Other Information

On April 18, 2013, the Company, in error, issued restricted stock in lieu of cash invested during a binding Escrow Agreement, which was defaulted by Gold X Change, Inc. The issuance of restricted stock was cancelled as per the escrow agreement terms.

Item 6:

Exhibits

Exhibit

Description of Exhibit

Number

31.1*

Certificate of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

31.2*

Certificate of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on

August 22, 2016.

GeneThera, Inc.

By: /s/ Antonio Milici

Antonio Milici, MD, PhD

President

(Principal Executive Officer)

By: /s/ Tannya L. Irizarry

Tannya L. Irizarry

Chief Financial Officer (Interim)

(Principal Financial/Accounting Officer)

In accordance with the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Antonio Milici Antonio Milici, M.D., PhD.	President, Director	8/22/2016
/s/ Tannya L. Irizarry Tannya L Irizarry	Chief Financial Officer (Interim)	8/22/2016