HAND BRAND DISTRIBUTION INC
Form 10KSB/A
November 21, 2003

*UNITED STATES SECURITIES AND EXCHANGE COMMISSION*

*Washington, D.C. 20549*

*FORM 10Q-SB*

*(Mark one)*

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

*For the quarterly period ended September 30, 2003.*

*o 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*

*HAND BRAND DISTRIBUTION, INC.*
*(Exact name of registrant as specified in its charter)*

| | |
|---|---|
| *Florida* | *66-0622463* |
| *(State or other jurisdiction of incorporation or organization)* | *(I.R.S Employer Identification Number)* |
| *3930 Youngfield Street, Wheat Ridge, Colorado* | *80033* |
| *(Address of principal executive offices)* | *(Zip Code)* |

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

*Not Applicable*

*(Former name, former address and former fiscal year, if changed since last report)*

*Check whether the issuer (1) 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 issuer was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days x Yes o No*

*State the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 3,332,275 Shares of $.001 par value Common Stock outstanding as of September 30, 2003.*

*HAND BRAND DISTRIBUTION, INC.*

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*HAND BRAND DISTRIBUTION, INC.*

*CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)*

*NINE MONTHS ENDED SEPTEMBER 30,*

| | *2003* | *2002* |
|---|---|---|
| *Assets* | | |
| *Current assets:* | | |
| *Cash* | *$ 22,962* | *$ 8,459* |
| *Accounts receivable, net* | *1,000* | *5,517* |
| *Inventory* | *33,403* | *1,074* |
| *Total current assets* | *57,365* | *15,050* |
| *Property and equipment, net* | *235,507* | *248,059* |
| *Other assets:* | | |
| *Deposits* | *5,278* | *5,929* |
| *Goodwill and Trademarks, net* | *0* | *31,998* |
| *Total Assets* | *$ 298,150* | *$ 336,309* |
| *Liabilities and Stockholders' (Deficit)* | | |
| *Current liabilities:* | | |
| *Bank overdrafts* | *0* | *20,117* |
| *Accounts payable* | *$ 229,460* | *$ 142,957* |
| *Accrued expenses* | *275,474* | *273,449* |
| *Loan payable* | *52,000* | *50,000* |
| *Notes payable* | *138,683* | *128,279* |
| *Convertible notes payable* | *66,650* | *168,950* |
| *Total current liabilities* | *762,267* | *783,752* |
| *Long term lease payable* | *11,296* | *25,981* |
| *Long term convertible note payable* | *86,900* | *235,600* |
| *Total Liabilities* | *860,463* | *261,581* |
| *Stockholders' (deficit)* | | |
| *Common stock $.001 par value, authorized 3,125,000* | | |
| *shares; issued 1,000,000 shares; and outstanding* | *33,323* | *18,621* |
| *3,332,275 shares* | | |

| | | |
|---|---|---|
| *Additional paid in capital* | *1,486,882* | *2,433,240* |
| *Accumulated (deficit)* | *(2,082,518)* | *(2,990,661)* |
| | *(562,313)* | *(538,800)* |
| *Total Liabilities and Stockholders' (Deficit)* | *$ 298,150* | *$ 277,219* |


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*HAND BRAND DISTRIBUTION, INC.*

*STATEMENT OF OPERATIONS (UNAUDITED)*

*THREE MONTHS ENDED SEPTEMBER 30,*

| | *2003* | *2002* |
|---|---|---|
| *Income:* | | |
| *Sales net of returns* | *$ 0* | *$ 14,560* |
| *Research fees* | *0* | *5,000* |
| | | *19,560* |
| *Cost of sales* | *0* | *(8,143)* |
| *Gross profit* | *0* | *11,417* |
| *Expenses:* | | |
| *Salaries* | *38,891* | *94,168* |
| *Professional fees* | *22,095* | *50,000* |
| *General and administrative expenses* | *75,656* | *50,197* |
| *Lease expense* | *19,405* | *46,220* |
| *Lab expenses* | *4,060* | *0* |
| *Consulting* | *0* | *57,067* |
| *Depreciation and amortization* | *13,556* | *2,814* |
| *Sales expenses* | *13,711* | *20,684* |
| *Insurance* | *10,432* | *8,186* |
| *Total* | *197,806* | *340,753* |
| *Loss from operations* | *(197,806)* | *340,753* |
| *Other income (expenses)* | *0* | *0* |

| | | |
|---|---|---|
| *Other income* | *0* | *(271,164)* |
| *Other expenses* | *0* | *0* |
| *Litigation expense* | *0* | *30* |
| *Interest expense* | *(2,554)* | *0* |
| *Net loss from operations* | *(200,360)* | *69,619* |
| *Minority interest in loss of consolidated subsidiary* | *0* | *17,840* |
| *Net loss* | *(200,363)* | *(268,183)* |
| *Loss per common share* | *(0.06)* | *(0.04)* |


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*HAND BRAND DISTRIBUTION, INC.*

*CONSOLIDATED STATEMENTS OF CASH FLOWS*

*THREE MONTHS ENDED SEPTEMBER 30,*

| | *2003* | *2002* |
|---|---|---|
| *Cash flows from operating activities:* | | |
| *Net loss* | *$(200,787)* | *$ 268,183* |
| *Adjustments to reconcile net loss to net cash provided by operating activities:* | | |
| *Depreciation and amortization* | *13,556* | *8,186* |
| *Compensation in exchange for common stock* | *0* | *0* |
| *Minority interest* | *0* | *0* |
| *Gain on transfer of asset* | *0* | *0* |
| *Loan fee amortization* | *0* | *0* |
| *(Increase) decrease in accounts receivable* | *(1,000)* | *(3,634)* |
| *(Increase) decrease in inventory* | *(3,437)* | *(14,875)* |

| | | |
|---|---|---|
| *(Increase) decrease in prepaid expenses* | *0* | *0* |
| *(Increase) decrease in other assets* | *0* | *(257,446)* |
| *Increase (decrease) in accounts payable and accrued liabilities* | *0* | *391,350* |
| *Increase (decrease) in deferred income* | *74,355* | *8,864* |
| *Total adjustments* | *83,474* | *132,445* |
| *Net cash used in operating activities* | *(117,313)* | *(6,137)* |
| *Cash flows from investing activities:* | | |
| *Cash payments for the purchase of assets* | *(5,245)* | *0* |
| *Cash flows from financing activities:* | | |
| *Bank overdraft* | *0* | *2,882* |
| *Payments on lease payable* | *(10,829)* | *0* |
| *Principal payment on long-term debt* | *(3,000)* | *0* |
| *Principal payment on note payable* | | |
| *Proceeds form issuance of common stock* | *0* | |
| *Proceeds from loans payable* | *158,650* | *70,910* |
| *Net cash provided by financing activities* | *144,821* | *5,209* |
| *Net (decrease) increase in cash and cash equivalent* | *22,263* | *(0)* |
| *Cash and cash equivalents, beginning of period* | *699* | *947* |
| *Cash and cash equivalents, end of period* | *$22,962* | *$ 18* |
| *Supplemental disclosures of cash flow information:* | | |
| *a) Cash paid during the period for: Interest expense* | *$ 2,254* | *$ 1,315* |



*HAND BRAND DISTRIBUTION, INC.*

*NOTES TO CONSOLIDATED FINANCIAL STATEMENTS*

*THREE MONTHS ENDED SEPTEMBER 30, 2003*

*NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

*Business Description*

*GeneThera, Inc. ("the Company"), formerly Hand Brand Distribution, Inc., was incorporated in November 1995, under the laws of the State of Florida. The Company is a biotechnology company that develops molecular assays for the detection of food contaminating pathogens and veterinary diseases. The Company also develops therapeutic vaccines for these diseases.*

*GeneThera, Inc. was considered to be in the development stage for the year ended December 31, 2002, and the accompanying comparative financial statements represent those of a development stage company for that year. Activity during the development stage included organization of the Company, and implementation and revision of the business plan.*

*Principles of Consolidation*

*The accompanying consolidated financial statements include the accounts of GeneThera, Inc.*

*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.*

*Property and Equipment*

*Property and equipment are stated at cost. Depreciation is computed using the straight-line method based on the estimated useful lives of the assets, which is 5 years.*

*Revenue Recognition*

*Revenues are recognized when services are rendered.*

*Advertising*

*Advertising costs are charged to operations when incurred advertising expenses for the three months ended September 30, 2003 were $12,000 and -0- the three months ended September 30, 2002*


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*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.*

*Accounting Pronouncements*

*The Financial Accounting Standards Board has recently issued several new accounting pronouncements, which may apply to the Company. Statement No.133 as amended by Statement No. 137 and 138, Accounting for Derivative Instruments and Hedging Activities established accounting and reporting standards for derivative instruments and related contracts and hedging activities. This statement is effective for all fiscal quarters and fiscal years beginning after June 15, 2000. The adoption of this pronouncement did not have a material effect on the Company's financial position, results of operations or liquidity. Statement No. 141, Business Combinations (SFAS 141) establishes revised*

*standards for accounting for business combinations. Specifically, the statement eliminates the pooling method, provides new guidance for recognizing intangible assets arising in a business combination, and calls for disclosure of considerably more information about a business combination. This statement is effective for business combinations initiated on or after July 1, 2001. The adoption of this pronouncement on July 1, 2001 did not have a material effect on the Company's financial position, results of operations or liquidity. Statement No. 142, Goodwill and Other Intangible Assets (SFAS 142) provides new guidance concerning the accounting for the acquisition of intangibles, except those acquired in a business combination, which is subject to SFAS 141, and the manner in which intangibles and goodwill should be accounted for subsequent to their initial recognition. Generally, intangible assets with indefinite lives, and goodwill, are no longer amortized; they are carried at lower of cost or market and subject to annual impairment evaluation, or interim impairment evaluation if an interim triggering event occurs, using a new fair market value method. Intangible assets with finite lives are amortized over those lives, with no stipulated maximum, and an impairment test is performed only when a triggering event occurs. This statement is effective for all fiscal years beginning after December 15, 2001.*

*The Company believes that the implementation of SFAS 142 on April 1, 2002 did not have a material effect on the Company's financial position, results of operations, or liquidity. Statement No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets supercedes Statement No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of (SFAS 121). Though it retains the basic requirements of SFAS 121 regarding when and how to measure an impairment loss, SFAS 144 provides additional implementation guidance. SFAS 144 excludes goodwill and intangibles not being amortized among other exclusions. SFAS 144 also supersedes the provisions of APB 30, reporting the Results of Operations, pertaining to discontinued operations. Separate reporting of a discontinued operation is still required, but SFAS 144 expands the presentation to include a component of an entity, rather than strictly a business segment as defined in SFAS 131, Disclosures about Segments of an Enterprise and Related Information. SFAS 144 also eliminates the current exemption to consolidation when control over a subsidiary is likely to be temporary. This statement is effective for all fiscal years beginning after December 15, 2001.*

*The Company believes that the implementation of SFAS 144 on April 1, 2002 did not have a material effect on the Company's financial position, results of operations or liquidity.*



*NOTE 2 BASIC WEIGHTED NUMBER OF SHARES*

*Basic weighted average number of shares outstanding at September 30 is as follows:*

| | *2003* | *2002* |
|---|---|---|

| | | |
|---|---|---|
| *Basic weighted and dilutive average number of shares outstanding* | *3,332,275* | *1,979,058* |

*NOTE 3 CONCENTRATION OF CREDIT RISK*

*Financial instruments that potentially subject the Company to credit risk include cash on deposit with three financial institutions amounting to $24,035 at September 30, 2003, and $24,944 at September 30, 2002. Financial institutions insure depositors for up to $100,000 through the U.S. Federal Deposit Insurance Corporation.*


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*NOTE 4 PROPERTY AND EQUIPMENT*

*Property and equipment at September 30, 2003 and 2002 consisted of the following:*

| *Amortization Period in Years* | | |
|---|---|---|
| | *2003* | *2002* |
| *Computer* | *$ 18,801* | *$ 9,700* |
| *Equipment* | *8,100* | *5,414* |
| *Telephone system* | *8,519* | *0* |
| *Furniture & fixtures* | *5,000* | *57,837* |
| *Laboratory equipment* | *297,085* | *117,486* |
| *Leasehold Improvements* | *12,313* | |
| *TOTAL* | *349,817* | *209,343* |
| *Less accumulated depreciation* | *(114,311)* | *106,645* |
| | *$ 235,506* | *$ 106,645* |

*Depreciation expense for the three months ended September 30, 2003 was $13,556.*

*During the year ended December 31, 2002, the Company entered into capital lease agreements to acquire laboratory equipment and a computer. (See Note 5)*


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*NOTE 5 LEASES*

*Capital Leases*

*The Company's property under capital leases is included in property and equipment (See Note 4) and is summarized as follows:*

| | |
|---|---|
| *Laboratory Equipment* | *$ 30,379* |
| *Computer* | *2,521* |
| | *32,900* |
| *Less: Accumulated depreciation* | *(4,935)* |
| *Net assets under capital leases* | *$ 27,965* |

*Operating Leases*

*The Company leases office space and vehicles under non-cancelable operating leases for its Colorado facility, which have initial terms in excess of one year.*

*Total lease expense for the three months ended September 30, 2003 was $19,405.*

*NOTE 6 LOAN PAYABLE*

*The Company has an outstanding loan payable at September 30, 2003 as follows:*

| | |
|---|---|
| *Loan payable with no interest, due on demand, unsecured* | *$ 52,000* |
| *Less current portion* | *(52,000)* |
| *Total long-term loan payable* | *$ 0* |



*NOTE 7 NOTES PAYABLE*

*The Company has outstanding notes payable at September 30, 2003 as follows:*

*Note payable with an interest rate of 7% per annum, payable in 5 payments of $1,500 and a lump sum balance on December 1, 2001, guaranteed jointly by the*

| | |
|---|---|
| *Company and its President. The note is in default as of the date of this report* | *$ 23,475* |
| *Note payable with an interest rate of 14% per annum, payable principal and interest on August 31, 2001, unsecured. The note is in default as of the date of this report.* | *15,208* |
| *Note Payable interest at 8% due one year* | *100,000* |
| | *138,683* |
| *Less current portion:* | *(138,683)* |
| *Total long-term note payable* | *$ 0* |

*Total interest expense for the three months ended September 30, 2003 was $986.*

*NOTE 8 CONVERTIBLE NOTES PAYABLE*

| | |
|---|---|
| *Series A convertible note payable to a Shareholder, with interest at 8%; due June 19, 2003; convertible into shares of common stock at a price of $0.50 per share.* | *$ 36,900* |
| *As of the balance sheet date, the option to convert into shares of common stock was not exercised* | |
| *Series A convertible note payable to a shareholder, with interest at 8%; due May 12, 2003; convertible into shares of common stock at a price of $0.50 per share.* | *$ 50,000* |
| *As of the balance sheet date, the option to convert into shares of common stock was not exercised.* | |
| *New Note - 8% - Terms Note payable to an individual with interest at 8% due in November 2003 convertible into company common stock at $0.25/share* | *$ 60,000* |
| *As of the balance sheet date, the option to convert into shares of common stock was not exercised* | |
| *Series A convertible note payable to shareholder, with interest at 8%; due March 12, 2004; convertible into shares of common stock at a price of $0.50 per share.* | *$ 6,650* |
| *As of the balance sheet date, the option to convert into shares of common stock was not exercised.* | |
| | *$ 153,550* |
| *Less: current portion* | *$ (66,650)* |
| *Total long-term convertible notes payable* | *$ 86,900* |

*There was no interest expense for the three months ended September 30, 2003.*

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*NOTE 9 STOCKHOLDERS' DEFICIT*

*There are no current Stockholders Deficit.*

*NOTE 10 INCOME TAXES*

*At September 30, 2003, the Company had useable net operating loss carryforwards of approximately $2,111,127 for income tax purposes, available to offset future taxable income of the U.S. entity expiring through 2021.*

*The valuation allowance was $419,000 at December 31, 2002. This allowance was reserved at December 31, 2002, as management estimates that it is more likely than not that the deferred tax assets will not be realized due to uncertainty of the Company's ability to generate future taxable income. The valuation allowance was adjusted based on estimated use of net operating losses through December 31, 2002 by $160,000. The Company has no current or deferred income tax due to its operating losses.*

*The Company has a federal net operating loss carryforward at December 31, 2002 and 2001 of approximately $2,280,000 and $1,000,000, respectively, subject to annual limitations prescribed by the Internal Revenue Code, which is available to offset future taxable income through 2022. 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 11 COMMITMENTS*

*There are no current commitments.*


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*NOTE 12 EMPLOYMENT AGREEMENTS*

*On January 23, 2002, the president and CEO of GeneThera, Inc. entered into an employment agreement with Hand Brand Distribution, Inc. and its successors for a five-year period, to be effective February 25, 2002 and expiring January 24, 2007, payable at $12,000 per month. The compensation committee of the board of directors will determine salary increases at the end of each year. If the Company's net income is $2,000,000 or more, a bonus of two times the monthly salary will be paid to the president and CEO of GeneThera. A covenant not to compete during the term of the agreement for a period of 24 months thereafter is included.*

*NOTE 13 ACQUISITION*

*On March 28, 2003, Hand Brand Distribution, Inc. issued 1,000,000 shares of common stock to Dr. Antonio Milici, CEO and Chairman of the Board, for the acquisition of 51% of GeneThera, Inc. The Company is currently in the process of completing the acquisition of the other 49% of GeneThera Inc. Additional shares will be issued in order to complete this transaction.*

*On July 1, 2003, Hand Brand Distribution, Inc. amended its Articles of Incorporation to change its name to GeneThera, Inc. and authorize 100,000,000 shares of its common stock, and 10,000,000 shares of preferred stock.*

*GeneThera, Inc. is a biotechnology company that develops molecular assays for the detection of food contaminating pathogens and veterinary diseases. The Company also develops therapeutic vaccines for these diseases.*



*NOTE 14 CONTINGENCIES & LITIGATIONS*

*As part of an agreement dated August 3, 1999, the Company issued 70,400 shares of common stock to an individual in exchange for leased equipment valued at $70,400, which the Company would own at the end of the lease. The individual ceased to pay the lease, and in an effort to retain the equipment, the Company paid the monthly payments. The Company believes they are the owner of such equipment and will be seeking such documentation.*

*The former President and CEO of Hand Brand Distribution, Inc. has been reluctant to give full disclosure as to the financial aspects of our wholly owned subsidiary, Family Health News, Inc. (FHNI). Upon investigation, FHNI has*

*been unlawfully operating as an independent corporation in the State of Florida. The Company plans to divest itself fully of FHNI and any affiliates and bring suit against its owner and operator. Thus, we have not included the financials for FHNI in this report.*

*The ultimate outcome of these matters is unknown at this time. In the opinion of management, the outcome will have no adverse effect on the financial statements.*

*NOTE 15 GOING CONCERN UNCERTAINTY*

*These financial statements are presented assuming the Company will continue as a going concern. For the years ended December 31, 2003 and 2002, the Company showed operating losses of 2,082,518 and $1,290,589 respectively. The accompanying financial statements indicate that current liabilities exceed current assets by $704,902 and $761,902 for the years ended December 31, 2003 and 2002 respectively.*

*In addition, the Company is in default for payments on notes payable in the amount of $38,683, including accrued interest. 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 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.*



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

*The following discussion and analysis should be read in conjunction with the financial statements and notes thereto that appear elsewhere herein.*

*RESULTS OF OPERATIONS*

*Gross profits for the three-month period ended September 30, 2003 were $0 compared to $23,223 for the same period last year. The decrease is attributable to GeneThera being the sole operating company and research and development was the focus. Sales for the three-month period ended September 30, 2003 were 0, a 100% decrease over sales for the*

*three-month period ended September 30, 2003. The decrease was due to GeneThera completing research and development for beginning a market trial for their Field Collection Systems.*

*Personnel and professional expenses (consulting and professional fees and salaries) decreased from $165,000 for the prior three-month period ending September 30, 2002 to $32,276 for the three-month period ending September 30, 2003. Comparing the three-month period ending September 30, 2002, to the three-month period ending September 30, 2003, expenses decreased substantially from $287,000 to $197,806.*

*GENETHERA PLAN OF OPERATION*

*Background*

*GeneThera is a development stage company (as such term is defined by the Securities and Exchange Commission ("SEC") and Generally Accepted Accounting Principles) and has had negligible revenues from operations in the last two years. As a development stage company, its research and development expenditures cannot be capitalized.*

*GeneThera plans to develop proprietary diagnostic assays for use in the agricultural and veterinary markets. Specific assays for Chronic Wasting Disease (among elk and deer), and E.coli (predominantly cattle) are in development. The Company is also in the process of developing therapeutic vaccines for these and other diseases. The Company utilizes their patent pending process called PURIVAX™ for purifying these vaccines. We believe this is where we have a competitive advantage over other companies developing molecular vaccines.*



*Development Process*

*The development process of such assays has three primary phases: (1) Research and Development, (2) Validation and Market Trial, and (3) Commercialization. Assuming that an assay is validated in accordance with the original assay design, the entire scientific process for the development of such an assay through to its commercial application is approximately one year. At present, the Company has begun a market trial (phase 2) for the assay for Chronic Wasting Disease. For all other targeted diseases, the Company is in phase 1 of the development process.*

*The development process for vaccines has four primary phases: (1) Research and development/ In Vitro Model, (2) Pre-clinical/ In Vivo Model, (3) Clinical Trials, and (4) Commercialization. The entire scientific process from the development of the vaccine to commercialization is approximately two years. This is contingent upon governmental approvals. These phases are implemented in concurrence with the development of the assays. This process will start once phase one of the assay development is completed. At present, the Company is in phase one of the development of the Chronic Wasting Disease vaccine. The next step will be the In Vitro model.*

*Business Model*

*GeneThera's business model has five features. First, we believe that our focus, the non-human testing market, has great profit potential without a lengthy approval or certification processes. Over the next year, the Company intends to introduce a number of individual assays for the detection of diseases in animals. The first of which is Chronic Wasting Disease in live animals as well as recently harvested animals. Second, we intend to develop a modularized approach to each assay such that each assay will be standardized around a specific set of equipment using consistent laboratory procedures. This will allow for placement of individual modularized laboratories in any geographic location including existing independent labs or on-site with the end-user. In addition to this modularized approach to each assay, GeneThera has developed a proprietary "Field Collection System" (FCS) to standardize the management of blood samples to insure maximum test performance efficacy. Additionally, this Field Collection System serves as a primary revenue resource for the Company. Third, we believe that our planned modularized laboratory approach will provide the high volume throughput necessary for effective and cost-efficient commercial operations. Fourth, GeneThera's hardware and software platform will allow for the continual collection, analysis and management of assay results over time. With the data available from this system, animal owners, feedlot managers, food producers, and veterinarians will have a comprehensive inventory of the animal's health. Finally, with each individual assay, the Company will develop a molecular vaccine. This vaccine will complete the cycle of identity through therapy for each disease.*



*Field Collection System™ (FCS)*

*GeneThera, Inc. is making available to State Animal Health Agencies, hunters, and breeders a field blood collection system to test for Chronic Wasting Disease (CWD) in both live and harvested animals. This FCS serves to standardize the process for blood sample collection; the actual testing for the presence of CWD will be conducted at the GeneThera laboratory. GeneThera will brand the system as "Field Collection System". The FCS for hunters retails at $14 each during this limited time market trial. Once the market trial is completed, there will be a charge for the testing on top of the FCS. The FCS design for CWD blood sample collection will serve as the design for all subsequent diseases for which GeneThera will pursue diagnostic assay testing.*

*GeneThera built the CWD test on its proprietary molecular diagnosis platform to allow high sensitivity results and volume testing. To date, we have received and tested a limited number of normal and contaminated CWD blood samples.*

*The GeneThera processing lab is highly automated using Fluorogenic Real Time PCR (F-PCR) testing. The Company has integrated robotics and data collection and analysis databases with the F-PCR platform. This platform combined with, GeneThera developed proprietary diagnostic software for genetic expression allows high throughput testing. Once in a full-scale commercial operation, GeneThera's processing capacity will allow for about 2,000 tests per day. The FCS will cost $14, and each diagnostic test will be about $10.00-$15.00.*

*LIQUIDITY AND CAPITAL RESOURCES*

*The Company had a cash balance of $22,962 as of September 30, 2003. With the acquisition of 51% of GeneThera, it is estimated that it will require outside capital for the year 2003 for the commercialization of GeneThera's CWD assays.*

*At the present time, and assuming continued forbearance by two creditors of GeneThera on defaulted notes in the approximate amount of $35,279, we believe we have adequate working capital through December 31, 2003. However, our financial statements for the three months ended September 30, 2003 contain a going concern qualification expressing doubt regarding our ability to continue operating.*



*Convertible Notes*

*To relieve the Company's cash flow crisis, Convertible Notes have been issued to certain individuals. A total of 747,800 shares have been issued for $382,400 since January 1, 2002. The company also received $153,550 for the issuance of Convertible Notes that are still outstanding as of September 30, 2003. The holders of these notes have not exercised their option to convert into common shares of stock.*

*On December 12, 2002, the Company issued a convertible promissory note bearing interest at the rate of 8% per annum in the principle amount of Fifty Thousand Dollars ($50,000). Under the terms of the convertible promissory note, the holder of the note is entitled to convert all sums due under the December12 Note for $.50 per share. As of*

*September 30, 2002, the December 12 Note has not been converted.*

*On December 19, 2002, the Company issued a convertible promissory note bearing interest at the rate of 8% per annum in the principle amount of Thirty-Six Thousand Nine Hundred Dollars ($36,900) to a shareholder. Under the terms of the convertible promissory note, the holder of the note is entitled to convert all sums due under the December19 Note for $.50 per share. As of September 30, 2002, the December 19 Note has not been converted.*

*On May 16, 2003, the Company issued a convertible promissory note bearing interest at the rate of 10% per annum in the principle amount of Sixty Thousand Dollars ($60,000) to a shareholder. Under the terms of the convertible promissory note, the holder of the note is entitled to convert all sums due under the May 16 Note for $.25 per share. As of September 30, 2002, the May 16 note has not been converted.*


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*FORWARD LOOKING INFORMATION*

*In the discussion above (and elsewhere in this report) regarding the Company's business, any statement of its future expectations, including without limitation, future revenues and earnings (losses), plans and objectives for future operations, future agreements, future economic performance or expected operational developments and all other statements regarding the future are "forward-looking" statements within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended, and as that term is defined in the Private Securities Litigation Reform Act of 1995. The Company intends that the forward-looking statements be subject to the safe harbors created thereby. These forward-looking statements are based on the Company's strategic plans and involve risks and uncertainties that may cause actual results to differ materially from 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," "expect," "anticipate," "estimate," "believe," "intend," or "project". 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 herein include (the "Cautionary Statements"), without limitation: C The Company's ability to raise capital and to meet its obligations as they come due, C The Company's ability to execute its business strategy in a competitive environment,*

-- *The Company's degree of financial leverage,*

-- *Risks associated with acquisitions and the integration thereof,*

-- *Risks associated with development stage companies,*

-- *Regulatory considerations,*

-- *The impact of competitive services and pricing,*

-- *The Company's ability to protect proprietary information and processes,*

*including without limiting the assays under development by its subsidiary, GeneThera,*

-- *The Company's ability to retain key personnel, and*

** Other risks referenced from time to time in the Company's filings with the Securities and Exchange Commission. All subsequent written and oral forward-looking statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by the Cautionary Statements. The Company does not undertake any obligations to release publicly any revisions to such forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.*



*ITEM 3. CONTROLS AND PROCEDURES.*

*As required by Rule 13a-15 under the Securities Exchange Act of 1934 (the "Exchange Act"), we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures within the 90 days prior to the filing date of this report. This evaluation was carried out under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer. Based upon that evaluation, our Chief*

*Executive Officer and*

*Chief Financial Officer concluded that our disclosure controls and procedures are effective in timely alerting management to material information relating to us that is required to be included in our periodic SEC filings. There have been no significant changes in our internal controls or in other factors that could significantly affect internal controls subsequent to the date we carried out our evaluation.*

*Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.*


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## *PART II - OTHER INFORMATION*

### *Item 1. Legal Proceedings*

*None.*

### *Item 2. Changes in Securities*

*None.*

### *Item 3. Defaults upon Senior Securities*

*No defaults upon senior securities.*

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

*No matters were submitted to a vote of security holders as of September 30, 2003. The Company did prepare during the three months ending June 30, 2003, a Preliminary Information Statement which was submitted on the 8th day of April, 2003. A Definitive Information Statement was submitted and filed on the 25th day of April, 2003, and subsequently mailed to the security holders of record.*

*On July 1, 2003, the Articles of Incorporation were amended to change the Company's name from Hand Brand Distribution, Inc., to GeneThera, Inc., to align the Company's name with its ongoing primary business operations and increase the Company's authorized capital which consisted of 3,125,000 shares of Common Stock having a $0.001 par value per share to authorized capital of 100,000,000 shares of Common Stock and 10,000,000 shares of Preferred Stock, both Common and Preferred shares having a par value of $0.001.*

*Item 5. Other Information*

*None.*

*Item 6. Exhibits*

*(A) Financial Statements*

*Reference is made to the financial statements listed on the Index to Financial Statements in this Form 10-QSB.*

*(B) Exhibits*

*99.1 Certification of the President and Chief Executive Officer*

*99.2 Certification of the Chief Financial Officer*

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*SIGNATURES*

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

*GENETHERA, INC.*

*Date: November 20, 2003*

*By: /s/ Antonio Milici, M.D., Ph.D.*
*Antonio Milici, M.D., Ph.D.*
*Chief Executive Officer*

*By: /s/ Tannya L. Irizarry*
*Tannya L. Irizarry*
*Chief Financial Officer*

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*CERTIFICATION*

*I, Antonio Milici, M.D., Ph.D., Chief Executive Officer of GeneThera, Inc., certify that:*

*1. I have reviewed this quarterly report on Form 10-Q of GeneThera, Inc.;*

*2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;*

*3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for the periods presented in this report;*

*4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have:*

*a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;*

*b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and*

*c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial report; and*

*5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and to the audit committee of registrant's board of directors (or persons fulfilling the equivalent function):*

*b) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and*

*c) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial report.*

*By: /s/ Antonio Milici, M.D., Ph.D.*
*Antonio Milici, M.D., Ph.D.*
*Chief Executive Officer*

*Dated: November 20, 2003*


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*CERTIFICATION*

*I, Tannya L. Irizarry, Chief Financial Officer of GeneThera, Inc., certify that:*

*1. I have reviewed this quarterly report on Form 10-Q of GeneThera, Inc.;*

*2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;*

*3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for the periods presented in this report;*

*4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have:*

*a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;*

*b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and*

*c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial report; and*

*5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and to the audit committee of registrant's board of directors (or persons fulfilling the equivalent function):*

*b) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and*

*c) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial report.*

*By: /s/ Tannya L. Irizarry*
*Tannya L. Irizarry*
*Chief Financial Officer*

*Dated: November 20, 2003*



*Exhibit 32.1*

*CERTIFICATION OF CHIEF EXECUTIVE OFFICER*

*PURSUANT TO 18 U.S.C. SECTION 1350,*

*AS ADOPTED PURSUANT TO SECTION 906*

*OF THE SARBANES-OXLEY ACT OF 2002*

*I, Antonio Milici, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-QSB of Hand Brand Distribution, Inc. for the quarterly period ended November 30, 2003, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Quarterly Report on Form 10-QSB fairly presents in all material respects the financial condition and results of operations of Hand Brand Distribution, Inc.*

*By: /s/ Antonio Milici, M.D., Ph.D.*
*Antonio Milici, M.D., Ph.D.*
*Chief Executive Officer*

*Dated: November 20, 2003*



*Exhibit 32.2*

*CERTIFICATION OF CHIEF FINANCIAL OFFICER*

*PURSUANT TO 18 U.S.C. SECTION 1350,*

*AS ADOPTED PURSUANT TO SECTION 906*

*OF THE SARBANES-OXLEY ACT OF 2002*

*I, Tannya L. Irizarry, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-QSB of Hand Brand Distribution, Inc. for the quarterly period ended November 30, 2003, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Quarterly Report on Form 10-QSB fairly presents in all material respects the financial condition and results of operations of Hand Brand Distribution, Inc.*

*By: /s/ Tannya L. Irizarry*
*Tannya L. Irizarry*
*Chief Financial Officer*

*Dated: November 20, 2003*