GENETHERA INC
Form 10KSB/A
September 13, 2004

FORM 10-KSB-A

ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended December 31, 2003

Commission file No. 000-27237

GeneThera, 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 No.)
3930 Youngfield Street, Wheat Ridge, CO	80033
(Address of principal executive offices)	(Zip Code)

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

Securities registered pursuant to Section 12(b) of the Exchange Act: NONE

Securities registered pursuant to Section 12(g) of the Exchange Act: Common Stock, $.001 per share

Check whether the issuer: (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 | |

Check if there is no disclosure of delinquent filers pursuant to Item 405 of Regulation S-B contained herein, and no disclosure will 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-KSB or any amendment to this Form 10-KSB. | |

State the issuer's revenues for its most recent fiscal year: $119,541

State the aggregate market value of the issuer's voting stock held by non-affiliates of the issuer as of February 27, 2004 was $8,886,287.

State the number of shares outstanding as of the issuer's common stock as of February 27, 2004 was 5,378,674.

DOCUMENTS INCORPORATED BY REFERENCE

None.

Transitional Small Business Disclosure Format:
Yes |_| No |X|

FORWARD-LOOKING AND CAUTIONARY STATEMENTS

Sections of this Form 10-KSB, including the Management's Discussion and Analysis or Plan of Operation, contain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), Section 21E of the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), and the Private Securities Litigation Reform Act of 1995, as amended. 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,
*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.

PART I.

Item 1. Description of Business

GeneThera, Inc. ("we" or "the Company"), formerly known as Hand Brand Distribution, Inc., was incorporated in November 1995, under the laws of the State of Florida. Our Common Stock currently trades on the Over-the-Counter Bulletin Board ("OTC") under the symbol GTHA. Our executive offices are located at 3930 Youngfield Street, Wheat Ridge, Colorado 80033 and our telephone number

is 303-463-6371.

For the fiscal year 2003 the Company had two subsidiaries, GeneThera, Inc., a Colorado corporation,("GeneThera"), and Family Health News, Inc.("FHNI"), a Florida Corporation. GeneThera's business is based on its Integrated Technology Platform (ITP) that combines a proprietary diagnostic solution called Gene Expression Assay (GEA(TM)) with PURIVAX(TM), its system for analyzing large-scale DNA sequencing. FHNI publishes a quarterly magazine, Family Health News ("FHNews"), that contains articles on health, nutrition, lifestyle and innovative health products and therapies. FHNI also distributes a select line of products related to these topics. FHNI's business is not at the core of our ongoing business model and as a result the Board of Directors is seeking to divest the Company of FHNI or to dissolve and liquidate FHNI's assets. FHNI has produced negligible revenues in its history and has been operating at a loss. We will seek to resolve this issue in a timely manner.

The Company is a biotechnology company that, through GeneThera, develops molecular assays and is currently in the process of developing therapeutic vaccines for the detection and prevention of food contaminating pathogens, veterinary diseases, and diseases affecting human health.

GeneThera, Inc. was considered to be in the development stage for the year ended December 31, 2003, 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 our business plan.

GeneThera's business is based on its Integrated Technology Platform (ITP) that combines a proprietary diagnostic solution called Gene Expression Assay (GEA(TM)) with PURIVAX(TM), its system for analyzing large-scale DNA sequencing. The first part of this platform is the ongoing development of molecular diagnostic assays solutions using Real Time Fluorogenic Polymerase Chain Reaction (F-PCR) technology to detect the presence of infectious disease from the blood of live animals. The second part of the ITP is the development of therapeutic vaccines using RNA interference technology. It also allows for the efficient, effective, and continuous testing, management and treatment of animal populations. These facts distinguish the technology from any alternative testing and management methodology available to agriculture today -- all of which require the destruction of individual animals and even entire herds. Our testing and data analysis processes also allow us not only to separate infected from clean animals, but also to gain knowledge vital to development of preventative vaccines.

To date, GeneThera has successfully developed the ability to detect Chronic Wasting Disease, a disease affecting elk and deer in North America. The release of commercialized Field Collection Systems and laboratory diagnostic testing occurred in October of 2003. GeneThera has also successfully developed an assay for the detection of Mad Cow Disease, a disease recently found in the United States, but has been in Europe for many years. Chronic Wasting Disease and Mad Cow Disease are both in the family of diseases called Transmissible Spongiform Encephalopathy (TSE). Diagnostic assays for E.coli O157:H7 and Johnne's Disease are in the final stages of development. Vaccines for Chronic Wasting Disease and E.coli O157:H7 are in advanced stages of development.

Government Regulations

GeneThera's unique approach to the testing for various diseases allows it to begin commercialization of its diagnostic tests without the need for a long and

enduring approval process from the USDA. All tests are done utilizing the blood of animals that can be collected in the field using the Company's proprietary Field Collection System (FCS). The collected blood is then sent to GeneThera's laboratory for testing. Since all of the testing for the diseases is done "in house," meaning tested at laboratories operated by GeneThera and using GeneThera developed testing methods, the USDA deems GeneThera's test to be under the category of Veterinary Services. The regulations on Veterinary Services are much different than that of third party testing. GeneThera's test is not a kit.
The Center for Biologics Evaluation and Research (CBER) regulates human gene therapy products - products that introduce genetic material into the body to replace faulty or missing genetic material, thus treating or curing a disease or abnormal medical condition. CBER uses both the Public Health Service Act and the Federal Food Drug and Cosmetic Act as enabling statutes for oversight. FDA has not yet approved any human gene therapy product for sale. However, the FDA is actively involved in overseeing this activity.

Family Health News, Inc.

In October 1996, the Company acquired FHNI (formerly known as The Family News, Inc.), which publishes FHNews. FHNews is a subscription-based newsletter and digest, published quarterly since 1990, that focuses on health, nutrition, and alternative medical therapies. FHNI also distributes a small line of products, including dietary supplements and health and nutrition related equipment, books and tapes. The Company pays a nominal royalty to the author of the books. The consolidated financial statements of the Company included in the 10-KSB filed for December 31, 2003 did not include the financial statements of its wholly own subsidiary Family Health News, Inc. (FHNI). Further evaluation of the applicable standards revealed that FAS 144 amended ARB 51, and eliminated the exemption to consolidation for a subsidiary for which control is likely to be temporary. In reevaluating the accounting treatment, the Company restated the consolidated financial statements for the year ended December 31, 2003 to include FHNI and the results of its operations through September 30, 2003, and the effect of its disposal on October 1, 2003. On August 1, 2004 the Company signed a resolution agreement with the President of FHNI. As stated in the agreement, the Company issued 80,000 shares of common stock to the President of FHNI to satisfy all outstanding convertible notes and accrued interest for funds loaned to the Company. Additionally, the Company released and conveyed all interest in the FHNI to its president. Although signed on August 1, 2004, the agreement was effective nunc pro tunc ("now for then") to October 1, 2003.

Product Selection and Supply

FHNI seeks to identify products that represent effective science-based formulas and technologies. However, as with most vitamins, herbals and nutritional supplements, such products do not undergo the vigorous scientific validation of safety and effectiveness and pre-market approval by the United States Food and Drug Administration ("FDA") required of pharmaceutical products. All products are manufactured by established manufacturers, including Baywood Pharmaceuticals, Enguard Health Products, Proper Nutrition, Inc., Neutraceutics, Lentek and Martek. These products are standard formulations and are generally sold under the brand name of the manufacturer, but some are labeled under the Company name.

FHNI does not have any long term supply contracts with the manufacturers of our products. We believe that virtually all of the products we offer are available from several sources and have not experienced any inability to obtain products in the past.

FHNI depends upon the manufacturers of our products to conduct adequate quality control and compliance with applicable manufacturing and labeling regulations. FHNI does not undertake independent quality testing of our products after they are received from the manufacturer. Each manufacturer provides FHNI with certificates of insurance evidencing their policies of general and product liability coverage in amounts that conform to industry standards.

Distribution

FHNI distributes its products through a sales force of six to twelve independent distributors. The sales force is recruited primarily though our catalog and through FHNews' web site. The primary channels of distribution for our products are: (i) mass market retailers, which include drug stores, supermarkets, mass merchandisers and discount stores; (ii) health food stores; (iii) direct sales organizations; (iv) mail order; and (v) the Internet. The Company does not rely on any one customer or a few major customers for a significant part of its revenues.

Competition

Our market is highly competitive. We believe the narrow focus of our product line and the information that we provide to our customers through FHNews and our World Wide Web site avoid the confusion of the typical retail location, which carries a vast selection of products, but generally offers little information on the products.

We compete against a variety of retail organizations including supermarkets, drug stores, chain stores and bookstores that carry competing products. There are also competing mail order and Internet retailers that carry competing products. These competitors compete on the basis of selection, price, physical location and personal service availability at some locations. Most of these competitors have vastly greater resources than the Company.

Government Regulation

The Dietary Supplement Health and Education Act of 1994 (the "DSHEA") was enacted on October 25, 1994. The DSHEA amends the Federal Food Drug and Cosmetic Act by defining dietary supplements, which include vitamins, minerals, nutritional supplements and herbs, as a new category of food, separate from conventional food. The DSHEA provides a regulatory framework to ensure safe, quality dietary supplements and the dissemination of accurate information about such products. Under the DSHEA, the FDA is generally prohibited from regulating the active ingredients in dietary supplements as drugs unless product claims, such as claims that a product may heal, mitigate, cure or prevent an illness, disease or malady, trigger drug status.

On November 18, 1998, the Federal Trade Commission (FTC) issued its "Dietary Supplements: An Advertising Guide for Industry." Such guide provides an application of FTC law to dietary supplement advertising and includes examples of how principles of advertisement interpretation and substantiation apply in the context of dietary supplement advertising. Such Guide provides additional explanation but does not substantively change the FTC's existing policy that all supplement marketers have an obligation to ensure that claims are presented truthfully and to verify the adequacy of the support behind such claims. The Company believes that its current advertising is in compliance with the requirements of the FTC Guide, although no assurances can be given in this regard.

Product Liability Insurance

FHNI, like other distributors and retailers of products that are ingested, faces an inherent risk of exposure to product liability claims if, among other things, the use of its products results in injury. FHNI does not currently have product liability insurance for these products. FHNI requires that each of our suppliers provide the Company with certificates of insurance evidencing policies of product liability insurance that are adequate in scope and amount based upon industry standards. Nevertheless, such policies of insurance do not extend such coverage to the Company and the Company's agreements with such suppliers do not provide indemnification by the suppliers of any losses incurred by the Company arising out of any product liability claims.

Employees

As of February 27, 2004, the Company had a total of three (3) full-time employees and three (3) part-time employees who devote substantial effort on the Company's behalf. None of the employees of the Company are represented by a collective bargaining unit.

Risk Factors

We encounter various risks related to our business and our industry. These include the following risks.

Development Stage Company

We have a history of losses and may never become profitable. Our primary subsidiary, GeneThera, Inc., is a development stage company. As such, GeneThera, Inc. will continue to incur high research and development expenses and may not generate significant revenue with the Company's launch of its CWD and Mad Cow Disease diagnostic assay. There can be no assurance that the Company will become profitable.

The Loss of Key Personnel Could Adversely Affect the Company

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

Rapid Growth May Place Significant Demands on our Resources

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

*the need to manage relationships with various strategic partners and other third parties;

*difficulties in hiring and retaining skilled personnel necessary to support our business;

*the need to train and manage a growing employee base; and

*pressures for the continued development of our financial and information management systems.

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

Government Regulation

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

Item 2. Description of Property

The Company leases a 5,730 square foot biotechnology laboratory located at 3930 Youngfield Street, Wheat Ridge, Colorado. The lease expires in January 2005 and the rent is $5,278.05 per month.

Item 3. Legal Proceedings

On or about March 8, 2004, GeneThera, Inc. commenced a civil action in the District Court of Jefferson County, Colorado against Milton and Keith Dailey individually and d/b/a "Hunting Lease Magazine" for tortious breach of contract and interference with business advantage, fraud, theft, conspiracy, negligent misrepresentation and negligence by bailee. The defendants deny all claims and have asserted counterclaims of fraud, breach of contract and violation of the Colorado Consumer Protection Act. GeneThera, Inc. has denied all counterclaims. Damages are to be determined at trial. Trial is scheduled to be held in November, 2004.

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

None

PART II.

Item 5. Market for Common Equity, Related Stockholder Matters, and Small Business Issuer Purchases of Equity Securities

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

Year	Quarter	High	Low
2003			
	Fourth	3.42	1.55
	Third	2.40	0.89
	Second	1.78	0.35
	First	1.55	.60
2002	Fourth	3.10	0.95
	Third	3.48	1.00
	Second	2.325	0.70
	First	2.30	0.32

*Source AlphaTrade

There are no restrictions on the payment of dividends. We have paid no dividends to date and none are anticipated. There were approximately 582 record holders of common stock as of February 27, 2004.

At various times prior to December 31, 2001, the former President of the Company, John Taggart, made loans to the Company in the aggregate principal amount of $15,300. The loans were evidenced by convertible promissory notes that may be converted into shares of Common Stock. As of December 31, 2003, the notes were converted to common stock.

At various times prior to December 31, 2001, various third parties made loans to the Company in the aggregate principal amount of $69,500, which amount remained outstanding on December 31, 2001. The loans were evidenced by convertible promissory notes that may be converted into shares of Common Stock.

On January 10, 2002, 2,365,950 shares of common stock valued at $0.105 per share were issued to an unrelated party for $83,262 in cash.

On August 13, 2002, certain holders exercised their option to convert $10,500 in convertible notes payable pursuant to an agreement dated August 12, 2002. After a 2:1 forward stock split, 21,000 shares of common stock were issued.

On December 12, 2002, the Company issued a convertible promissory note bearing interest at the rate of 8% per annum in the principal amount of Fifty Thousand Dollars ($50,000) to Fidra Holdings Ltd. Under the terms of the convertible promissory note, the holder of the note is entitled to convert all sums due under the December 12 Note for $.50 per share. As of April 14, 2003, the December 12 Note has not been converted.

On December 24, 2002, the Company issued a Convertible Promissory Note bearing interest at the rate of 8% per annum in the principal amount of One Thousand Dollars ($1,000). Under the terms of the Convertible Promissory Note, the holder of the Note is entitled to convert all sums due under the December 24 Note for $0.50 per share. As of April 14, 2002, the December 24 Note has not been converted.

On December 27, 2002, the Company issued a Convertible Promissory Note bearing interest at the rate of 8% per annum in the principal amount of Ten Thousand Dollars ($10,000). Under the terms of the Convertible Promissory Note, the holder of the Note is entitled to convert all sums due under the December 27 Note for $0.50 per share. As of April 14, 2002, the December 27 Note has not been converted.

Between October 2003 and February 2004,we issued 2 separate convertible promissory notes bearing interest at the rate of 8% per annum in the aggregate amount of $745,000 with a maturity date of one year from the date of their issuance. The holder of the notes are entitled to convert the principal amount of the note at the rate of $1.00 per share. As of February 27, 2004, $728,000 in principal amount of the notes have been converted into 728,000 shares of common stock, $17,000 in principal amount of these notes still remains outstanding.

Item 6. Management's Discussion and Analysis or Plan of Operation

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

GENETHERA DISCUSSION

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 have not been capitalized as of this date. The Company acquired 100% of the outstanding stock of GeneThera Inc., a Colorado corporation, for the issuance of 1,960,000 shares of the Company's common stock.

GeneThera has developed proprietary diagnostic assays for use in the agricultural and veterinary markets. Specific assays for Chronic Wasting Disease (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.

GeneThera provides genetics-based diagnostic and is currently 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.

The Company believes it will require significant additional funding in order to achieve its business plan. Over the next 12 months, in order to have the capability of achieving its business plan, the Company will require at least $1,000,000. There are no guarantees whether the Company will be able to secure such a 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.

RESULTS OF OPERATIONS

Revenues for the three-month period ended December 31, 2003 were $119,541 compared to $82,516 for the same period last year. The increase is attributable to the increased revenue from our subsidiary.. Sales for the year ended December 31, 2003 were $119,541.

Personnel and professional expenses (consulting and professional fees and salaries) increased from $567,111 for the prior fiscal year ending December 31, 2002 to $890,829 for the year ending December 31, 2003. Comparing the year ended December 31, 2002 to the year ended December 31, 2003, expenses grew substantially from $959,729 to $2,698,284. Most of this increase relates to the development of our management team, as well as professional, legal fees, and consulting fees incurred as part of the acquisition and preparation of our periodic and other filings with the Securities and Exchange Commission.

The Company recorded a loss of $3,080,740 compared to $999,663 for the year ended December 31, 2002.

Total assets of the Company for the year ended December 31, 2003 were $487,150.

Total current liabilities at December 31, 2003 were $1,268,620.

RESEARCH AND DEVELOPMENT

R&D serves is the source for both assay development and vaccine design/development. As assays for different diseases are developed, the Company plans to formalize the procedure into a commercial application through a series of laboratories to be owned and operated by GeneThera. To date, we have introduced our diagnostic solution for Chronic Wasting disease and Mad Cow disease on a very limited basis. We cannot assure you that we will be successful

in developing or validating any new assays or, if we are successful in developing and validating any such assays, that we can successfully commercialize them or earn profits from sales of those assays. Furthermore, we cannot assure you that we will be able to design, develop, or successfully commercialize any vaccines.

COMMERCIAL DIAGNOSTIC TESTING

The Diagnostic Testing labs are the second division of the Company. The Company intends to locate laboratories geographically proximate to the primary sources of individual diseases and/or according to specific available operating efficiencies. The specific number of labs to be built and operated will be based on assay demand (demand facilitated by the number of specific disease assays GeneThera develops), our ability to obtain the capital to build the labs, and our ability to successfully manage them from our principal office.

LICENSING

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

R&D SERVICES

Molecular, Cellular, Viral Biology Research and Consulting Services:

GeneThera Inc. is committed to providing global access to cutting edge biotechnology services to fellow scientists in academia, the pharmaceutical industry, and the biotechnology industry. Primarily, GeneThera's expertise focuses on technology relevant to animal and human immunotherapy. GeneThera is dedicated to furnishing dependable, high quality, cost-effective and prompt client consulting services. These services are backed by the cumulative experiences of greater than 100 years of research and development in both government and industry by GeneThera's senior scientists. GeneThera develops a commercial-scale implementation of Adenovector Purification Process to support R&D material production. Furthermore, GeneThera evaluates and tests commercially available expression vectors and incorporates them into its vector repertoire. These technologies are well established within the repertoire of GeneThera's scientific staff.

Research & Development Services:

Molecular Biology:

- Synthetic cDNA Construction
- Prokaryotic Expression Vector Construction & Development
- E. coli Expression Strain Evaluation

- Pilot Scale Fermentation
- Mammalian Expression Vector Construction & Development
- Baculovirus Expression
- Protein Isolation

- Protein Engineering: Complement Determining Region Conjugated Proteins Monoclonal Antibody Production Chimerization & Humanization
- Vector design for Prokaryotic Expression of Antibody Fragments (Fab) and Single Chain Antibody (ScFv)
- Pilot Scale- up Development
- Process Purification & Characterization
- Assay Development & Quality Control Pharmaceutical Dosage and Formulation

Molecular Biology Potential Agreement Structure

Stage (I): cDNA Construction & Expression Vector Development Stage (II): Pilot Scale Expression & Protein Purification Stage (III): Assay Development & Quality Control Development Stage (IV): Bioprocess Development & Optimization Stage (V): Dosage & Formulation

Gene Therapy Testing services

Genethera Services offers GLP testing programs for somatic cell, viral and naked DNA-based gene therapies. With over eight years experience in providing fully integrated bio-safety testing programs for the cell and gene therapy fields, we have supported a number of successful BLA and IND applications.

Replication-Competent Viral Vector Testing

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

Complete Somatic Cell and Viral Vector Packaging and Producer Cell Line Characterization

GeneThera offers all of the assays mandated by regulatory authorities worldwide for the bio-safety analysis and characterization of cells and cell lines used in gene therapy products.

Vector Stock Characterization

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

Vector Purification Process Validation for Viral Clearance

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

Custom Bio-safety Testing Programs for Somatic Cell, Ex Vivo Cell, and Tissue Therapies

GeneThera can guide our clients through the unique process of designing and implementing a bio-safety testing program that meets the needs of each specific project.

GeneThera is currently seeking contracts for these services. There is no

assurance that any contracts will be signed or that the company will generate significant profits from these contracts.

Business Model

GeneThera's business is based on its Integrated Technology Platform (ITP) that combines a proprietary diagnostic solution called Gene Expression Assay (GEA(TM)) with PURIVAX(TM), its system for analyzing large-scale DNA sequencing. The first part of this platform is the ongoing development of molecular diagnostic assays solutions using real time Fluorogenic Polymerase Chain Reaction (F-PCR) technology to detect the presence of infectious disease from the blood of live animals. The second part of the ITP is the development of therapeutic vaccines using RNA interference technology. It also allows for the efficient, effective, and continuous testing, management and treatment of animal populations. These facts distinguish the technology from any alternative testing and management methodology available to agriculture today -- all of which require the destruction of individual animals and even entire herds. Our testing and data analysis processes also allow us not only to separate infected from clean animals, but also to gain knowledge vital to development of preventative vaccines.

Each individual assay utilizes the proprietary Field Collection System (FCS) for the collection and transportation of blood samples to GeneThera's laboratory. The FCS allows GeneThera to maintain the integrity of each sample by the addition of specific reagents to test tubes contained in the system. GeneThera's FCS is designed to be an easy-to-use method of gathering blood samples from harvested or domesticated animals. It ensures consistency of samples as well as increased assurance of each sample's integrity.

To date, GeneThera has successfully developed the ability to detect Chronic Wasting Disease, a disease affecting elk and deer in North America. The release of commercialized Field Collection Systems and laboratory diagnostic testing occurred in October of 2003. GeneThera has also successfully developed an assay for the detection of Mad Cow Disease, a disease recently found in the United States, but has been in Europe for many years. The Field Collection Systems are available for purchase from the Company. Chronic Wasting Disease and Mad Cow Disease are both in the family of diseases called Transmissible Spongiform Encephalopathy (TSE). Diagnostic assays for E.coli O157:H7 and Johnne's Disease are in the final stages of development. Vaccines for Chronic Wasting Disease and E.coli O157:H7 are in advanced stages of development. The Company will need the approval of the USDA before the vaccines can be sold. There are no assurances that such an approval will be granted, or if granted, whether the Company will be able to produce and sell such vaccines following such an approval in commercial quantities or to make a profit from such production and sales.

INTEGRATED TECHNOLOGY PLATFORM (ITP)

GeneThera's integrated technology platform is the foundation for "fast-track" rDNA vaccine development. ITP is the assembly of GEA(TM) and PURIVAX(TM) rAD and rAAV systems. This integrated technology platform yields fast-track vaccine development. Leveraging its ITP, GeneThera can develop a prototype vaccine within 4 to 6 months versus the current standard of 18 to 24. The GEA(TM) applied modular unit system utilizes robotics and is based on nucleic acid extraction in conjunction with F-PCR technology to develop gene expression assays. Using GEA(TM) assays, vaccine efficacy can be measured in real time. This means not having to wait for the antibody response to measure how well the vaccine is working. F-PCR allows effective quantification of the precise number of viral or bacterial genetic particles before, during and after vaccine

injection(s). The more effective the vaccine is, the stronger the decrease of the infectious disease particles will be.

GEA(TM) SYSTEM

GEA(TM) is a proprietary assay development system. The core of GEA(TM) is Fluorogenic Polymerase Chain Reaction technology (F-PCR). GeneThera solves the technical problems related to the use of conventional PCR in molecular diagnostics via our modular unit concept. Specifically, the modular unit consists of an Automated Nucleic Acid Workstation (ANAW) and a Sequence Detection System (SDS) that are fully integrated, allowing an operator to perform the entire procedure of DNA extraction and F-PCR analysis within a closed computerized system. This system results in minimal intervention and no post-PCR manipulation.

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

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

GeneThera currently faces no competition in the use of F-PCR technology and the modular unit concept for commercial testing of either infectious disease in animals or food pathogen contamination. Currently, most labs utilize conventional microbiology, immunological or conventional PCR methods for either veterinary diseases or food pathogen contamination detection. Specific to microbiology and immunological techniques, the drawbacks of these approaches are:

1. the antibodies-based culture media used to detect the presence of infectious diseases has a low level of sensitivity;
2. high background due to non-specific binding of antibodies and/or culture contamination;
3. sample preparation and storage creates artifacts; and
4. long, cumbersome protocols necessary to perform these tests. A major technical limitation of conventional PCR is the risk of contaminating a specimen with the products of previously amplified sequences. Known as cross-contamination, this phenomenon represents a constant challenge to any lab using conventional PCR. Managing these challenges is cumbersome and difficult to streamline.

Fluorogenic PCR (F-PCR) overcomes these drawbacks by making it possible for PCR to efficiently test large numbers of samples even when major laboratory facilities are not readily available. A novel methodology, F-PCR allows quantitative and qualitative detection of specific nucleic acid sequences in a very sensitive, highly accurate and rapid fashion.

PURIVAX(TM) TECHNOLOGY

GeneThera has developed a large-scale process for highly purified and high viral

titer Adenovirus and AAV recombinant vectors. This technology enables GeneThera to develop Adenovirus and AAV based recombinant DNA vaccines for veterinary diseases and food pathogens.

GeneThera's PURIVAX(TM) is a multi-resin anion exchange chromatography system that dramatically improves biological purity and viral titer of recombinant Adenovirus and AAV vectors. PURIVAX(TM) completely eliminates toxic side effects associated with adenoviruses and AAV vectors thereby making it possible to develop highly immunogenic and safe recombinant DNA vaccines. Importantly, recombinant DNA (rDNA) vaccine technology represents a powerful tool for an innovative vaccine design process known as "genetic immunization." Recombinant Adenovirus (rAD) and AAV (rAAV) vectors are the ideal candidates for a gene delivery system. These viruses can efficiently deliver genetic material to both dividing and non-dividing cells, thereby overcoming some of the obstacles encountered with first generation retroviral vectors. Equally important, rAd and rAAV are engineered virus genomes that contain no viral gene. One of the key features for rAd and rAAV is their ability to transduce a large variety of cells. However, two technical challenges had to be overcome to fully utilize rAd and rAAV in the development of rDNA vaccines:

1. lack of large scale purification system;
2. low viral titer

Traditional technologies and first generation chromatography processes are inadequate both in terms of purity and yield. And, due to the limitation of these purification technologies, adequate viral titers cannot be achieved. The result is no efficient system to deliver immuonogenic genetic sequences into cells.

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

FIELD COLLECTION SYSTEM

GeneThera's Field Collection System (FCS) is a commercial product designed to permit a standardized manner for drawing, stabilizing and handling blood samples intended for GeneThera's diagnostic assay testing. Each package is referred to as a "System" because it is just that. There are two different FCS packages: one for hunters and one for breeders or ranchers. GeneThera's FCS is designed to be an easy-to-use method of gathering blood samples from harvested or domesticated animals. It ensures consistency of samples as well as increased assurance of each sample's integrity.

Common to each FCS are two test tubes, each containing a separate reagent. The process, as described in the packaging, ensures that each individual sample of blood will be stabilized, thereby increasing the integrity of that sample for diagnostic testing. Additionally, this common method of receiving blood samples at the GeneThera laboratory(s) increases the efficiency of handling the volume of samples received. We believe this will enable us to provide a fast, efficient process, capable of posting results within 24 hours of receipt at a low cost to the consumer. All testing using the FCS must be done by GeneThera and no third parties can test the blood collected. The Company is currently offering the FCS for hunters, breeders, or ranchers directly through the Company on a limited

basis. The Company intends to begin a marketing campaign through the addition of key personnel to achieve higher volumes of sales for the FCS. The Company projects that no capital will be needed to hire the additional personnel as they will be hired on a strictly commission based.

Liquidity and Capital Resources

The Company had a cash balance of $-0- as of December 31, 2003. It is estimated that it will require outside capital for the year 2004 for the commercialization of GeneThera's molecular assays as well as the development of their therapeutic vaccines. The Company intends to raise these funds by means of one or more private offerings of debt or equity securities or both. As discussed in this filing, the Company has raised $715,000 through Convertible Notes to certain individuals in late 2003 and early 2004. These individuals have converted as of the date of this filing. Currently the company is in discussions with two groups to obtain financing through either debt and/or equity. No definitive agreements have been signed. There are no guarantees whether the Company will be able to secure such a 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.

Convertible Notes

To relieve its cash flow crisis, the Company has issued convertible notes to certain individuals.

On December 12, 2002, the Company issued a convertible promissory note bearing interest at the rate of 8% per annum in the principal amount of Fifty Thousand Dollars ($50,000) to Fidra Holdings Ltd. 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 April 14, 2003, the December 12 Note has not been converted.

On December 24, 2002, the Company issued a Convertible Promissory Note bearing interest at the rate of 8% per annum in the principal amount of Ten Thousand Dollars ($10,000). Under the terms of the Convertible Promissory Note, the holder of the Note is entitled to convert all sums due under the December 24 Note for $0.50 per share. As of April 14, 2002, the December 24 Note has not been converted.

On December 27, 2002, the Company issued a Convertible Promissory Note bearing interest at the rate of 8% per annum in the principal amount of One Thousand Dollars ($1,000). Under the terms of the Convertible Promissory Note, the holder of the Note is entitled to convert all sums due under the December 27 Note for $0.50 per share. As of April 14, 2003, the December 27 Note has not been converted.

Between October 2003 and January 2004, the Company issued 2 separate Convertible Promissory Notes bearing interest at the rate of 8% per annum. An aggregate amount of Seven Hundred and Fifteen Thousand Dollars ($715,000) were raised. Under the terms of the Convertible Promissory Notes, the holder of the Note is entitled to convert all sums due under the Note for $1.00 per share with the notes maturing one year from the date the money is received by the Company. The Company received Thirty Thousand Dollars ($30,000) as of December 31, 2003 and the balance of Six Hundred Eighty-Five Thousand Dollars ($685,000) was received as of February 1, 2004. As of February 27, 2004, Six Hundred Ninety-Eight Thousand Dollars ($698,000) was converted into 698,000 shares, $17,000 still remains outstanding under the Note.

Item 7. Financial Statements

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

As stated in the November 20, 2003 8-K filing with the Securities and Exchange Commission, on September 10, 2003, Sewell & Company, PA ("S&O") declined to stand for re-election as independent auditor of GeneThera, Inc. (the "Company"), formerly known as Hand Brand Distribution, Inc. (Commission File No. 000-27237).

During the most recent two fiscal years, S&O's reports on the financial statements of the Company contained no adverse opinion or disclaimer of opinion and were not qualified as to uncertainty, audit scope or accounting principles; with the exception of a "going concern" qualification for the two most recent fiscal years preceding the date hereof.

During the last two fiscal years and the subsequent interim period, there were no disagreements (material or immaterial) with the Company on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to S&O's satisfaction, would have caused S&O to make reference thereto in connection with its reports.

None of the "reportable events" described in Item 304(a)(1)(ii) of Regulation S-K occurred with respect to the Company within the last two fiscal years and the subsequent interim period to the date of S&O's decision to decline to stand for re-election.

Subsequently, on February 12, 2004, Kantor, Sewell & Oppenheimer, P.A., the successor to Sewell & Company, PA agreed to become the Company's auditors. The attached financials have been certified by Kantor, Sewell & Oppenheimer, P.A.

Directors, Executive Officers, Promoters and Control Persons; Compliance with Section 16(a) of the Exchange Act

Item 8A. 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. 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.

Item 9. Directors, Officers, Promoters and Control Persons; Compliance with Section 16(a) of the Exchange Act

Below are the names and biographies of our Executive Officers, Directors and Nominees for Directors as of December 31, 2003:

Directors and Executive Officers

The following persons are currently serving as GeneThera's officers and directors. Each of the directors below will be elected to serve until the next annual meeting of stockholders and his successor has been elected and has been qualified, or until his earlier death, resignation or removal.

Name	Age	Principal Positions and Directorships
Dr. Antonio Milici.....	46	Chairman of the Board and Chief Executive Offic
Tannya Irizarry.....	39	Chief Administrative Officer
Dr. Thomas Slaga.....	53	Director
Richard Bryans.....	47	Director
Loretta Zapp (1).....	37	Director

(1) Ms. Zapp resigned as a member of the Board of Directors in February 2004.

Dr. Antonio Milici founded GeneThera Inc. in 1999 and has served as its chairman and CEO since inception. Prior to GeneThera, Dr. Milici was CEO and President of Genetrans, Inc., a genetic diagnostic company. Dr. Milici was also an assistant professor in the department of Molecular Pathology at the University of Texas M.D. Anderson Cancer Center.

Tannya Irizarry has a Bachelor in Business Administration from the University of Puerto Rico. She was an Administrative Manager and Project Coordinator at University of Texas M.D. Anderson Cancer Center. Ms. Irizarry has over 15 years experience in the field of biotechnology and medical administration.

Dr. Thomas Slaga has served on GeneThera's Board of Directors since 2003. Dr. Slaga has investigated cancer causation and prevention for more than thirty-five years. His current position is Scientific Director of the AMC Cancer Research Center in Denver, Colorado. He chairs the Center for Cancer Causation and Prevention at AMC and also serves as Deputy Director of the University of Colorado Cancer Center. Previously, he served as Director of the Science Park - Research Division of The University of Texas M. D. Anderson Cancer Center. Dr. Slaga was co-founder of Molecular Carcinogenesis in 1987 and served as editor-in-chief until early 2003.

Richard Bryans has served on GeneThera's Board of Directors since 2003. Mr. Bryans is corporate counsel for GeneThera and manages his own private law firm in Denver, Colorado.

Loretta Zapp served on GeneThera's Board of Directors in 2003. Ms. Zapp is CEO and President of Oncology Sciences Corporation (OSC). OSC is a biopharmaceutical company focused on the discovery, maturation and licensing of novel and non-toxic drug technologies for the treatment of cancer and related illnesses. Prior to joining OSC, Zapp was President of Industrial Laboratories Company, Inc., an independent testing laboratory based in Denver, Colorado. During her tenure at Industrial Labs, she founded the Institute for Nutriceutical Advancement (INA) and designed a program to support and promote the production of consistent, high quality herbal products. In February 2004, Ms. Zapp tendered her resignation as a member of the Board of Directors to focus her efforts on other ventures.

It is the Board's intent to increase the size of the Board of Directors in the near future and to create an Audit Committee and a Compensation Committee comprised of certain members of the Board. Each Director is elected at the Company's Annual Meeting of Shareholders and holds office until the next Annual Meeting of Shareholders, or until the successors are elected and qualified. At present, the Company's bylaws provide for not less than three or more than seven Directors. Currently, we have four Director positions. The bylaws permit the Board of Directors to fill any vacancy and such director may serve until the next Annual Meeting of Shareholders or until his successor is elected and qualified. Officers are elected by the Board of Directors and their terms of office are, except to the extent governed by employment contracts, at the discretion of the Board. The officers of the Company devote full time to the business of the Company.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our Executive Officers, Directors and 10% Shareholders to file reports regarding initial ownership and changes in ownership with the SEC. Executive Officers, Directors, and 10% shareholders are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file. Our information regarding compliance with Section 16(a) is based solely on a review of the copies of such reports furnished to us by our Executive Officers, Directors and 10% shareholders. These forms include (i) Form 3, which is the Initial Statement of Beneficial Ownership of Securities, (ii) Form 4, which is a Statement of Changes in Beneficial Ownership, and (iii) Form 5, which is an Annual Statement of Changes in Beneficial Ownership. Based upon this information, Antonio Milici, M.D. Ph.D. and Tannya Irizarry had not filed a Form 3 required by the Security and Exchange Commission for the shares acquired during fiscal year ended December 31, 2003. Each of the officers has filed these required forms as of March 19, 2004.

The Company's Board of Directors does not currently have an audit committee financial expert on its Board. The Company is currently reviewing potential candidates to be the audit committee financial expert. The Company cannot guarantee when or if such a candidate will be found. The Board of Directors is currently acting as the audit committee for the Company.

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

Item 10. Executive Compensation

The following table sets forth certain summary information for the fiscal year ended December 31, 2003 concerning the compensation awarded to, earned by, or paid to those persons serving as executive officers during fiscal year 2003. Antonio Milici, M.D., Ph.D., and Tannya L. Irizarry were the only executive officers during the fiscal year ended December 31, 2003.

SUMMARY COMPENSATION TABLE

The following table summarizes compensation earned in 2003 and 2002 by the named officers.

Summary Compensation Table

The following table summarizes compensation earned in 2003 and 2002 by the named officers.

Name and Principal Position	Year	Annual Compensation Salary	Bonus	All Other Annual Compensation	Restric
Antonio Milici M.D. Ph.D. (1)	2003	$144,000	$-0-	$-0-	$-0-
Chief Executive Officer	2002	$144,000	$-0-	$-0-	$-0-
Tannya Irizarry (2)	2003	$78,000	$-0-	$-0-	$-0-
Chief Administrative Officer	2002	$78,000	$-0-	$-0-	$-0-

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(1) Dr. Milici was only paid $42,350 for the year 2002 and $-0- in 2003
(2) Ms. Irizarry was only paid $19,500 for the year 2002 and $-0- in 2003

Stock Option Grants in Last Fiscal Year

During the fiscal year ended December 31, 2003, no options were granted to any executive officer.

Option Exercises and Year End Values

No options were exercised in the fiscal year ended December 31, 2003 by any executive officer.

Stock Option Grants in Last Fiscal Year

During the fiscal year ended December 31, 2003, no options were granted to the Executive Officer.

Option Exercises and Year End Values

No options were exercised in the fiscal year ended December 31, 2003 by the Executive Officer who owns no options.

Compensation of Directors and Executive Officers

The Company entered into an employment agreement with Antonio Milici, M.D., Ph.D, to serve as the Chief Executive Officer of GeneThera and Chairman of the Board of Directors and Chief Scientific Officer of the Company through January 7, 2007. In consideration for his services, Dr. Milici will receive a base salary of $144,000 per annum plus bonuses as may be determined by the Board of Directors in its sole discretion. As part of his Employment Agreement, Dr. Milici is subject to non-disclosure and non-competition obligations and has

transferred to the Company of all his interests in any idea, concept, technique, invention or written work.

The Company entered into an Employment Agreement with Tannya L. Irizarry to serve as Chief Administrative Officer of GeneThera Inc. through January 1, 2007. Ms Irizarry's base salary is $78,000 per annum.

Item 11. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The following table shows, as of February 27, 2004, the Common Stock owned beneficially by (i) each of our Executive Officers, (ii) each of our current Directors, (iii) all Executive Officers and Directors as a group, and (iv) each person known by us to be the beneficial owner of more than five percent of our Common Stock.

(1) Title of Class	(2) Name and Address of Beneficial Owner	(3) Amount and Nature of Beneficial Owner
Common Stock	Dr. Antonio Milici	1,545,000
Common Stock	Tannya Irrizary	660,000
All current executive officers and directors as a group		2,205,000

POTENTIAL CHANGE IN CONTROL

The Company has entered into a series of consulting agreements with The Regency Group, a Denver-based public relations consultant, pursuant to which the Company agreed to issue shares of its common stock or warrants to purchase shares of its common stock in consideration for services to be provided by The Regency Group. The dates of the agreements and the consideration payable by the Company are as follows:

April 25, 2002	600,000 shares of common stock
April 24, 2003	warrant, issuable on April 24, 2003, to purchase 300,000 shares of common stock; warrant, issuable on November 1, 2003, to purchase 300,000 shares of common stock; warrant, issuable on May 1, 2004, to purchase 300,000 shares of common stock
February 24, 2004	warrant, issuable on February 24, 2004, to purchase 1,500,000 shares of common stock

In addition, each of the consulting agreements provides that the Company will register for resale under the Securities Act the common stock to be issued on

April 25, 2002 and the shares of common stock that may be issued pursuant to the exercise of the warrants described above. Finally, the April 24, 2003 and the February 24, 2004 consulting agreements provide that the warrants to be issued thereunder shall contain cashless exercise provisions.

If The Regency Group exercises all of the warrants described above and does not elect to utilize the cashless exercise features of the warrants, the Company would be required to issue a total of 2,400,000 shares of its common stock. When added to the 600,000 shares we issued pursuant to the April 25, 2002 agreement, The Regency Group could own up to 3,000,000 shares of our common stock. If we do not issue any additional shares of our common stock other than the shares described above that were issued or that can be issued to The Regency Group, the 3,000,000 shares would represent approximately 37% of our total common stock outstanding at that time. Although such ownership would not be sufficient, under our corporate bylaws, to control the election of our board of directors, it would represent the largest single block of stock ownership in the Company.

The Company intends to issue additional shares of its common stock to certain officers of the Company in lieu of salary. The anticipated issuance would then represent the largest single block of stock ownership in the Company.

Item 12. Certain Relationships and Related Transactions

On December 2, 2003, GeneThera, Inc. and Oncology Sciences Corporation signed a letter of intent for the use of the genetic coding for the P-65 gene. OSC owns the licensing rights to the genetic sequence for the P-65 gene. There are strong evidences that the P65 gene has correlation to certain types of cancers. Loretta Zapp, the President and CEO of Oncology Sciences Corporation, served as a director of the Company from March 2003 until February 2004.

Researchers have studied this gene extensively with respect to its role in breast and prostate cancer. Studies have shown that in a high percentage of cancer cases, there is an increase in the expression of the P-65 gene. GeneThera plans to use P-65 to attempt to develop a blood test for breast and prostate cancer. Future plans include attempting to use GeneThera's PURIVAX(TM) technology to develop a therapeutic vaccine for breast and prostate cancer. We cannot give any assurance, however, that GeneThera will be successful in developing a blood test for either breast or prostate cancer or, if it is successful in developing one or both of these vaccines, that it will be able to successfully market and sell them profitably.

GeneThera's plan will utilize their F-PCR technology, which is currently being used to test the blood of elk and deer for Chronic Wasting Disease, to amplify and quantify the P-65 gene. This will enable GeneThera to not only test for breast and prostate cancer with a single drop of blood, but may be able to detect it much earlier than the current methods.

This letter of intent will be for GeneThera to prove their concept of molecular identification and quantitation of the target gene in human blood samples to Oncology Sciences Corporation. After the initial proof of concept period, GeneThera and OSC will team up to continue the research and development of the diagnostic test for breast and prostate cancer. They will also further research the development of therapeutics for these cancers.

The Company will need significant additional capital in order to bring a vaccine to market. There are no assurances that the Company will be able to raise sufficient capital to develop a blood test for breast or prostate cancer or to develop a vaccine for either of these diseases. Furthermore, even if sufficient capital is raised, we cannot provide any assurance we will be able to validate such a vaccine. Vaccines, especially for human use, can potentially have a long and difficult approval process. The FDA has strict guidelines for the validation of vaccines.

A Reverse Acquisition Agreement was executed on March 28, 2003. One million (1,000,000) common shares were issued from the Company's authorized shares to acquire 51% of the ownership of GeneThera from Antonio Milici M.D., Ph.D. On November 6, 2003, an additional 960,000 shares were issued to shareholders of GeneThera (Colorado) which includes an additional 545,000 shares issued to Antonio Milici M.D., Ph.D. Upon completion of the issuance of these additional shares, GeneThera has become a 100% wholly owned subsidiary of the Company.

Item 13. Exhibits and Reports on Form 8-K

(a) Exhibits

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

3.1.1	Articles of Incorporation filed November 8, 1995.
3.1.2	Amendment to the Articles of Incorporation filed on February 4, 1999 reverse stock split
3.1.3	Amendment to the Articles of Incorporation filed January 15, 2002, reverse stock split (1)
3.2	Bylaws
4.1.1	Private Equity Line of Credit Agreement between the Company and the 2002 (2)
4.1.2	Registration Rights Agreement between the Company and the Investor dat
4.1.3	Warrant Agreement with respect to the shares underlying the Priv Agreement (2)
4.1.4	Amendment to Private Equity Line of Credit Agreement between the Comp March 4, 2002 (3)
4.2	Registration Rights Agreement between the Company and Vantage dated Ja
4.3	Form of Convertible Notes bearing interest at the rate of 6% and ma (4)
4.4	Amendment #2 to Private Equity Line of Credit Agreement between th dated June 1, 2002 (5)
10.1	FHNI Stock Sale Agreement between the Company, FHNI and John Taggart, Common Stock Purchase Agreement among the Company and various original common stock of GeneThera, Inc. (2)
10.2.2	Form of Letter Agreement between the Company and various original h of GeneThera, Inc. (4)
10.4	Employment Agreement between Antonio Milici, M.D., and the Company dat
10.5	Employment Agreement between Nicolas Wollner and the Company dated Feb
10.6	Letter of Intent between the Company and Oncology Sciences Corporation
21	List of Subsidiaries (6)
31.1	Certification of the President and Chief Executive Officer pursuant to
31.2	Certification of the Interim Chief Financial Officer pursuant to Rule
32.1	Certification of the President and Chief Executive Officer pursuant to
32.2	Certification of the Interim Chief Financial Officer pursuant to Secti

(1)	Incorporated by reference from an Exhibit to the Current Report on F SEC on January 17, 2002.
(2)	Incorporated by reference from an Exhibit to the Company's Current Re with the SEC on March 4, 2002.
(3)	Incorporated by reference from an Exhibit to the Company's S Information Statement, as filed with the SEC on May 23, 2002.
(4)	Incorporated by reference from an Exhibit to the Company's Current

filed with the SEC on June 4, 2002.

(5) Incorporated by reference from an Exhibit to the Company's Report o the SEC on June 14, 2002.

(6) Incorporated by reference to Exhibit 21 filed with the Company's An filed with the SEC on May __, 2003.

(b) Reports on Form 8-K

The Company did not file any reports on Form 8-K with the SEC during the last quarter of the fiscal year ended December 31, 2003.

Item 14. Principal Accounting Fees and Services

Audit Fees

The aggregate fees billed for each of the last 2 fiscal years for professional services rendered by our principal accountant for the audit of the Company's annual financial statements and review of financial statements included in the registrant's Form 10-Q was as follows:

2002 $47,000
2003 $30,000

Audit-Related Fees

The aggregate fees billed in each of the last 2 fiscal years for assurance and related services by our principal accountant that are reasonably related to the performance of the audit and not reported in Audit Fees was $-0-.

Tax Fees

The aggregate fees billed in each of the last 2 fiscal years for services rendered by our principal accountant for tax compliance, tax advice, and tax planning was $-0-.

All Other Fees

The aggregate fees billed in each of the last 2 fiscal years for products and services provided by our principal accountant other than those described above was $-0-.

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

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.

GeneThera, Inc.

By: /s/ Antonio Milici
Antonio Milici, M.D., Ph.D. President

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

In accordance with the Exchange Act, 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., Ph.D.	President	April 14, 2004
/s/ Tannya L. Irizarry Tannya L. Irizarry	Interim Chief Financial Officer	April 14, 2004
/s/ Tannya L. Irizarry Tannya L. Irizarry	Principal Accounting Officer	April 14, 2004

/s/ Antonio Milici Antonio Milici, M.D., Ph.D.	Director	April 14, 2004
/s/ Richard Bryans Richard Bryans	Director	April 14, 2004
/s/ Dr. Thomas Slaga Dr. Thomas Slaga	Director	April 14, 2004

GENETHERA, INC.
AND SUBSIDIARY
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD FROM
OCTOBER 5, 1998 (INCEPTION) TO DECEMBER 31, 2003

GENETHERA, INC. AND SUBSIDIARY
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD FROM
OCTOBER 5, 1998 (INCEPTION) TO DECEMBER 31, 2003

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INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM'S REPORT

To the Board of Directors
GeneThera, Inc. and Subsidiary
Wheat Ridge, CO

We have audited the accompanying consolidated balance sheets of GeneThera, Inc. and Subsidiary (a development stage company) as of December 31, 2003 and 2002, and the related consolidated statements of operations, changes in stockholders' equity (deficit), and cash flows for the period from October 5, 1998 (inception) to December 31, 2003. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of GeneThera, Inc. and Subsidiary as of December 31, 2003 and 2002, and the consolidated results of its operations, and its cash flows for each of the years in the period ended December 31, 2003, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 12 to the accompanying consolidated financial statements, the Company has restated the consolidated balance sheets as of December 31, 2003, and the related consolidated statements of operations, stockholders' equity (deficit), and cash flows for the period from October 5, 1998 (inception) to December 31, 2003.

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 15 to the consolidated financial statements, the Company has no established source of revenue, recurring losses from operations, cash used in operations and accumulated deficit. This raises substantial doubt about its ability to continue as a going concern. Management's plan in regard to these matters is also described in Note 15. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

KANTOR, SEWELL & OPPENHEIMER, PA

Hollywood, Florida
February 15, 2004, except for Note 12, as to which the date is July 20, 2004

GENETHERA, INC. AND SUBSIDIARY
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED BALANCE SHEETS
DECEMBER 31,

Assets

	R
Current assets	
Cash	$
Accounts receivable, net	
Inventory	
Total current assets	
Property and equipment, net	
Other assets	
Deposits	
Goodwill and trademark, net	
Other assets	
	$

The notes to consolidated financial statements are an integral part of the above statement.

GENETHERA, INC. AND SUBSIDIARY
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED BALANCE SHEETS
DECEMBER 31,

Liabilities and Stockholders' Deficit

Current liabilities	
Bank overdraft	$
Accounts payable	
Accrued expenses	
Deferred income	
Due to related company	
Lease payable	
Loan payable - related party	
Notes payable	
Convertible notes payable	
Total current liabilities	
Long term lease payable	
Long term notes payable	
Long term convertible notes payable	
Stockholders' deficit	
Preferred stock, $0.001 par value, 20,000,000 shares authorized; no shares issued and outstanding	
Common stock $.001 par value, authorized 100,000,000 shares; 4,796,478 and 2,738,176 shares issued and outstanding at December 31, 2003 and 2002 respectively	
Additional paid in capital	
Accumulated deficit	(
	$

The notes to consolidated financial statements are an integral part of the above statement.

GENETHERA, INC. AND SUBSIDIARY
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year ended December 31,		For the period fr October 5, 1998 (inception) to
	2003 Restated	2002 Restated	December 31, 2003 Restated
Income			

Sales net of returns	$ 119,541	$ 77,516	$ 197,057
Research fees	--	5,000	188,382
	119,541	82,516	385,439
Cost of sales	(33,747)	(30,352)	(64,099)
Gross profit	85,794	52,164	321,340
Expenses			
Salaries	248,440	301,198	864,639
Professional fees	34,639	218,249	252,888
General and administrative expenses	363,390	164,853	737,628
Lease expense	104,509	98,457	316,498
Lab expenses	58,600	51,606	178,082
Consulting	607,750	47,664	824,384
Depreciation and amortization	69,344	44,383	161,727
Sales expenses	21,576	18,823	40,399
Other compensation	1,164,000	--	1,164,000
Insurance	26,036	14,496	56,753
	2,698,284	959,729	4,596,998
Loss from operations	(2,612,490)	(907,565)	(4,275,658)
Other income (expenses)			
Other income (expenses), net	(9,492)	(78,003)	(36,565)
Interest expense	(345,732)	(14,095)	(359,827)
Net loss from operations	(2,967,714)	(999,663)	(4,672,050)
Loss from discontinued operations	(113,026)	--	(113,026)
Net loss	$(3,080,740)	$ (999,663)	$(4,785,076)
Loss per common share, basic and diluted	$ (0.98)	$ (0.39)	$ (2.92)

The notes to consolidated financial statements are an integral part of the above statement.

GENETHERA, INC. AND SUBSIDIARY
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)
FOR THE PERIOD FROM OCTOBER 5, 1998 (INCEPTION) TO DECEMBER 31, 2003

	Common Stock Shares	Amount	Paid in Capital
Issuance of common stock to founders for consulting			

services rendered at an aggregate of $36,000	$ 420,000	$ 420	$ 35,580	$
Issuance of common stock in exchange for equipment supplies and cash	100,000	100	99,900	~
Issuance of common stock according to a contract for computer services and financing	60,000	60	59,940	~
Issuance of common stock in exchange for cash	5,000	5	4,995	~
Net loss 1999	~	~	~	
Balance December 31, 1999	585,000	585	200,415	
Issuance of common stock in exchange for consulting services rendered	25,000	25	24,975	~
sub-total	610,000	$ 610	$ 225,390	$

GENETHERA, INC. AND SUBSIDIARY
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)
FOR THE PERIOD FROM OCTOBER 5, 1998 (INCEPTION) TO DECEMBER 31, 2003

	Common Stock Shares	Amount	Paid in Capital	
sub-total	610,000	$ 610	$ 225,390	$
Issuance of common stock in exchange for an agreement for management and financing for $80,000	40,000	40	39,960	~
Issuance of common stock in exchange for a consulting agreement	10,000	10	11,990	~
Net loss 2000	~	~	~	
Balance December 31, 2000	660,000	660	277,340	
Issuance of common stock to an officer in lieu of salary	1,125,000	1,125	238,875	~
Issuance of common stock to an employee in lieu of salary	60,000	60	59,940	~
Issuance of common stock to an employee in lieu of salary	15,000	15	14,985	~
Issuance of common stock in exchange for consulting services	100,000	100	99,900	~
Net loss, 2001	~	~	~	
Balance December 31, 2001	1,960,000	$1,960	$ 691,040	$

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GENETHERA, INC. AND SUBSIDIARY
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)
FOR THE PERIOD FROM OCTOBER 5, 1998 (INCEPTION) TO DECEMBER 31, 2003

	Common Stock Shares	Amount	Paid in Capital	
sub-total	1,960,000	$1,960	$ 691,040	$
Additional paid in capital - related party	--	--	83,262	~
Balance before recapitalization	1,960,000	1,960	774,302	
Recapitalization on February 25, 2002	697,176	697	1,000,702	
Balance after recapitalization February 25, 2002	2,657,176	2,657	1,775,004	
Issuance of shares of common stock in connection with convertible notes payable	21,000	21	10,479	~
Issuance of shares of common stock in connection with conversion	60,000	60	29,940	~
Additional paid in capital - related party	--	--	285,700	~
Net loss, 2002	~	~	~	
Balance December 31, 2002, Restated	2,738,176	2,738	2,101,123	
Additional paid in capital contributed as equipment	--	--	201,976	~
sub-total	2,738,176	$2,738	$2,303,099	$

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GENETHERA, INC. AND SUBSIDIARY
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)
FOR THE PERIOD FROM OCTOBER 5, 1998 (INCEPTION) TO DECEMBER 31, 2003

	Common Stock Shares	Amount	Paid in Capital	

sub-total	2,738,176	$2,738	$2,303,099	$
Additional paid in capital - related party	--	--	200,000	~
Beneficial conversion feature	~	~	319,221	~
Shares issued in exchange for services	715,000	715	607,035	~
Shares issued to officer	600,000	600	1,163,400	~
Shares issued on conversion	663,302	663	330,989	~
Shares issued on conversion	80,000	80	191,120	~
Net loss, 2003	~	~	~	
Balance December 31, 2003, Restated	4,796,478	$4,796	$5,114,864	$

GENETHERA, INC. AND SUBSIDIARY
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31, 2003 Restated	2002 Restated	For the period fr October 5, 1998 (inception) to December 31, 200 Restated
Cash flows from operating activities:			
Net loss	$(3,080,740)	$ (999,663)	$(4,785,076)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	69,344	44,383	161,727
Compensation in exchange for common stock	1,771,750	--	2,238,750
Beneficial conversion feature	319,221	--	319,221
(Increase) decrease in accounts receivable	5,517	(5,517)	--
(Increase) decrease in inventory	24,999	(24,999)	--
(Increase) decrease in other assets	44,090	(39,802)	36,748
Increase (decrease) in accounts payable and accrued liabilities	205,553	495,564	734,140
Total adjustments	2,440,474	469,629	3,490,586
Net cash used in operating activities	(640,266)	(530,034)	(1,294,490)
Cash flows from investing activities:			
Cash payments for the purchase of property	(8,735)	(11,535)	(35,069)

Net cash used in investing activities	(8,735)	(11,535)	(35,069)
Cash flows from financing activities:			
Bank overdraft	35,486	--	35,486
Capital contributed as equipment	201,976	--	272,376
Principal payments on note/leases payable	(31,155)	(34,807)	(70,815)
Proceeds from capital contributions	--	418,962	443,962
Proceeds from loans payable	433,550	165,410	648,550
Net cash provided by financing activities	639,857	549,565	1,329,559
Net increase in cash and cash equivalents	(9,144)	7,996	--
Cash and cash equivalents, beginning of year	9,144	1,148	--
Cash and cash equivalents, end of year	$ --	$ 9,144	$ --
Supplemental disclosures of cash flow information:			
a) Cash paid during the period for:			
Interest expense	$ 3,462	$ 1,666	$ 6,744

GENETHERA, INC. AND SUBSIDIARY
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD FROM
OCTOBER 5, 1998 (INCEPTION) TO DECEMBER 31, 2003

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACOUNTING POLICIES

Nature of Operations GeneThera, Inc. (the Company), formerly known as Hand Brand Distribution, Inc., was incorporated in November 1995, under the laws of the State of Florida. During 2002, the Company acquired GeneThera, Inc. (Colorado). GeneThera, Inc. (Colorado) is a biotechnology company that develops molecular assays for the detection of food contaminating pathogens, veterinary diseases and genetically modified organisms. The Company also owned Family Health News, a subsidiary that was sold in 2003.

GeneThera, Inc. (Colorado) is considered to be in the development stage. Activity during the development stage includes organization, and implementation and revision of the business plan. GeneThera, Inc. (Colorado) also provides research services to unrelated parties.

Principles of Consolidation The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, GeneThera, Inc. (Colorado). All significant inter-company balances and transactions have been eliminated. The accounts of Family Health News have been consolidated through September 30, 2003.

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 - 10 years.

Revenue Recognition Revenues are recognized when services are rendered.

Loss per Share Basic loss per share for each year is computed by dividing loss for the year by the weighted average number of common shares outstanding during the year. Diluted loss per share includes the effects of common stock equivalents to the extent they are dilutive. At December 31, 2003 and 2002 all common stock equivalents were antidilutive and therefore diluted loss per share equaled basic loss per share.

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACOUNTING POLICIES - continued

Advertising

Advertising costs are charged to operations in the year incurred. There were no advertising expenses for the years ended December 31, 2003 and 2002.

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. 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. 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. SFAS 144 was implemented on these consolidated financial statements as explained in Note 13.

NOTE 2 CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Company to credit risk include cash on deposit with three financial institutions. Financial institutions insure depositors for up to $100,000 through the U.S. Federal Deposit Insurance Corporation. The Company had a bank overdraft at December 31, 2003.

NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2003 and 2002 consisted of the following:

	2003	2002
	(As Restated)	(As Restated)
Computers	$ 32,523	$ 12,372
Office equipment	0	5,414
Telephone system	5,119	3,400
Furniture & fixtures	1,465	76,743
Laboratory equipment	578,041	277,194
	617,148	375,123
Less accumulated depreciation	(136,276)	(136,249)
	$ 480,872	$ 238,874

Depreciation expense for the years ended December 31, 2003 and 2002 was $66,093 and $40,824, respectively.

During the year ended December 31, 2002, the Company entered into capital lease agreements to acquire laboratory equipment and a computer. (See Note 4)

NOTE 4 LEASES

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 years ended December 31, 2003 and 2002 was $104,509, and $98,457, respectively.

GENETHERA, INC. AND SUBSIDIARY
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 4 LEASES - continued

Capital Leases

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

	2003 (As Restated)	2002 (As Restated)
Laboratory Equipment	$ 31,574	$ 31,574
Computer	2,672	2,672
	34,246	34,246
Less: Accumulated depreciation	(6,441)	(1,306)
Net assets under capital leases	$ 27,805	$ 32,940

Future minimum lease payments under these non-cancelable operating leases and capital leases at December 31, 2003 were as follows:

	Operating Leases	Capital Leases
2004	$ 63,337	$ 12,135
2005	0	1,035
2006	0	691
2007	0	0
2008 and thereafter	0	0
	$ 63,337	$ 13,861

Total interest expense, including late fees, under capital leases was $2,510 and $634 for the years ended December 31, 2003 and 2002, respectively.

NOTE 5 LOAN PAYABLE

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

2003 (As Restated)	2002 (As Restated)

Loan payable with no interest, due on demand, unsecured	$ 0	$ 50,000
Less current portion	(0)	(50,000)
Total long-term loan payable	$ 0	$ 0

There was no interest expense for the years ended December 31, 2003 and 2002.

GENETHERA, INC. AND SUBSIDIARY
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 6 NOTES PAYABLE

The Company has outstanding notes payable at December 31, 2003 and 2002 as follows:

	2003 (As Restated)
Various notes payable with interest rates ranging from 0% to 14%; various terms; secured by equipment and personal guarantees	$ 193,405
Less current portion:	(193,405)
Total long-term note payable	$ 0

Total interest expense for the year ended December 31, 2003 and 2002 was $1,692 and $3,404, respectively.

NOTE 7 CONVERTIBLE NOTES PAYABLE

	2003 (As Restat
Various convertible notes payable, with interest at 6%; due January 5, 2005; convertible into shares of common stock at $1.00 per share.	$

Note payable - line of credit loan not to exceed one million dollars. For each draw, the borrower will issue a convertible promissory note bearing a 6% interest rate per year through January 14, 2004, and 12% interest rate from January 15, 2004; convertible into shares of common stock at $1.40 per share, subject to adjustment.

Various convertible notes payable to individuals, with interest at 8%; due at

various dates from April 14, 2003 through June 18, 2004; convertible into shares of common stock at a price of $0.50 per share. 223,1

GENETHERA, INC. AND SUBSIDIARY
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 7 CONVERTIBLE NOTES PAYABLE - continued

	2003
	(As Restate
A convertible note payable to an individual, with interest at 10%; due May 16, 2004; convertible into shares of common stock at a price of $0.25 per share. As of the balance sheet date, the option to convert into shares of common stock was not exercised.	63,750
	286,874
Less: current portion	(286,874
Total long-term convertible notes payable	$ 0

Interest expense for the years ended December 31, 2003 and 2002 was $15,677 and $10,215, respectively.

NOTE 8 EQUITY LINE OF CREDIT

During 2002, the Company entered into an agreement to obtain a private equity line of credit for up to $30,000,000, in exchange for common stock and warrants, for a period of 36 months.

The Company agreed to pay a commission fee of $300,000, plus legal fees totaling $30,000, with rights to convert into shares of common stock at $1 per share on or before September 15, 2002. On September 28, 2002, 660,000 shares (after 2:1 forward stock split) were issued pursuant to the agreement. On May 12, 2003, the board of directors resolved to nullify the transaction due to failure of consideration, following General Counsel's advice. Consequently, the 660,000 shares were canceled and the financial statements were adjusted to reflect the cancellation.

NOTE 9 STOCKHOLDERS' EQUITY (DEFICIT)

Common Stock On March 5, 1999, the Company issued 420,000 of common stock valued at $36,000 according to an employment agreement, approved by the board of directors, to a founder for services rendered during 1999. Accordingly, consultant expense of $36,000 was charged to operations.

GENETHERA, INC. AND SUBSIDIARY
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NOTE 9 STOCKHOLDERS' DEFICIT - continued

Common Stock

On March 5, 1999, 100,000 shares of common stock were issued in exchange for used equipment with a fair market value of $34,586, supplies, and other items totaling $25,414, and $40,000 in cash from an unrelated party. Accordingly, lab equipment was recorded at $34,586, supplies at $21,414, and glassware at $4,000 - the market value for these items.

On April 1, 1999, according to a contract agreement to provide computer services, the Company issued 60,000 shares of common stock valued at $60,000, in exchange for computer & consulting services in the amount of $55,000, and $5,000 in cash. Accordingly, consultant expense of $55,000 was charged to operations.

On April 1, 1999, 5,000 shares of common stock valued at $1.00 per share were issued to an unrelated party for $5,000 in cash.

On January 1, 2000, 25,000 shares of common stock valued at $1.00 per share were issued in exchange for services rendered. Accordingly, consultant expense of $25,000 was charged to operations.

On April 10, 2000, according to a contract agreement to provide management services, the Company issued 40,000 shares of common stock valued at $40,000, in exchange for management services. Accordingly, consultant expense of $40,000 was charged to operations.

On May 15, 2000, according to a contract agreement to provide consulting services, the Company issued 10,000 shares of common stock valued at $12,000. Accordingly, consultant expense of $12,000 was charged to operations.

On February 15, 2001, the Company issued 1,125,000 shares of common stock valued at $240,000 according to an employment agreement, approved by the board of directors, to an officer in lieu of salary for services rendered during 2000 & 2001. Accordingly, salary expense of $120,000 was charged to operations at December 31, 2001 and $120,000 in 2000.

On February 15, 2001, the board of directors of the Company approved the issuance of 60,000 shares of common stock valued at $60,000 to an officer in lieu of salary for services rendered. Accordingly, salary expense of $60,000 was charged to operations.

GENETHERA, INC. AND SUBSIDIARY
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 9 STOCKHOLDERS' DEFICIT - continued

Common Stock

On February 15, 2001, the board of directors of the Company approved the issuance of 15,000 shares of common stock valued at $15,000 to an officer in lieu of salary for services rendered. Accordingly, salary expense of $15,000 was charged to operations.

On October 1, 2001, according to a contract agreement to provide consulting services, the Company issued 100,000 shares of common stock valued at $100,000. Accordingly, consultant expense of $100,000 was charged to operations.

As a result of the recapitalization on February 25, 2002, the Company is deemed to have issued 697,176 common shares to the stockholders of GeneThera, Inc. (f/k/a Hand Brand Distribution, Inc.).

During November 2002, certain holders exercised their option to convert $40,500 in convertible notes payable per various agreements dated in 2002. As a result, 81,000 shares of common stock were issued.

In June 2003, the Company issued 715,000 shares of common stock in exchange for consulting services. The fair market value of the shares was $.85 on the date of issuance. Accordingly, consultant expense of $607,750 was charged to operations.

On November 15, 2003, the Company issued 600,000 shares of common stock as "officer incentive" to an officer of the Company following a resolution of the board of directors. The fair market value of the shares was $1.94 on the date of issuance. Accordingly, salary expense of $1,164,000 was charged to operations.

During 2003, certain holders exercised their option to convert $331,652 in convertible notes payable per various agreements dated in 2002 and 2003. As a result, 663,302 shares of common stock were issued.

On October 1, 2004, the Company issued 80,000 shares of common stock to the President of FHNI to satisfy all outstanding convertible notes and accrued interest for funds loaned to the Company. Additionally, the Company released and conveyed all interest in the FHNI to its president. Although signed on August 1, 2004, the agreement was effective nunc pro tunc ("now for then") to October 1, 2003.

NOTE 10 INCOME TAXES

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, 2003 and 2002 of approximately $4,930,000 and $2,600,000, respectively, subject to annual limitations prescribed by the Internal Revenue Code, that are available to offset future taxable income through 2023. 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.

The provision (benefit) for income taxes is comprised of the following:

	2003 (As Restated)	2002 (As Restated)
Current taxes	$ 0	$ 0
Deferred tax benefit:		
Net operating loss carryforward	972,000	267,000
Accrued wages	76,000	72,000
Change in valuation allowance	(1,048,000)	(339,000
Total provision (benefit) for income taxes	$ 0	$ 0

Deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the net deferred tax assets (liabilities) were as follows:

	2003 (As Restated)	2002 (As Restated)
Deferred tax assets		
Loss carryforward, including recapitalization	$ 1,858,000	$ 884,000
Accrued wages	148,000	74,000
Total deferred tax assets	2,006,000	958,000
Valuation allowance	(2,006,000)	(958,000)
Net deferred tax assets	$ 0	$ 0

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NOTE 11 AMENDMENT TO ARTICLES OF INCORPORATION

Following a resolution of the board of directors, the Company amended its articles of incorporation effective June 16, 2003, to change the Company's name from Hand Brand Distribution, Inc. to GeneThera, Inc., and to provide for a maximum of 100,000,000 shares of common stock and 20,000,000 shares of preferred stock.

NOTE 12 RESTATEMENT

On February 25, 2002, GeneThera, Inc., f/k/a Hand Brand Distribution, Inc., (the Company), entered into an agreement to acquire GeneThera, Inc. (Colorado). The Company was to issue 6 shares of common stock (after a 2:1 forward stock split) for each share of GeneThera, Inc. (Colorado). At the end of the transaction the Company would have issued a total of 16,611,900 shares of common stock and own approximately 91% of GeneThera, Inc. (Colorado). At the time the agreement was signed, the Company did not have sufficient authorized shares of common stock to complete the transaction. The stockholders of GeneThera, Inc. (Colorado) decided to proceed with the acquisition and agreed to delay receipt of the shares until the Company increased the number of authorized shares. This did not occur until late in 2003. In the 10-K filed for the year ended December 31, 2002, the Company reported a total of 18,621,476 shares issued, but only 2,009,576 outstanding. The 16,611,900 shares of common stock related to the acquisition were never issued due to the insufficient number of authorized shares of common stock of the Company.

The assets of GeneThera, Inc. (f/k/a Hand Brand Distribution, Inc.) and GeneThera, Inc. (Colorado) are at historical cost as of December 31, 2001. The value of the net assets of GeneThera, Inc. at the time of the acquisition is the same as the historical negative book value of ($114,654). For the recapitalization, equity accounts of GeneThera, Inc. (Colorado) have been restated, based on the ratio of exchange of 1 (one) share of the Company for 1 (one) share of GeneThera, Inc. (Colorado).

The financial statements became those of GeneThera, Inc. (Colorado), with adjustments to reflect the changes in equity structure. The operations are those of GeneThera, Inc. (Colorado) from inception, October 5, 1998 to December 31, 2003, and those of GeneThera, Inc. (f/k/a Hand Brand Distribution, Inc.) from February 25, 2002, the recapitalization date.

During the first quarter of 2003, the agreement of February 25, 2002 was rescinded and a new acquisition agreement was signed. At this time, the board of directors of the Colorado corporation resolved to restructure the equity of the Colorado corporation, whereby of the 3,039,050 shares of common stock issued and outstanding (including the minority interest) at the time of the first agreement, only 1,960,000 shares of common stock remained at March 23, 2003.

NOTE 12 RESTATEMENT - continued

The canceled shares had the following effect on the Colorado corporation:

	Shares of Common Stock	Additional Paid in Capital	Accumulated Deficit
As reported February 25, 2002 - before acquisition	18,234,300	$ 1,048,428	$ (995,073)
Adjustments			

Reversal 3:1 (2:1 fwd stock split)	(15,195,250)	10,463	0
Cancelled shares	(290,400)	(290,109)	290,400
Cancelled shares	(788,650)	5,520	0
Total adjustments	(16,274,300)	(274,126)	290,400
As restated - retroactive to February 25, 2002 acquisition	1,960,000	$ 774,302	$ (704,673)

During 2002, the Company issued a total of 1,312,400 shares--652,400 related to convertible notes, and the remaining 660,000 shares associated with a credit line commitment fee having an option to convert. By resolution of the Board of Directors a total of 1,231,400 shares were canceled.

Following is the aggregate effect on the consolidated financial statements of the Company at December 31, 2002, reflecting the cancellation of shares by both the Colorado corporation and the Company, as well as the retroactive effect of the initial acquisition as per the terms of the new agreement dated March 23, 2003.

	Shares of Common Stock	Additional Paid in Capital	Accumulated Deficit
As reported December 31, 2002	18,621,476	$ 2,433,240	$ (3,401,716
Adjustments			
Rescission/Acquisition	(16,274,300)	(274,126)	290,400
Reversal minority interest	1,622,400	270,778	(62,998
Cancelled shares	(660,000)	(329,340)	330,000
Cancelled shares	(571,400)	571	0
FHNI adjustment COGS	0	0	23,924
As restated retroactive December 31, 2002	$ 2,738,176	$ 2,101,123	$ (2,820,390

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NOTE 12 RESTATEMENT - continued

The consolidated financial statements of the Company included in the 10-KSB for December 31, 2003 depicted the new acquisition as of March 23, 2003, and considered the 2002 reverse acquisition null and void. The historical information was that of the Colorado corporation. After reviewing FAS 141, Business Combination and all facts surrounding the original acquisition, the rescission and consequent re-acquisition, the Company determined that even though the January 2002 acquisition agreement was rescinded, control of the Company remained continuously with the Colorado corporation through its major

shareholders. Consequently, the consolidated financial statements for December 31, 2003 are restated as follows:

	Shares of Common Stock	Additional Paid in Capital	Accumulated Deficit
As reported December 31, 2003	4,749,976	$ 4,300,500	$(4,798,772)
Adjustments			
Additional liabilities	0	0	(26,989)
Reclassification of supplies	0	0	(33,314)
Revaluation of fixed assets	0	(248,024)	11,649
Related party debt	0	568,962	(518,962)
Beneficial conversion features	0	319,221	(319,221)
Correction of shares converted	(33,498)	(16,915)	0
Consolidation of FHNI	0	0	(93,457)
Disposal of subsidiary	80,000	191,120	(122,064)
As restated December 31, 2003	4,796,478	$ 5,114,864	$(5,901,130)

NOTE 13 CONSOLIDATION AND DIVESTITURE OF SUBSIDIARY

The consolidated financial statements of the Company included in the 10-KSB filed for December 31, 2003 did not include the financial statements of its wholly own subsidiary Family Health News, Inc. (FHNI). Further evaluation of the applicable standards revealed that FAS 144 amended ARB 51, and eliminated the exemption to consolidation for a subsidiary for which control is likely to be temporary. In reevaluating the accounting treatment, the Company restated the consolidated financial statements for the year ended December 31, 2003 to include FHNI and the results of its operations through September 30, 2003, and the effect of its disposal on October 1, 2003. On August 1, 2004 the Company signed a resolution agreement with the President of FHNI. As stated in the agreement, the Company issued 80,000 shares of common stock to the President of FHNI to satisfy all outstanding convertible notes and accrued interest for funds loaned to the Company. Additionally, the Company released and conveyed all interest in the FHNI to its president. Although signed on August 1, 2004, the agreement was effective nunc pro tunc ("now for then") to October 1, 2003.

NOTE 13 CONSOLIDATION AND DIVESTITURE OF SUBSIDIARY - continued

As a result of the disposition the Company recorded a loss of $113,026. FHNI had net sales of $119,445 and a net loss of $9,039 through September 31, 2003, which is included as loss from operations on the consolidated financial statements.

At December 31, 2003, there were no assets related to discontinued operations on the consolidated balance sheet.

NOTE 14 CONTINGENCIES & LITIGATIONS

In the normal course of business, GeneThera, Inc. had a dispute with a company for failing to perform services, and is pursuing damages relating to the non-performance. The Company has reserved $10,000 to resolve this matter.

The ultimate outcome of this matter 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 restated operating losses of $2,967,714 and $999,663, respectively. The accompanying financial statements indicate that current liabilities exceed current assets by $1,268,620 and $737,978 for the restated years ended December 31, 2003 and 2002, respectively.

In addition, the Company is in default for payments on notes payable in the amount of $116,405 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.