INTEGRATED BIOPHARMA INC
Form 10QSB/A
September 26, 2003

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington D. C. 20549

FORM 10-QSB

Quarterly Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

For the quarter ended March 31, 2003 Commission File Number 000-28876

INTEGRATED BIOPHARMA, INC.
(f/k/a Integrated Health Technologies, Inc.)
(Exact name of registrant as specified in its charter)

Delaware	22-2407475
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
225 Long Avenue Hillside, New Jersey	07205
(Address of principal executive offices)	(Zip code)

Registrant's telephone number, including area code: (973) 926-0816

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities and Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes|X| No |_|

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding as of April 30, 2003
Common Stock, Par Value	10,156,439

The Company is restating its previously issued financial statements for the quarter ended March 31, 2003 to correct an error in the accounting treatment related to previously disclosed acquisition costs. The amounts presented herein reflect the restatement of these financial statements.

It was determined that the acquisition of 50% of Natex LLC, described in Note 12D was with a controlled related party and that the investment should be recorded at carryover basis (zero). The common shares issued (market value $1,598,276) in connection with this acquisition were recorded at market value. Such amount then reduced paid-in capital in accordance with accounting for transactions with common control entities.

The effects of this restatement are presented in Item 2 "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note 12D to Notes to the Consolidated Financial Statements of this Form 10-QSB. The effects of this restatement impact the Consolidated Balance Sheet and Consolidated Statement of Stockholders' Equity.

INTEGRATED BIOPHARMA, INC.

INDEX

INTEGRATED BIOPHARMA, INC.

CONSOLIDATED BALANCE SHEET AS OF MARCH 31, 2003
[UNAUDITED] [RESTATED]

Assets:	(Restated)
Current Assets:	
Cash and Cash Equivalents	$ 1,637,213
Accounts Receivable - Net	1,480,133
Deferred Income Taxes	52,000

Inventories	4,279,216
Prepaid Federal and State Income Taxes	81,231
Prepaid Expenses and Other Current Assets	753,245
Total Current Assets	8,283,038
Property and Equipment - Net	2,325,167
Other Assets:	
Deferred Tax Asset	82,000
Patents and Unpatented Technological Expertise	497,000
Security Deposits and Other Assets	92,149
Total Other Assets	671,149
Total Assets	$ 11,279,354

See accompanying notes to condensed consolidated financial statements.

INTEGRATED BIOPHARMA, INC.

CONSOLIDATED BALANCE SHEET AS OF MARCH 31, 2003
[UNAUDITED] [RESTATED]

Liabilities and Stockholders' Equity:	(Restated)
Current Liabilities:	
Accounts Payable	$ 2,181,964
Accrued Expenses and Other Current Liabilities	151,290
Customer Advances	425,881
Capital Lease Obligation	8,597
Total Current Liabilities	2,767,732
Non-Current Liabilities:	
Capital Lease Obligation	5,593
Total Non-Current Liabilities	5,593
Commitments and Contingencies [9]	--
Stockholders' Equity:	
Preferred Stock - Authorized 1,000,000 Shares, $.002 Par Value, No Shares Issued	--

Common Stock - Authorized 25,000,000 Shares, $.002 Par Value, 10,156,439 Shares Issued and Outstanding	20,313
Additional Paid-in Capital	6,295,894
Retained Earnings	2,218,653
	8,534,860
Less, Treasury Stock at cost, 25,800 shares	(28,831)
Total Stockholders' Equity	8,506,029
Total Liabilities and Stockholders' Equity	$ 11,279,354

See accompanying notes to condensed consolidated financial statements.

2

INTEGRATED BIOPHARMA, INC.

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
FOR THE NINE MONTHS ENDED MARCH 31, 2003
[UNAUDITED] [RESTATED]

	Common Stock Shares	Common Stock Par Value	Preferred Stock	Additional Paid-In Capital	Retained Earnings	Treasury Stoc Shares	Treasury Stoc Co
Balance- July 1, 2002	6,228,720	$12,457	$ --	$ 6,113,582	$ 1,487,567	25,800	$ (2
Exercise of Stock Options For cash	1,100,000	2,200	--	99,050	--	--	
Acquisition of NuCycle Therapy, Inc. (related party) for Common Shares	368,833	738	--	(115,820)	--	--	
Acquisition of 50% of Natex, LLC for Common Shares	2,458,886	4,918	--	1,593,358	--	--	
Reduction of paid-in capital due to common							

control accounting related to common stock issued in acquisition of 50% of Natex, LLC				(1,598,276)			
Income Tax Benefit From Exercise of Stock Options	--	--	--	204,000	--	--	
Net Income for the nine months ended March 31, 2003	--	--	--	--	731,086	--	
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Balance- March 31, 2003 (Restated)	10,156,439	$20,313	$ --	$ 6,295,894	$ 2,218,653	25,800	$ (2
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See accompanying notes to condensed consolidated financial statements.

3

INTEGRATED BIOPHARMA, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
[UNAUDITED]

	Three months ended March 31, 2003	Three months ended March 31, 2002	Nine months ended March 31, 2003	Nine months ended March 31, 2002
Sales	$ 6,670,254	$ 5,278,366	$ 17,464,163	$ 16,739,241
Cost of Sales	5,266,734	4,072,267	13,564,430	13,245,102
Gross Profit	1,403,520	1,206,099	3,899,733	3,494,139
Selling and Administrative Expenses	1,111,528	984,936	2,868,664	2,966,444
Operating Income	291,992	221,163	1,031,069	527,695

Other Income [Expense]:				
Other Income	103,982	82,994	268,148	269,050
Gain on Settlement of Lawsuit	--	--	--	1,157,960
Interest Expense	(840)	(1,860)	(4,469)	(41,584)
Interest and Investment Income	4,491	3,666	21,799	13,482
Total Other Income [Expense]	107,633	84,800	285,478	1,398,908
Income Before Income Taxes	399,625	305,963	1,316,547	1,926,603
Federal and State Income Tax Expense	181,871	164,650	585,461	755,892
Net Income	$ 217,754	$ 141,313	$ 731,086	$ 1,170,711
Net Income Per Common Share:				
Basic	$ .03	$ .02	$ .11	$ .19
Diluted	$ .02	$ .02	$ .09	$ .17
Average Common Shares Outstanding	7,543,034	6,228,720	6,660,429	6,228,720
Dilutive Potential Common Shares:				
Options	2,533,775	1,141,578	1,551,781	864,091
Average Common Shares Outstanding-assuming dilution	10,076,809	7,370,298	8,212,210	7,092,811

See accompanying notes to condensed consolidated financial statements.

INTEGRATED BIOPHARMA, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS
[UNAUDITED]

	Nine months ended March 31, 2003 (Restated)	Nine months ended March 31, 2002
Operating Activities:		
Net Income	$ 731,086	$ 1,170,711

Adjustments to Reconcile Net Income to Net Cash [Used for] Provided By Operating Activities:		
Depreciation and Amortization	341,766	262,912
Deferred Income Taxes	30,000	109,000
Bad Debt Expense	5,024	89,391
Gain on Sale of Fixed Assets	(24,346)	--
Changes in Assets and Liabilities (excludes impact of acquisitons)		
[Increase] Decrease in:		
Accounts Receivable	792,475	494,535
Inventories	(1,573,555)	488,841
Refundable Federal Income Taxes	(81,231)	625,000
Due From NuCycle Therapy, Inc. - Related Party	92,646	(53,051)
Prepaid Expenses and Other Current Assets	(547,159)	(97,079)
Security Deposits and Other Assets	1,141	(18,592)
[Decrease] Increase in:		
Accounts Payable	289,139	(626,457)
Federal and State Income Taxes Payable	97,738	238,850
Accrued Expenses and Other Liabilities	(79,486)	(487,859)
Total Adjustments	(655,848)	1,025,491
Net Cash - Operating Activities - Forward	75,238	2,196,202
Investing Activities:		
Proceeds from Sale of Fixed Assets	40,000	
Patents	(355,000)	--
Loans to Stockholders	(9,505)	(68,746)
Repayment of Note Receivable	--	173,993
Note Receivable --	--	(141,050)
Purchase of Property and Equipment	(325,060)	(259,067)
Net Cash - Investing Activities - Forward	(649,565)	(294,870)
Financing Activities:		
Exercise of Stock Options	101,250	--
Proceeds from Notes Payable	2,255,954	2,507,245
Repayment of Notes Payable	(2,269,989)	(3,258,313)
Net Cash - Financing Activities - Forward	87,215	(751,068)

See accompanying notes to condensed consolidated financial statements.

INTEGRATED BIOPHARMA, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS
[UNAUDITED]

	Nine months ended March 31, 2003 (Restated)	Nine months ended March 31, 2002
Net Cash - Operating Activities - Forwarded	75,238	2,196,202
Net Cash - Investing Activities - Forwarded	(649,565)	(294,870)
Net Cash - Financing Activities - Forwarded	87,215	(751,068)
Net Increase/[Decrease] in Cash and Cash Equivalents	(487,112)	1,150,264
Cash and Cash Equivalents - Beginning of Periods	2,124,325	375,584
Cash and Cash Equivalents - End of Periods	$ 1,637,213	$ 1,525,848
Supplemental Disclosures of Cash Flow Information:		
Cash paid during the periods for:		
Interest	$ 4,469	$ 41,584
Income Taxes	$ 523,301	$ 405,425
Supplemental Schedule of Investing and Financial Activities:		
Common Stock issued for acquisition of NuCycle Therapy, Inc.	$ 175,196	--
Common Stock issued for acquisition of Natex, LLC	$ 1,598,276	--

See accompanying notes to condensed consolidated financial statements.

INTEGRATED BIOPHARMA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
[UNAUDITED]

[1] Business

Effective April16, 2003, the Company amended its corporate charter and changed its name to "Integrated BioPharma, Inc." (formerly Integrated Health Technologies, Inc.) and began trading on the American Stock Exchange using the symbol INB for its common stock.

Integrated BioPharma, Inc. [the "Company"] is engaged primarily in the manufacturing, marketing and sales of vitamins, nutritional supplements and herbal products. Its customers are located primarily throughout the United States. The Company considers all operations as one segment of business.

[2] Summary of Significant Accounting Policies

Principles of Consolidation - The accompanying consolidated financial statements include the accounts of the Company and its subsidiaries, all of which are wholly owned. Inter-company transactions and balances have been eliminated in consolidation.

Basis of Reporting - The accompanying unaudited interim financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-QSB and Item 310(b) of Regulation S-B. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, such interim statements include all adjustments, which are considered necessary in order to make the interim financial statements not misleading. It is suggested that these financial statements be read in conjunction with the financial statements and notes thereto, together with management's discussion and analysis of financial condition and results of operations, contained in the Company's annual report to stockholders incorporated by reference in the Company's annual report on Form 10-KSB for the fiscal year ended June 30, 2002. The results of operations for the nine months ended March 31, 2003 are not necessarily indicative of the results for the entire fiscal year ending June 30, 2003.

Fair Value of Financial Instruments

Generally accepted accounting principles require disclosing the fair value of financial instruments to the extent practicable for financial instruments which are recognized or unrecognized in the balance sheet. The fair value of the financial instruments disclosed herein is not necessarily representative of the amount that could be realized or settled, nor does the fair value amount consider the tax consequences of realization or settlement.

In assessing the fair value of financial instruments, the Company uses a variety of methods and assumptions, which are based on estimates of market conditions and risks existing at the time. For certain instruments, including cash and cash equivalents, accounts receivable, accounts payable, and accrued expenses, it was estimated that the carrying amount approximated fair value because of the short maturities of these instruments. All debt is based on current rates at which the Company could borrow funds with similar remaining maturities and approximates fair value.

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[2] Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents - Cash equivalents are comprised of certain highly liquid investments with a maturity of three months or less when purchased.

Inventories - Inventory is valued by the first-in, first-out method, at the lower of cost or market.

Depreciation - The Company follows the general policy of depreciating the cost of property and equipment over the following estimated useful lives:

Building	15 Years
Leasehold Improvements	15 Years
Machinery and Equipment	7 Years
Machinery and Equipment Under Capital Leases	7 Years
Transportation Equipment	5 Years

Machinery and equipment are depreciated using accelerated methods while leasehold improvements are amortized on a straight-line basis. Depreciation expense was $291,766 and $262,912 for the nine months ended March 31, 2003 and 2002, respectively. Amortization of equipment under capital leases is included with the depreciation expense.

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 or revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition - The Company generally recognizes revenue upon shipment of the product. All returns and allowances are estimated and recorded on a timely basis.

Advertising - Costs incurred for producing and communicating advertising are expensed when incurred. Advertising expense was $5,837 and $90,596 for the nine months ended March 31, 2003 and 2002 respectively.

[3] Inventories

Inventories consist of the following at March 31, 2003:

Raw Materials	$ 1,485,469
Work-in-Process	1,000,781
Finished Goods	1,792,966
Total	$ 4,279,216

INTEGRATED BIOPHARMA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Sheet #3
[UNAUDITED]

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[4] Property and Equipment

Property and equipment comprise the following at March 31, 2003:

Land and Building	$ 1,250,000
Leasehold Improvements	1,163,360
Machinery and Equipment	2,866,307
Machinery and Equipment Under Capital Leases	156,561
Transportation Equipment	37,714
Total	5,473,942
Less: Accumulated Depreciation and Amortization	3,148,775
Total	$ 2,325,167

[5] Notes Payable

On January 21, 2003 the Company terminated its existing credit line agreement with Merchants Bank. At the termination date there were no balances due.

[6] Capital Lease

The Company acquired warehouse and office equipment under the provisions of two long-term leases. The leases expire in July 2003, and February 2005, respectively. The equipment under the capital leases as of March 31, 2003 has a cost of $47,016 and accumulated depreciation of $21,971 with a net book value of $25,045.

The future minimum lease payments under capital leases and the net present value of the future minimum lease payments at March 31, 2003 are as follows:

Total Minimum Lease Payments	$ 47,016
Amount Representing Interest	(32,826)
Present Value of Net Minimum Lease Payment	14,190
Current Portion	(8,597)
Long-Term Capital Lease Obligation	$ 5,593

[6] Capital Lease (Continued)

The following are maturities of long-term capital lease obligations:

March 31,

2004	$ 8,597
2005	5,593
2006	--
2007	--

Total	$ 14,190
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[7] Significant Risks and Uncertainties

[A] Concentrations of Credit Risk - Cash - The Company maintains balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to $100,000. At March 31, 2003 the Company's uninsured cash balances totaled approximately $1,850,000.

[B] Concentrations of Credit Risk - Receivables - The Company routinely assesses the financial strength of its customers and, based upon factors surrounding the credit risk of its customers, establishes an allowance for uncollectible accounts and, as a consequence, believes that its accounts receivable credit risk exposure beyond such allowances is limited. The Company does not require collateral in relation to its trade accounts receivable credit risk. The amount of the allowance for uncollectible accounts at March 31, 2003 is $29,460.

[8] Major Customer

For the nine months ended March 31, 2003 and 2002 approximately 68% and 56% of revenues were derived from one customer. The loss of this customer would have an adverse effect on the Company's operations. Two other customers accounted for 11% of consolidated sales for the nine months ended March 31, 2003 and 16% of consolidated sales for the nine months ended March 31, 2002. Accounts receivable from these customers comprised approximately 58% and 38% of total accounts receivable at March 31, 2003 and 2002, respectively.

[9] Commitments and Contingencies

[A] Leases

Related Party Leases - Warehouse and office facilities are leased from Vitamin Realty Associates, L.L.C., a limited liability company, which is 90% owned by the Company's Chairman of the Board and principal stockholder and certain family members and 10% owned by the Company's Chief Financial Officer. The lease was effective on January 10, 1997 and provides for a minimum annual rental of $346,000 through January 10, 2002 plus increases in real estate taxes and building operating expenses. At its option, the Company has the right to renew the lease for an additional five year period. On April 28, 2000 the lease was amended reducing the square footage and extending the lease to May 31, 2015. Rent expense for the nine months ended March 31, 2003 and 2002 on this lease was approximately $350,000 and $340,000 respectively.

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[9] Commitments and Contingencies (Continued)

Other Lease Commitments - The Company leases warehouse equipment for a five-year period providing for an annual rental of $15,847 and office equipment for a five year period providing for an annual rental of $8,365.

The Company leases automobiles under non-cancelable operating lease agreements, which expire through 2006.

The minimum rental commitment for long-term non-cancelable leases is as follows:

March 31,	Lease Commitment	Related Party Lease Commitment	Total
2004	$ 56,083	$ 323,559	$ 379,642
2005	34,465	323,559	358,024
2006	24,012	323,559	347,571
2007	7,697	323,559	331,256
2008	--	323,559	323,559
Thereafter	--	2,283,687	2,283,687
Total	$ 122,257	$ 3,901,482	$ 4,023,739

Total rent expense, including real estate taxes and maintenance charges, was approximately $420,000 and $387,000 for the nine months ended March 31, 2003 and 2002, respectively. Rent expense is stated net of sublease income of approximately $6,700 and $800 for the nine months ended March 31, 2003 and 2002, respectively.

[B] Employment Agreement - Effective February 24, 2003, the Company entered into an employment agreement with an executive, which expires on December 31, 2004 and provides for an aggregate annual salary of $100,000.

[C] Development and Supply Agreement - On April 9, 1998, the Company signed a development and supply agreement with Herbalife International of America, Inc. ["Herbalife"] whereby the Company will develop, manufacture and supply certain nutritional products to Herbalife through December 31, 2004. On December 31, 2002 the agreement was modified extending the term of the agreement to December 31, 2005 and providing that Herbalife is required to purchase a minimum quantity of Supplied Products each year for the term of the agreement of $18,000,000. If Herbalife purchases the minimum amount then Herbalife will be entitled to certain rebates.

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[10] Related Party Transactions

During the year ended June 30, 1997, the Company entered into a consulting agreement with the brother of the Company's chairman of the board on a month to month basis for $1,100 per month. The total consulting expense recorded per this verbal agreement for the nine months ended March 31, 2003 and 2002, by the Company was $9,900 and $9,900, respectively. See note 9(A) and notes 12(C) and 12(D).

[11] New Accounting Pronouncements

In July 2001, FAS No. 141, "Business Combinations" (FAS 141) and FAS No. 142

"Goodwill and Other Intangible Assets" (FAS 142) were issued. FAS 141 requires that the purchase method of accounting be used for all business combinations initiated after June 30, 2001. FAS 141 also specifies the criteria that intangible assets acquired in a purchase method business combination must meet to be recognized and reported apart from goodwill. FAS 142 requires that goodwill and intangible assets with indefinite useful lives no longer be amortized, but instead be tested for impairment, at least annually, in accordance with the provisions of FAS 142. FAS 142 will also require that intangible assets with definite useful lives be amortized over their respective estimated useful lives to their estimated residual values, and be reviewed for impairment in accordance with FAS No. 121, "Accounting for the Impairment of Long-lived Assets and Long-lived Assets to be Disposed of". The provisions of FAS 141 are effective immediately, except with regard to business combinations prior to July 1, 2001. FAS 142 was effective as of July 1, 2002. Goodwill and other intangible assets acquired in business combinations completed before July 1, 2001, will continue to be amortized prior to the adoption of FAS 142. The adoption of FAS 142 did not have a material impact on the financial position and results of operations.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be disposed of." SFAS No. 144 establishes a single accounting model for long-lived assets to be disposed of by sale and requires that those long-lived assets be measured at the lower of carrying amount of fair value less cost to sell, whether reported in continuing operations or in discontinued operations. SFAS No. 144 is effective for fiscal years beginning after December 15, 2001. The adoption of this statement did not have a material impact on its financial position and results of operations.

[12] Equity Transactions

[A] Incentive Stock Options-On February 4, 2003, the Company granted 117,647 incentive stock options for a term of ten years commencing on February 4, 2003 to an employee at the exercise price of $.85 (representing the market price) per share and on February 24, 2003 the Company granted 57,142 incentive stock options for a term of ten years commencing on February 24, 2003 to an employee at the exercise price of $1.75 (representing the market price) per share.

[B] Non-Statutory Stock Options-On January 31, 2003 the Company granted 4,000 non-statutory stock options to members of its scientific advisory board at the exercise price of $.75 (representing the market price) per share for a term of ten years commencing on January 31, 2003. On February 4, 2003, the Company granted 332,353 non-statutory stock options to an employee and a consultant at the exercise price of $.85 (representing the market price) per share for a term of ten years commencing on February 4, 2003 and on February 24, 2003

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[12] Equity Transactions [Continued]

the Company granted 92,858 non-statutory stock options for a term of ten years commencing on February 4, 2003 to an employee at the exercise price of $1.75 (representing the market price) per share.

[C] Acquisitions-NuCycle Transaction

On February 21, 2003, the Company completed a merger pursuant to an Agreement and Plan of Merger dated as of February 21, 2003 between and among the Company, NAC-NJ Acquisition Corp., a wholly-owned subsidiary of the Company (Acquisition Sub") and NuCycle Acquisition Corp. ("NuCycle") pursuant to which the Company acquired 100 percent of NuCycle Common Stock in exchange for the shareholders of NuCycle receiving from the Company 368,833 shares of common stock at a market value of $175,196 and a contingent consideration of twenty-five percent (25%) of the after-tax profits of NuCycle until the shareholders of NuCycle have received, in the aggregate, an additional $5,000,000 commencing with the first fiscal quarter following the date of filing of the Certificate of Merger with the New Jersey Department of Treasury. As of March 31, 2003 the likelihood of such additional payments was not probable and in accordance with SFAS 141, no such amount was recorded.

The NuCycle acquisition allows the Company to enter the field of genetically engineered human therapeutics through NuCycle's expertise and its grant from the National Cancer Institute.

The Company acquired assets of $153,709 and liabilities of $268,791 (at carryover basis). Due to this related party transaction, the excess amount paid over book value has reduced additional paid-in capital by $115,820. The transactions of NuCycle for the month ended March 31, 2003 have been included in the consolidated financial statements of the Company.

E.Gerald Kay, the Chairman of the Board of the Company, and a principal stockholder of the Company, Seymour Flug, the President and Chief Executive Officer of the Company, and Carl DeSantis, the father of Dean DeSantis who is a director of the Company, collectively own approximately seventy-four percent (74%) of NuCycle.

[D] Acquisitions-Natex LLC Acquisition

On February 24, 2003, the Company completed the acquisition of the membership interests of Natex Georgia, LLC, a limited liability company formed under the laws of the Republic of Georgia ("Natex") from Trade Investment Services, L.L.C. ("TIS") representing fifty percent (50)% of the membership interests of Natex. Pursuant to the terms of a purchase agreement dated as of February 1, 2003 by and between the Company and TIS, TIS received 2,458,886 shares of the Company's common stock at a market value of $1,598,276 (based on the stock price 15 days before and after such date. Such acquisition was attributable primarily to the license agreement described below.

Since this is a common controlled related party transaction, the Company recorded the investment using the carryover basis of zero. The common shares issued in connection with this acquisition were recorded at fair market value. Such amount then reduced paid in capital in accordance with accounting for transactions with common control entities.

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[12] Equity Transactions (Continued)

Natex is a recently formed company engaged in the business of harvesting and collecting taxis bacatta botanical materials from government properties in the Republic of Georgia, pursuant to a license from and supervision by the Georgian government. Natex processes the materials to extract Paclitaxel and intends to sell the extract to Paxis Pharmaceuticals Inc. ("Paxis") pursuant to an exclusive supply contract with Paxis. Paxis is a Delaware company formed to convert the extract to finished U.S.P. Paclitaxel in its Boulder, Colorado facilities with the intention of selling that bulk Paclitaxel to other entities which, in turn, convert it to dosage form or combine it with other substances, in both cases for sale and distribution as a cancer therapy drug. Both Natex and Paxis were formed last year. Neither company has any revenue to date. Significant additional capital will be needed by both companies to begin selling the bulk Paclitaxel. Both companies will be subject to various risks associated with a new venture including, among others: operating in a foreign country which may have political, economic, legal and regulatory environment which may differ significantly from the U.S including the exporting of products, repatriation of capital and exchange rate fluctuations; setting up manufacturing facilities; complying with regulatory requirements for manufacturing pharmaceutical products; marketing and selling the product; and operating profitably. There can be no assurance that these companies can be operated profitably.

E. Gerald Kay, the Chairman of the Board of the Company and beneficial owner of approximately fifty percent (50%) of the stock of the Company (or, approximately sixty-two percent (62%) if family trusts of which he is a trustee are attributed to him), is the owner of one-third (1/3) of the equity of TIS. Carl DeSantis, the father of Dean DeSantis who is a director of the Company, is the owner of one-third (1/3) of the equity of TIS.

[E] Acquisitions-Paxis Acquisition

The Company and Trade Investment Services, L.L.C. ("TIS") have entered into a purchase agreement dated as of February 1, 2003 (the "Paxis Purchase Agreement") pursuant to which the Company has agreed to purchase all of the interests of TIS in TisorEx, Inc. (to be renamed Paxis Pharmaceuticals, Inc. or "Paxis") which consists of fifty percent (50%) of the common stock of Paxis in exchange for $500,000 payable at the closing and a contingent consideration of twenty-five percent (25%) of the after-tax profits of Paxis commencing with the first calendar quarter following the closing date until TIS has received an additional $49,500,000 in the aggregate. The transaction closed July 22, 2003 and is more fully described in the June 30, 2003 Form 10K.

Item 2.

INTEGRATED BIOPHARMA, INC.
MANAGEMENTS DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS

The Company is restating its previously issued financial statements for the quarter ended March 31, 2003 to correct an error in the accounting treatment related to previously disclosed acquisition costs. The amount presented herein reflect the restatement of these financial statements.

It was determined that the acquisition of 50% of Natex LLC, described in note 13D was with a controlled related party and that the investment should be recorded at carryover basis (zero). The common shares issued (market value

$1,598,276) was recorded at market value. Such amount then reduced paid in capital in accordance with accounting for transactions with common control entities. There are no changes to the statement of operations.

The following discussion should be read in conjunction with the historical information of the Company and notes thereto.

Nine months ended March 31, 2003 Compared to nine months ended March 31, 2002

Results of Operations

The Company's net income for the nine months ended March 31, 2003 was $731,086 as compared to net income of $1,170,711 for the nine months ended March 31, 2002. This decrease in net income of approximately $440,000 is primarily the result of a $505,000 increase in operating income resulting from a corresponding increase in gross profit of approximately $405,000, a decrease in other income of approximately $1,100,000 due to the settlement of a Class Action Lawsuit and a decrease in Federal and state income taxes of approximately $170,000.

Sales for the nine months ended March 31, 2003 and 2002 were $17,464,163 and $16,739,241 respectively, an increase of approximately $725,000 or 4%. For the nine months ended March 31, 2003 the Company had sales to one customer, who accounted for 68% of net sales in 2003 and 56% in 2002. The loss of this customer would have an adverse affect on the Company's operations.

Retail and mail order sales for the nine months ended March 31, 2003 totaled $80,290 as compared to $145,316 for the nine months ended March 31, 2002, a decrease of 45%. The Company has been experiencing a decline in mail order sales due to increased competition. The Company closed its retail store on March 2, 2001.

Sales under the Roche Vitamins, Inc. distribution agreement were $1,687,244 for the nine months ended March 31, 2003 as compared to $1,834,634 for the nine months ended March 31, 2002, a decrease of $147,390 or 8%.

On August 31, 2000, the Company began the distribution and sale of fine chemicals through a new subsidiary, IHT Health Products, Inc. Sales for the nine months ended March 31, 2003 totaled $1,537,835 as compared to $2,520,932 for the nine months ended March 31, 2002, a decrease of $983,097 or 39%. The decrease in sales is due to Company's desire to pursue greater gross profit at the risk of lower sales.

Results of Operations (Continued)

On February 21, 2003 the Company merged with NuCycle Acquisition Corp. ("NuCycle"). NuCycle through its wholly-owned subsidiary, NuCycle Therapy, Inc. is engaged in the development and sale of nutritional formulations based on plant-derived minerals through patented hyperaccumulation technology. Sales for the month ended March 31, 2003 totaled $ 9,120.

Cost of sales increased to $13,564,430 for the nine months ended March 31, 2003 as compared to $13,245,102 for the nine months ended March 31, 2002. Cost of sales decreased as a percentage of sales to 78% for the nine months ended March 31, 2003 from 79% for the nine months ended March 31, 2002. The decrease in cost of sales is due to greater manufacturing efficiencies.

A tabular presentation of the changes in selling and administrative expenses is as follows:

	Nine Months Ended March 31,		
	2003	2002	Change
Advertising	$ 5,837	$ 90,596	$ (84,759)
Bad Debt Expense	5,024	89,391	(84,367)
Royalty and Commission Expense	48,613	75,251	(26,638)
Officers Salaries	361,531	242,910	118,621
Auto, Travel & Entertainment	394,762	321,427	73,335
Office Salaries	584,853	799,444	(214,591)
Office Expenses	91,898	138,815	(46,917)
Public Relations Fees	--	23,457	(23,457)
Consulting Fees	323,056	177,133	145,923
Depreciation & Amortization	179,432	129,268	50,164
Freight Out	77,663	166,485	(88,822)
Other	795,995	722,267	83,728
Total	$ 2,868,664	$ 2,966,444	$ (97,780)

Advertising expenses decreased because the Company has decided to spend less on advertising and place a greater emphasis on its contract manufacturing business. The decrease in bad debt expense is due to greater emphasis on the Company's credit policies. Royalty and commission expense has decreased because the sales of raw materials that incur royalty and commission expense had decreased by $983,097. Officers' salaries have increased because of the addition of a new corporate Vice President. Auto, travel and entertainment expenses have increased because of increased travel. Office salaries have decreased because of the elimination of four positions, two in the IHT Ideas, Inc. subsidiary and two in the IHT Health Products, Inc. subsidiary. Office expenses have decreased due to lower costs for computer consultants. Public relation fees have decreased due to the termination of the Company's public relations firm. The increase in consulting fees is due to the hiring of a consulting firm for a new water monitoring system. Depreciation and amortization have increased due to the purchase of additional property and equipment. Freight out has decreased due to the reduction of sales in the Company's IHT Health Products, Inc. subsidiary by $983,097.

Results of Operations (Continued)

Other income [expense] was $285,478 for the nine months ended March 31, 2003 as compared to $1,398,908 for the nine months ended March 31, 2002. The decrease of

$1,113,430 is primarily the result of the proceeds received of $1,157,960 from the settlement of a Class Action Lawsuit in 2001.

Inventories

The inventory at March 31, 2003 increased by $1,573,555 from fiscal 2002. The Company produces products on a purchase order basis. The increase in inventory is attributable to an increase in work in process and finished goods inventory of approximately $1,163,000 and an increase in raw material inventory of approximately $410,000. The increase in finished goods is because the Company's main customer is utilizing a just in time inventory system and has requested that the Company maintain the finished goods inventory in our warehouse.

Prepaid Expenses

Prepaid Expenses and other current assets increased by $547,159 from June 30, 2002. The increase is attributable to an increase in prepaid insurance of $434,936 because the Company acquired a five-year products liability policy for a certain product and was required to pay the entire five year premium in advance. Also, prepaid travel expenses increased by $44,580 due to an advance for airline travel and prepaid research expenses increased by $75,000 due to the acquisition of NuCycle Therapy, Inc.

Three months ended March 31, 2003 Compared to three months ended March 31, 2002

The Company's net income for the three months ended March 31, 2003 was $217,754 as compared to net income of $141,313 for the three months ended March 31, 2002. This increase in net income of approximately $76,000 is primarily the result of a $70,000 increase in operating income resulting from a corresponding increase in gross profit of approximately $200,000, an increase in selling and administrative expenses of approximately $125,000 and an increase in Federal and state income taxes of approximately $17,000.

Sales for the three months ended March 31, 2003 and 2002 were $6,670,254 and $5,278,366 respectively, an increase of approximately $1,390,000 or 26%. For the three months ended March 31, 2003 the Company had sales to one customer, who accounted for 72% of net sales in 2003 and 62% in 2002. The loss of this customer would have an adverse affect on the Company's operations.

Retail and mail order sales for the three months ended March 31, 2003 totaled $26,465 as compared to $45,504 for the three months ended March 31, 2002, a decrease of 42%. The Company has been experiencing a decline in mail order sales due to increased competition. The Company closed its retail store on March 2, 2001.

Sales under the Roche Vitamins, Inc. distribution agreement were $679,096 for the three months ended March 31, 2003 as compared to $599,256 for the three months ended March 31, 2002, an increase of $79,840 or 13%.

Results of Operations (Continued)

IHT Health Products, Inc. sales for the three months ended March 31, 2003 totaled $570,567 as compared to $825,484 for the three months ended March 31, 2002, a decrease of $254,917 or 31%. The decrease in sales is due to the Company's desire to pursue greater gross profit at the risk of lower sales.

Cost of sales increased to $5,266,734 for the three months ended March 31, 2003 as compared to $4,072,267 or the three months ended March 31, 2002. Cost of sales increased as a percentage of sales to 79% for the three months ended March 31, 2003 from 77% for the three months ended March 31, 2002. The increase in cost of sales is due to differences in the product mix.

A tabular presentation of the changes in selling and administrative expenses is as follows:

	Three Months Ended March 31,		
	2003	2002	Change
Advertising	$ 1,200	$ 74,263	$ (73,063)
Bad Debt Expense	(1,869)	32,609	(34,478)
Officers Salaries	117,077	79,724	37,353
Auto, Travel & Entertainment	123,301	100,029	23,272
Office Salaries	188,319	244,622	(56,303)
Professional Fees	87,029	27,183	59,846
Consulting Fees	197,928	46,916	150,212
Freight Out	23,499	68,169	(44,670)
Other	375,844	311,421	64,423
Total	$ 1,111,528	$ 2,966,444	$ (126,592)

Advertising expenses decreased because the Company has decided to spend less on advertising and place a greater emphasis on its contract manufacturing business. The decrease in bad debt expense is due to greater emphasis on the Company's credit policies. Officers' salaries have increased because of the addition of a new corporate Vice President. Auto, travel and entertainment expenses have increased because of increased travel. Office salaries have decreased because of the elimination of four positions, two in the IHT Ideas, Inc. subsidiary and two in the IHT Health Products, Inc. subsidiary. Professional fees increased due to the acquisitions the Company made in the current quarter. The increase in consulting fess is due to the hiring of a consulting firm for a new water monitoring system and the hiring of a new sales representative. Freight out has decreased due to a reduction of sales in the Company's IHT Health Products, Inc. subsidiary by $254,917.

Other income [expense] was $107,633 for the three months ended March 31, 2003 as compared to $84,800 for the three months ended March 31, 2002. The increase of $22,833 is primarily the result of the gain on the sale of fixed assets of $24,346.

Results of Operations (Continued)

Liquidity and Capital Resources

At March 31, 2003 the Company's working capital was $5,515,306 an increase of $615,742 over working capital at June 30, 2002. Cash and cash equivalents were $1,637,213 at March 31, 2003, a decrease of $487,112 from June 30, 2002. The Company generated $75,238 and $2,196,202 from operations for the nine months ended March 31, 2003 and 2002, respectively.

The primary reasons for the decrease in cash provided for operations for the nine months ended March 31, 2003 are net income of approximately $730,000, a decrease in accounts receivable of approximately $800,000, an increase in inventories of approximately $1,600,000, an increase in prepaid expenses of approximately $550,000, an increase in accounts payable of approximately $300,000 and a decrease in Federal and State Income Taxes Payable of approximately $140,000.

The Company utilized $694,565 and $294,870 in investing activities for the nine months ended March 31, 2003 and 2002, respectively. The Company generated $87,215 and utilized net cash of $751,068 from debt financing activities for the nine months ended March 31, 2003 and 2002, respectively.

The Company had a $1,000,000 revolving line of credit agreement, which bore interest at 4% above the prime interest rate and expires on December 21, 2003. On January 21, 2003 the Company terminated its credit line agreement.

The Company's total annual commitment at March 31, 2003 for the next five years of $1,740,052 consists of obligations under operating leases for facilities and lease agreements for the rental of warehouse equipment and automobiles.

The Company does not anticipate having to provide additional working capital for the NuCycle Therapy acquisition and the Natex LLC acquisition. (See notes 12(C) and 12(D)).

Item 3.

INTEGRATED BIOPHARMA, INC.
CONTROLS AND PROCEDURES

(a) Evaluation of disclosure controls and procedures. An evaluation was performed under the supervision and with the participation of the Company's management, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), of the effectiveness of the design and operation of the Company's disclosure controls and procedures within 90 days before the filing date of this Form 10-QSB. Based on their evaluation, the Company's principal executive officer and principal financial officer have concluded that the Company's disclosure controls and procedures (as defined in Rules 13a-14(c) and 15d-14(c) under the Securities Exchange Act of 1934 (the "Exchange Act") are effective to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms.

(b) Changes in internal controls. There have been no significant changes in the Company's internal controls or in other factors that could significantly affect internal controls subsequent to their evaluation. There were no significant deficiencies or material weaknesses, and therefore there were no corrective actions taken.

Part II: Other Information

INTEGRATED BIOPHARMA, INC.

Item 1: Legal Proceeding

None

Item 2: Changes in Securities

None

Item 3: Defaults Upon Senior Securities

None

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

None

Item 5: Other Information

None

Item 6: Exhibits and Reports on Form 8-K

Current Report on Form 8-K filed January 2, 2003 pursuant to Item 5 (Other Events).

Current Report on Form 8-K filed January 14, 2003 pursuant to Item 5 (Other Events).

Current Report on Form 8-K filed February 21, 2003 pursuant to Item 5 (Other Events).

Current Report on Form 8-K filed February 24, 2003 pursuant to Item 2 (Acquisition of Assets).

Current Report on Form 8-K/A filed April 24, 2003 pursuant to Item 7 (Financial Statements, Pro Forma Financial Statements and Exhibits).

SIGNATURES

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

INTEGRATED BIOPHARMA, INC.

Date: April 30, 2003

By:/s/ Seymour Flug

Seymour Flug,
President and Chief Executive Officer

Date: April 30, 2003

By:/s/ Eric Friedman

Eric Friedman,
Chief Financial Officer

22

Certification of CFO

I, Eric Friedman, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Integrated BioPharma Inc. (f/k/a Integrated Health Technologies, Inc.);

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

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

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

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

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 45 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

   c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date.

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: April 30, 2003

By:/s/ Eric Friedman

Name: Eric Friedman
Title: Vice President & Chief Financial Officer

Certification of CEO

I, Seymour Flug, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Integrated BioPharma, Inc. (f/k/a Integrated Health Technologies, Inc.);

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

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

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

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

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 45 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date.

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: April 30, 2003

By:/s/ Seymour Flug

Name: Seymour Flug
Title: President & Chief Executive Officer

CERTIFICATION OF PERIODIC REPORT

I, Seymour Flug, the President & Chief Executive Officer of Integrated BioPharma, Inc. (f/k/a Integrated Health Technologies, Inc.) (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

(1) the Quarterly Report on Form 10-QSB of the Company for the quarterly period ended March 31, 2003 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: April 30, 2003

By:/s/ Seymour Flug

Seymour E. Flug
President & Chief Executive Officer

CERTIFICATION OF PERIODIC REPORT

I, Eric Friedman, the Vice President and Chief Financial Officer of Integrated BioPharma, Inc. (f/k/a Integrated Health Technologies, Inc.) (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

(1) the Quarterly Report on Form 10-QSB of the Company for the quarterly period ended March 31, 2003 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: April 30, 2003

By:/s/ Eric Friedman

Eric Friedman
Vice President and Chief Financial Officer