CYBERLUX CORP

FORM 10QSB
(Quarterly Report of Financial Condition)

Filed 05/23/03 for the Period Ending 03/31/03

Address	4625 CREEKSTONE DRIVE SUITE 100 DURHAM, NC 27703
Telephone	919-474-9700
CIK	0001138169
Symbol	CYBL
SIC Code	3674 - Semiconductors and Related Devices
Fiscal Year	12/31

U.S. SECURITIES AND EXCHANGE
COMMISSION
Washington, D.C. 20549
FORM 10QSB
(Mark One)

[X] Quarterly report under Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended March 31, 2003

[_] Transition report under Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from ____________ to ______________

For the Period Ended March 31, 2003

Commission file number 000-33415

CYBERLUX CORPORATION
(Name of Small Business Issuer in Its Charter)

Nevada 91-2048178
(State of Incorporation) (IRS Employer Identification No.)

50 Orange Road
PO Box 2010
Pinehurst, NC 28374
(Address of Principal Executive Offices)

(910) 235-0036
Issuer's Telephone Number

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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

As of March 31, 2003 the Company had 7,191,729 shares of its par value $0.001 common tock issued and outstanding.

Transitional Small Business Disclosure Format (check one):

Yes [ ] No [X]

CYBERLUX CORPORATION

Table of Contents

PART I. FINANCIAL INFORMATION	
Item 1. Financial Statements (Unaudited) Index	iii
Condensed Balance Sheets: March 31, 2003 and December 31, 2002	F-3
Condensed Statements of Losses: Three Months Ended March 31, 2003 and 2002 and the Period from May 17, 2000 (Date of Inception) to March 31, 2003	F-4
Condensed Statements of Cash Flows : Three Months Ended March 31, 2003 and 2002 and the Period from May 17, 2000 (Date of Inception) to March 31, 2003	F-5
Condensed Consolidated Statement of Deficiency in Stockholder's Equity : For the period May 17, 2000 (Date of Inception) to March 31, 2003	F-6
Notes to Condensed Financial Statements: March 31, 2003	1
Item 2. Management's Discussion and Analysis or Plan of Operations	4
Item3. Controls and Procedures	6
PART II. OTHER INFORMATION	7
Item 1. Legal Proceedings	7
Item 2. Changes in Securities	7
Item 3. Defaults Upon Senior Securities	7
Item 4. Submission of Matters to a Vote of Security Holders	7
Item 5. Other Information	7
Item 6. Exhibits and Reports on Form 8-K	7

ITEM 1. FINANCIAL STATEMENTS

CYBERLUX CORPORATION
INDEX TO FINANCIAL INFORMATION

	PAGE NO
Condensed Balance sheets at March 31, 2003 and December 31, 2002	F-3
Condensed Statement of Losses for the three months ended of March 31, 2003 and 2002 and the period from May 17, 2000 (date of inception) through March 31, 2003	F-4
Condensed Statement of Deficiency in Stockholders' Equity for the Period May 17, 2000 (Date of Inception) through March 31, 2003	F-5
Condensed Statement of Cash flows for the three months ended March 31, 2003 and March 31, 2002 and the period from May 17, 2000 (date of inception) through March 31, 2003	F-6
Notes to Unaudited Condensed Financial statements	F-7 to F-9

CYBERLUX CORPORATION
(a Development Stage Company)

(unaudited)

Condensed Balance Sheets

	March 31, 2003 (Unaudited)	December 31 2002 (audited)
ASSETS		
Current assets:		
Cash and equivalents	$ 17,589	$ 26,086
Prepaid design services	20,000	20,000
Total current assets	37,589	46,086
Fixed assets, net of accumulated depreciation of $28,174 and $ 23,050 respectively	74,319	79,443
Other assets		
Prepaid expenses	225,000	0
Deposits	8,614	8,614
	233,614	8,614
	$ 345,522	$ 134,143
LIABILITIES AND DEFICIENCIES IN STOCKHOLDERS' EQUITY		
Current liabilities:		
Accrued interest	$ 50,065	$ 44,427
Other accrued liabilities	142,932	95,971
Management fees payable - related party	668,008	546,508
Short-term notes payable - shareholders	153,045	123,545
Short-term notes payable	365,000	365,000
Total current liabilities	1,379,050	1,175,451
Deficiency in Stockholders' equity:		
Preferred stock, $0.001 par value, 5,000,000 shares authorized, no shares issued and outstanding		
Common stock, $0.001 par value, 20,000,000 shares authorized, 7,191,729 and 6,628,396 outstanding as of March 31, 2003 and December 31, 2002 respectively	7,192	6,628
Additional paid-in capital	980,280	745,593
Subscription receivable	0	(2,500)
(Deficit)	(2,021,000)	(1,791,029)
Deficiency in stockholder's equity	(1,033,528)	(1,041,308)
	$ 345,522	$ 134,143

See accompanying notes to unaudited condensed financial statements

CYBERLUX CORPORATION
(a Development Stage Company)

(unaudited)

Condensed Statements of Losses

	For The Three Months Ended March 31,2003	For the Three Months Ended March 31, 2002	For the period May 17, 2002 to March 31, 2003
Revenue	$ -	$ -	$ -
Expenses:			
General and administrative expenses	209,054	120,137	1,856,458
Total expenses	209,054	120,137	1,856,458
Other (expense):			
Interest income	0	0	40
Interest expense	(20,917)	(11,228)	(164,582)
Net (loss)	$ (229,971)	$ (131,365)	$(2,021,000)
Weighted average number of common shares outstanding - basic and fully diluted	6,736,322	6,152,396	6,736,322
Net (loss) per share - basic & fully diluted	$ (0.03)	$ (0.02)	$ (0.30)

See accompanying notes to unaudited condensed financial statements

CYBERLUX CORPORATION
(a Development Stage Company)

Condensed Statement of Cash Flows
(Unaudited)

	For The Three Months Ended March 31,2003	For the Three Months Ended March 31, 2002	For the Period May 17, 2002 (inception) to March 31, 2003
Cash flows from operating activities			
Net (loss)	$ (229,971)	$ (131,365)	$ (2,021,000)
Depreciation and Amortization	5,124	22,780	103,174
Write off extension of loan expense			25,000
Stock options issued for consulting services			107,504
Shares issued for consulting services	10,000		97,498
Shares issued in connection with loan commitment	225,000		225,000
Shares issued for research and development			68,753
(Increase) in deposits	0	(1,795)	(8,614)
(Increase) decrease in other assets, net	(225,000)	5,449	(196,815)
Increase (Decrease) in accrued interest	5,638	(393)	50,067
Increase in management fee payable-related party	121,500	58,001	668,008
Increase in other accrued liabilities	46,962	(1,300)	142,934
Net cash (used) by operating activities	(40,747)	(48,623)	(738,491)
Cash flows from investing activities			
Purchase of fixed assets	0	(58,528)	(102,494)
Net cash provided (used in) by investing activities	0	(58,528)	(102,494)
Cash flows from financing activities			
Proceeds from short-term notes payable net	0	75,000	80,000
Proceeds from notes payable net			432,455
Proceeds from short-term notes payable-shareholders	29,500	6,300	153,045
Capital contributed by shareholders	0		16,000
Receipts from subscription receivable	2,500		2,500
Issuance of common stock	250		174,576
Net cash provided by financing activities	32,250	81,300	858,576
Net increase in cash	(8,497)	(25,851)	17,591
Cash - beginning	26,086	30,601	0
Cash - ending	$ 17,589	$ 4,750	$ 17,589
Supplemental disclosures:			
Interest paid	9,427	11,621	60,104
Income taxes paid	0	0	0
Non-cash investing and financing activities:			
Shares issued for research and development and consulting	0	0	106,253
Shares issued for conversion of debt	0	0	220,641
Warrants issued in connection with financing	0	0	75,000
Options issued in connection with services		0	52,500
Shares issued in connection with loan commitment	225,000	0	225,000
Shares issued in connection with services	10,000	0	115,002

See accompanying notes to unaudited condensed financial statements

CYBERLUX CORPORATION
(A Development Stage Company)

CONDENSED STATEMENT OF DEFICIENCY IN STOCKHOLDERS' EQUITY FOR THE PERIOD MAY 17, 2000 (DATE OF INCEPTION) THROUGH MARCH 31, 2003
(Unaudited)

	Common Stock		Additional Paid in Capital
	Shares	Amount	
Common shares issued in May, 2000 in exchange for research and development services valued at $.09 per share	750,000	$ 750	$ 68,003
Common shares issued in May, 2000 in exchange for services valued @ $. 05 per share	875,000	875	35,710
Common shares issued in July, 2000 in exchange for convertible debt at $ .15 per share	288,000	288	39,712
Capital contributed by principal shareholders	-	-	16,000
Common shares issued in November , 2000 for cash in connection with private placement at $. 15 per share	640,171	640	95,386
Common shares issued in November, 20000 in exchange for services valued @ $. 15 per share hares issued for consulting services	122,795	123	18,296
Net (loss)	-	-	-
Balance, December 31, 2000	4,315,966	$ 4,316	$ 273,667
Common shares issued in January , 2001 in exchange for convertible debt at $ .15 per share	698,782	699	104,118
Stock options issued in May, 2001, valued at $. 15 per option, in exchange for services			52,500
Warrant issued in May 2001, valued at $. 15 per warrant, in exchange for placement of debt	-	-	75,000
Common shares issued in September , 2001 for cash in connection with exercise of warrant at $.15 per share	3,000	3	447
Common shares issued in September , 2001 for cash in connection with exercise of warrant at $.10 per share	133,000	133	13,167
Common shares issued in November , 2001 for cash in connection with exercise of warrant at $.0001 per share	500,000	500	-
Common shares issued in November , 2001 for cash in connection with exercise of options at $.0001 per share	350,000	350	-
Common shares issued in December , 2001 in exchange for convertible debt at $ .50 per share	133,961	134	66,847
Common shares issued in December , 2001 in exchange for debt at $ .50 per share	17,687	18	8,825
Net (loss)	-	-	-
Balance, December 31, 2001	6,152,396	$ 6,152	$ 594,571
Common shares issued in May, 2002 in exchange for services valued at $. 70 per share	70,000	70	48,930
Common shares issued in Nov, 2002 in exchange for services valued at $0.25 per share	150,000	150	37,350
Common shares issued in Dec. 2002 as rights offering at $0.25 per share	256,000	256	63,744
Subscription Receivable for 10,000 shares issued			
Net loss	-	-	-
Balance at December 31, 2002	6,628,396	$ 6,628	$ 745,593

Common shares issued in March, 2003 for cash in connection with exercise of options at $0.001 per share	250,000	250	
Funds received for stock subscription			
Common Shares issued to Cornell Capital Partners in March, 2003 in connection with Loan Commitment valued at $0.75 per share	300,000	300	224,700
Common shares issues in March, 2003 in exchange for services valued at $0.75 per share	13,333	14	9,987
Net Loss	-	-	-
Balance, March 31, 2003	7,191,729	$ 7,192	$ 980,280

Receivable Total in Stockholders' Equity	Stock Subscription	Deficiency Accumulated During Development Stage	Total In Stockholder's Equity
Common shares issued in May, 2000 in exchange for research and development services valued at $.09 per share			$ 68,753
Common shares issued in May, 2000 in exchange for services valued @ $. 05 per share			36,585
Common shares issued in July, 2000 in exchange for convertible debt at $ .15 per share			40,000
Capital contributed by principal shareholders			16,000
Common shares issued in November , 2000 for cash in connection with private placement at $. 15 per share			96,026
Common shares issued in November, 20000 in exchange for services valued @ $. 15 per share hares issued for consulting services			18,419
Net (loss)	-	(454,651)	(454,651)
Balance, December 31, 2000	-	$ (454,651.00)	$ (176,668.00)
Common shares issued in January , 2001 in exchange for convertible debt at $ .15 per share		-	104,817
Stock options issued in May, 2001, valued at $. 15 per option, in exchange for services		-	52,500
Warrant issued in May 2001, valued at $. 15 per warrant, in exchange for placement of debt		-	75,000
Common shares issued in September , 2001 for cash in connection with exercise of warrant at $.15 per share		-	450
Common shares issued in September , 2001 for cash in connection with exercise of warrant at $.10 per share		-	13,300
Common shares issued in November , 2001 for cash in connection with exercise of warrant at $.0001 per share		-	500
Common shares issued in November , 2001 for cash in connection with exercise of options at $.0001 per share		-	350
Common shares issued in December , 2001 in exchange for convertible debt at $ .50 per share		-	66,981
Common shares issued in December , 2001 in exchange for debt at $ .50 per share		-	8,843
Net (loss)	-	(636,274)	(636,274)
Balance, December 31, 2001	-	$ (1,090,925)	$ (490,202)
Common shares issued in May, 2002 in exchange for services valued at $. 70 per share		-	49,000
Common shares issued in Nov, 2002 in exchange for services valued at $0.25 per share			37,500
Common shares issued in Dec. 2002 as rights offering at $0.25 per share			64,000
Subscription Receivable for 10,000 shares issued	(2,500)		(2,500)
Net loss	-	(700,104)	(700,104)
Balance at December 31, 2002	$ (2,500)	$ (1,791,029)	$ (1,041,308)
Common shares issued in March, 2003 for cash in connection with exercise of options at $0.001 per share			250

Funds received for stock subscription	2,500		2,500
Common Shares issued to Cornell Capital Partners in March, 2003 in connection with Loan Commitment valued at $0.75 per share			225,000
Common shares issues in March, 2003 in exchange for services valued at $0.75 per share			10,001
Net Loss	-	(229,971)	(229,971)
Balance, March 31, 2003	$ -	$ (2,021,000.00)	$ (1,033,528.00)

See accompanying notes to unaudited condensed financial statements

CYBERLUX CORPORATION
(A DEVELOPMENT STAGE COMPANY)

NOTES TO CONDENSED MARCH 31, 2003 FINANCIAL STATEMENTS
(UNAUDITED)

NOTE A - SUMMARY OF ACCOUNTING POLICIES

GENERAL

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-QSB. 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, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Accordingly, the results from operations for the three-month period ended March 31, 2003, are not necessarily indicative of the results that may be expected for the year ended December 31, 2003. The unaudited condensed consolidated financial statements should be read in conjunction with the consolidated December 31, 2002 financial statements and footnotes thereto included in the Company's SEC Form 10-KSB.

BUSINESS AND BASIS OF PRESENTATION

Cyberlux Corporation (the "Company ") is in the development stage and its effort have been principally devoted to seeking profitable business opportunities. To date Company has incurred expenses, and has sustained losses. Consequently, its operations are subject to all risks inherent in the establishment of a new business enterprise. For the period from inception through March 31 2003, the Company has accumulated losses of $2,021,000.

RECENT ACCOUNTING PRONOUNCEMENTS

Effective January 1, 2002, the Company adopted SFAS No. 142. Under the new rules, the Company will no longer amortize goodwill and other intangible assets with indefinite lives, but such assets will be subject to periodic testing for impairment. On an annual basis, and when there is reason to suspect that their values have been diminished or impaired, these assets must be tested for impairment, and write-downs to be included in results from operations may be necessary. SFAS No. 142 also requires the Company to complete a transitional goodwill impairment test six months from the date of adoption. Any goodwill impairment loss recognized as a result of the transitional goodwill impairment test is recorded as a cumulative effect of a change in accounting principle. The adoption of SFAS No 142 had no material impact on the Company's condensed consolidated financial statements.

SFAS No. 143 establishes accounting standards for the recognition and measurement of an asset retirement obligation and its associated asset retirement cost. It also provides accounting guidance for legal obligations associated with the retirement of tangible long-lived assets. SFAS No. 143 is effective in fiscal years beginning after June 15, 2002, with early adoption permitted. The Company expects that the provisions of SFAS No. 143 will not have a material impact on its consolidated results of operations and financial position upon adoption. The Company adopted SFAS No. 143 effective January 1, 2003. The adoption of SFAS No. 143 had no material impact on Company's condensed consolidated financial statements.

SFAS No. 144 establishes a single accounting model for the impairment or disposal of long-lived assets, including discontinued operations. SFAS No. 144 superseded Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of" (SFAS No. 121), and APB Opinion No. 30, "Reporting the Results of Operations - Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions". The Company adopted SFAS No. 144 effective January 1, 2002. The adoption of SFAS No. 144 had no material impact on Company's condensed consolidated financial statements

In April 2002, the FASB issued Statement No. 145, "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections." This Statement rescinds FASB Statement No. 4, "Reporting Gains and Losses from Extinguishment of Debt", and an amendment of that Statement, FASB Statement No. 64, "Extinguishments of Debt Made to Satisfy Sinking-Fund Requirements" and FASB Statement No. 44, "Accounting for Intangible Assets of Motor Carriers". This Statement amends FASB Statement No. 13, "Accounting for Leases", to eliminate an inconsistency between the required accounting for sale-leaseback transactions and the required accounting for certain lease modifications that have economic effects that a similar to sale-leaseback transactions. The Company does not expect the adoption to have a material impact to the Company's financial position or results of operations.

In June 2002, the FASB issued Statement No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." This Statement addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging Issues Task Force (EITF) Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)." The Company adopted SFAS No. 146 effective January 1, 2003. The adoption of SFAS No. 146 had no material impact on Company's condensed consolidated financial statements.

In October 2002, the FASB issued Statement No. 147, "Acquisitions of Certain Financial Institutions-an amendment of FASB Statements No. 72 and 144 and FASB Interpretation No. 9", which removes acquisitions of financial institutions from the scope of both Statement 72 and Interpretation 9 and requires that those transactions be accounted for in accordance with Statements No. 141, Business Combinations, and No. 142, Goodwill and Other Intangible Assets. In addition, this Statement amends SFAS No. 144,

Accounting for the Impairment or Disposal of Long-Lived Assets, to include in its scope long-term customer relationship intangible assets of financial institutions such as depositor- and borrower-relationship intangible assets and credit cardholder intangible assets. The requirements relating to acquisitions of financial institutions are effective for acquisitions for which the date of acquisition is on or after October 1, 2002. The provisions related to accounting for the impairment or disposal of certain long-term customer-relationship intangible assets are effective on October 1, 2002. The adoption of this Statement did not have a material impact to the Company's financial position or results of operations as the Company has not engaged in either of these activities.

In December 2002, the FASB issued Statement No. 148, "Accounting for Stock-Based Compensation-Transition and Disclosure", which amends FASB Statement No. 123, Accounting for Stock-Based Compensation, to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, this Statement amends the disclosure requirements of Statement 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. The transition guidance and annual disclosure provisions of Statement 148 are effective for fiscal years ending after December 15, 2002, with earlier application permitted in certain circumstances. The interim disclosure provisions are effective for financial reports containing financial statements for interim periods beginning after December 15, 2002. The adoption of this Statement did not have a material impact to the Company's financial position or results of operations as the Company has not engaged in either of these activities.

In January 2003, the FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities." Interpretation 46 changes the criteria by which one company includes another entity in its consolidated financial statements. Previously, the criteria were based on control through voting interest. Interpretation 46 requires a variable interest entity to be consolidated by a company if that company is subject to a majority of the risk of loss from the variable interest entity's activities or entitled to receive a majority of the entity's residual returns or both. A company that consolidates a variable interest entity is called the primary beneficiary of that entity. The consolidation requirements of Interpretation 46 apply immediately to variable interest entities created after January 31, 2003. The consolidation requirements apply to older entities in the first fiscal year or interim period beginning after June 15, 2003. Certain of the disclosure requirements apply in all financial statements issued after January 31, 2003, regardless of when the variable interest entity was established. The adoption of this Statement did not have a material impact to the Company's financial position or results of operations as the Company has not engaged in either of these activities.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion contains forward-looking statements that are subject to significant risks and uncertainties about us, our current and planned products, our current and proposed marketing and sales, and our projected results of operations. There are several important factors that could cause actual results to differ materially from historical results and percentages and results anticipated by the forward-looking statements. The Company has sought to identify the most significant risks to its business, but cannot predict whether or to what extent any of such risks may be realized nor can there be any assurance that the Company has identified all possible risks that might arise. Investors should carefully consider all of such risks before making an investment decision with respect to the Company's stock. The following discussion and analysis should be read in conjunction with the financial statements of the Company and notes thereto. This discussion should not be construed to imply that the results discussed herein will necessarily continue into the future, or that any conclusion reached herein will necessarily be indicative of actual operating results in the future. Such discussion represents only the best present assessment from our Management.

GENERAL OVERVIEW

The Company is in the development stage and its efforts have been principally devoted to designing, developing manufacturing and marketing advanced lighting systems that utilize white (and other) light emitting diodes as illumination elements.

On March 15, 2002, we signed an agreement with Cornell Partners, LP for a $10,000,000 Equity Line of Credit investment. Cornell Capital is a domestic hedge fund, which makes investments in small to mid sized publicly traded companies. Under the Equity Line Agreement, we have the right, but not the obligation to require Cornell Capital to purchase shares of common stock up to a maximum amount over a 24 month period.

In March 2003, we made application to the National Association of Securities Dealers, Inc. for listing on the Over the Counter Bulletin Board and to obtain a trading symbol. The application is pending.

On March 9, 2003, we signed an agreement with Howard, Merrell & Partners ("HMP") an Interpublic Company, located in Raleigh, North Carolina. Under the one year agreement, HMP will provide consumer research, advertising and other marketing support for us.

RESULTS OF OPERATIONS

The Company is in the development stage and is seeking to develop, manufacture and market advanced lighting systems that utilize white (and other) light emitting diodes as illumination elements. The risks specifically discussed are not the only factors that could affect future performance and results. In addition the discussion in this quarterly report concerning our business our operations and us contain forward-looking statements. Such forward-looking statements are necessarily speculative and there are certain risks and uncertainties that could cause actual events or results to differ materially from those referred to in such forward-looking statements. We do not have a policy of updating or revising forward- looking statements and thus it should not be assumed that silence by our Management over time means that actual events or results are occurring as estimated in the forward-looking statements herein.

As a result of limited capital resources and no revenues from operations from its inception, the Company has relied on the issuance of equity securities to non-employees in exchange for services. The Company's management enters into equity compensation agreements with non-employees if it is in the best interest of the Company under terms and conditions consistent with the requirements of

Financial Accounting Standards No. 123, Accounting for Stock Based Compensation. In order conserve its limited operating capital resources, the Company anticipates continuing to compensate non-employees for services during the next twelve months. This policy may have a material effect on the Company's results of operations during the next twelve months.

REVENUES

We have generated no operating revenues from operations from our inception. We believe we will begin earning revenues from operations in our second year of actual operation as the Company transitions from a development stage company to that of an active growth and acquisition stage company. On July 19, 2002, we developed a web site (www.cyberlux.com) which gives us the ability to offer our products over the internet.

COSTS AND EXPENSES

From our inception through March 31, 2003, we have not generated any revenues from operations. We have incurred losses of $ 2,021,000 during this period. These expenses were associated principally with equity-based compensation to employees and consultants, product development costs and professional services.

LIQUIDITY AND CAPITAL RESOURCES

As of March 31, 2003, we had a working capital deficit of $1,341,461 . As a result of our operating losses from our inception through March 31, 2003, we generated a cash flow deficit of $738,491 from operating activities. Cash flows used in investing activities was $ 102,494 during the period May 17, 2000 (date of Company's inception) through March 31, 2003. We met our cash requirements during this period through the private placement of $ 177,076 of common stock, $ 512,455 from the issuance of notes (net of repayments and costs), $153,045 from the issuance of notes payable to Company officers and shareholders (net of repayments), and $16,000 capital contributed by the Company's principal shareholders.

While we have raised capital to meet our working capital and financing needs in the past, additional financing is required in order to meet our current and projected cash flow deficits from operations and development. We have a financing commitment in the form of an equity line of credit from Cornell Capital to provide the necessary working capital.

By adjusting its operations and development to the level of capitalization , management believes it has sufficient capital resources to meet projected cash flow deficits through the next twelve months . However, if thereafter, we are not successful in generating sufficient liquidity from operations or in raising sufficient capital resources, on terms acceptable to us, this could have a material adverse effect on our business, results of operations , liquidity and financial condition.

The Company's independent certified public accountant has stated in his report included in the Company's December 31, 2002 Form 10-KSB, as amended, that the Company has incurred operating losses in the last two years, and that the Company is dependent upon management's ability to develop profitable operations. These factors among others may raise substantial doubt about the Company's ability to continue as a going concern.

PRODUCT RESEARCH AND DEVELOPMENT

We anticipate performing further research and development for our exiting products during the next twelve months. Those activities include a Landscape Illumination System and OEM Task Lights which are designed for use by helmet manufacturers that produce specialty headgear for the military, police/fire & safety; mining industry; and ski/cycle safety firms.

These projected expenditures are dependent upon our generating revenues and obtaining sources of financing in excess of our existing capital resources. There is no guarantee that we will be successful in raising the funds required or generating revenues sufficient to fund the projected costs of research and development during the next twelve months.

ACQUISITION OF PLANT AND EQUIPMENT AND OTHER ASSETS

We do not anticipate the sale of any material property , plant or equipment during the next 12 months. We do not anticipate the acquisition of any material property, plant or equipment during the next 12 months.

NUMBER OF EMPLOYEES

From our inception through the period ended September 30, 2002, we have relied on the services of outside consultants for services and have four (4) employees. In order for us to attract and retain quality personnel, we anticipate we will have to offer competitive salaries to future employees. We anticipate that it may become desirable to add additional full and or part time employees to discharge certain critical functions during the next 12 months. This projected increase in personnel is dependent upon our ability to generate revenues and obtain sources of financing. There is no guarantee that we will be successful in raising the funds required or generating revenues sufficient to fund the projected increase in the number of employees. As we continue to expand, we will incur additional cost for personnel.

TRENDS, RISKS AND UNCERTAINTIES

We have sought to identify what we believe to be the most significant risks to our business, but we cannot predict whether, or to what extent, any of such risks may be realized nor can we guarantee that we have identified all possible risks that might arise. Investors should carefully consider all of such risk factors before making an investment decision with respect to our Common Stock.

CAUTIONARY FACTORS THAT MAY AFFECT FUTURE RESULTS

Our annual report on December 31, 2002 Form 10-KSB, as amended, includes a detailed list of cautionary factors that may affect future results. Management believes that there have been no material changes to those factors listed, however other factors besides those listed could adversely affect us. That annual report can be accessed on EDGAR.

ITEM 3. CONTROLS AND PROCEDURES

(A) EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange act reports is recorded, processed , summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate , to allow timely decisions regarding required disclosure. Management necessarily applied its judgment in assessing the costs and benefits of such controls and procedures , which , by their nature, can provide only reasonable assurance regarding management's control objectives.

We have carried out an evaluation, under the supervision and with the participation of our management, including our chief executive officer and chief financial officer of the effectiveness of the design and operation of our disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the Evaluation date)

Based upon that evaluation , the chief executive officer and chief financial officer concluded that our disclosure controls and procedures were effective as of the evaluation date.

(B) CHANGES IN INTERNAL CONTROLS

There were no significant changes in our internal controls or in other factors that could significantly affect these controls subsequent to the evaluation date.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

See Item 3: Legal Proceedings in our annual report on Form 10-KSB for the year ended 12/31/02 for a description of current legal proceedings. There have been no material changes width respect to legal proceedings since that report was filed.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS.

Pursuant to an Equity Line of Credit Agreement dated March 15, 2003, we issued Cornell Capital Partners, LP, 300,000 shares of our common stock as a commitment fee and on the date, pursuant to a Placement Agent Agreement, Westrock Advisors, Inc. were issued 13,333 shares of our common stock as a placement agent fee. We relied on Section 4(2) of the Securities Act of 1933, as amended and Rule 506 promulgated thereunder in the issuance of our common stock.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

On March 8, 2003, we filed an Information Statement pursuant to Section 14(c) of the Securities Exchange Act of 1934, which is a Notice of Action taken by written consent of Majority Shareholders. In that action, our Board of Directors passed a resolution that our articles of incorporation be amended to increase the authorized number of shares of common stock, $0.001 par value per share, from 20,000,000 to 100,000,000. It was approved by written consent of 52.4% of our shareholders.

ITEM 5. OTHER INFORMATION.

None

ITEM 6. EXHIBITS AND REPORTS ON FROM 8-K

(a) Exhibits

INDEX TO EXHIBITS

EXHIBIT NO. DESCRIPTION

3.1A	*	Certification of Amendment of Articles of Incorporation filed April 3, 2003-05-12
10.5	*	Equity Line of Credit Agreement between the Cyberlux and Cornell Capital Partners, LP dated March 15, 2003.
10.6	*	Placement Agreement between Cyberlux and Westrock Advisors, Inc.
10.7	*	Registration Rights Agreement between Cyberlux Corporation and Cornell Capital Partners, LP
10.8	*	Escrow Agreement between Cyberlux Corporation, Cornell Capital Partners, LP, Butler Gonzales, LLP and Wachovia Bank, N.A.
10.9		Howard Merrell & Partners Engagement Letter (Filed herewith)
99.1		Certification of Donald F. Evans (Filed herewith)
99.2		Certification of David D. Downing (Filed herewith)

* Incorporated by reference to the Company's Registration Statement filed on Form SB-2 filed April 2002.

(b) Reports on Form 8-K None

SIGNATURES

In accordance with requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Cyberlux Corporation
(Registrant)

Date: May 22, 2003

/s/ Donald F. Evans

Donald F. Evans
President and Chairman of the Board

CERTIFICATIONS

I, Donald F. Evans, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Cyberlux Corporation.

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 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 90 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 the registrant's board of directors (or persons performing the equivalent functions);

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: May 22, 2003

/s/ Donald F. Evans

Donald F. Evans
President and Chief Executive Officer

CERTIFICATIONS

I, David D. Downing, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Cyberlux Corporation.

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 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 90 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 the registrant's board of directors (or persons performing the equivalent functions);

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: May 22, 2003

/s/ David D. Downing

David D. Downing
Treasurer and Chief Financial Officer

Exhibit 10.9

H O W A R D, M E R R E L L & P A R T N E R S

March 7, 2003

Michael J Ganey
Senior Partner
Business Group Director

Mr. Donald F. Evans, CEO Cyberlux Corporation 50 Orange Road P.O. Box 2010 Pinehurst, NC 28374-2010

Dear Don:

Based on our recent conversations, it seems Cyberlux is now well on its way to having financing, design, manufacturing, intellectual property, and other resources in place. We are enthusiastic about contributing to your success, and thought this letter of understanding might be helpful in laying out the broad strokes of the working arrangement between Howard, Merrell & Partners and Cyberlux in its quest for fame and fortune. It is also important that we formalize our agreement before committing additional time and resource.

The term of the engagement is one year starting March 15, 2003, expiring March 14, 2004. Thereafter, either firm may terminate the arrangement with 90 days written notice.

HM&P will provide consumer research, advertising and other marketing support for Cyberlux.
o We will be the sole agency of record; Cyberlux will not hire another firm to perform marketing or advertising support without first consulting HM&P.
o We will not accept an assignment from any competitor without first consulting Cyberlux.

HM&P will provide adequate staffing to support development and execution of short-term marketing plans. In order to assure the most efficient use of this resource, Cyberlux will make available in a timely fashion the financial, marketing, competitive or other information necessary to complete assignments.

AN INTERPUBLIC COMPANY

8521 SIX FORKS ROAD
RALEIGH, NC 27615
9 1 9 . 8 4 4 . 2 7 2 0
mganey@merrellgroup.com

We will develop a creative strategy document, the Creative Brief, which will be the standard by which all tactical executions are evaluated.

o We expect that any Cyberlux executives who may approve creative executions must read and approve this document. A sample Creative Brief is attached.
o Further, experience has shown it valuable that these executives attend any research sessions and briefings.

HM&P will not begin any project without a signed estimate, or confirming e-mail.

o Any information entrusted to us will remain confidential.
o You will do the same with proprietary HM&P information.

Timely payment of invoices is essential.

o Payment must be received within the 30 days terms shown on all invoices.
o In the case of media payments for print (e.g., magazines and newspapers) or broadcast (e.g., radio or television) payment will be due before HM&P becomes contractually liable for the space or time commitment.

Based on the scope of work we've jointly identified, Cyberlux will be invoiced $75,000 per month for the first 3 months, and $50,000 per month thereafter.

o Out of pocket costs are billed net.
o We will retain commissions on negotiated rates to cover media strategy, planning and buying.
o Based on our understanding of the assignment, we have done our best to estimate the cost of properly addressing Cyberlux's marketing needs. In the event the scope or assignment expands, we will meet with you to review an appropriate adjustment of resources.

Aleta, Ron and I are excited about the opportunity to work with you in making Cyberlux the success you intend. If this meets your approval, please sign and return one original. Let's officially get started.

/s/ Michael J. Ganey

Michael J. Ganey
Senior Partner
Howard, Merrell & Partners, Inc.

Date 3/9/03

/s/ Donald F. Evans

Donald F. Evans
Chief Executive Officer
Cyberlux, Inc.

Date 3/9/03

* SEE ADDENDUM OF EVEN DATE

ADDENDUM
To
Howard Merrell & Partners
Cyberlux Corporation Engagement Letter
March 7, 2003

Notes

1. "Other marketing support" to extend to a focused public relation campaign relative to leadership in "diodal illumination" by Cyberlux and provisions of appropriate links to www.cyberlux.com.

2. HM&P staffing to include technically knowledgeable spokespersons who will interact with media and/or others on behalf of Cyberlux.

3. "Sample Creative Brief" is not yet in evidence, but will be reviewed when available as an example of creative direction.

4. Timely payment of invoices is agreed consistent with access to the Equity Line provided by the Agreement with Cornell Capital Partners. Cyberlux will provide HM&P a copy of the Cornell Agreement which stipulates the terms, conditions and times of access to the Equity Line.

The foregoing notes are added by attachment to the Engagement Letter as evidenced by the signatures of the parties thereto:

/s/ Michael J. Ganey	*/s/ Donald F. Evans*
--------------------	-------------------
Michael J. Ganey	*Donald F. Evans*
Senior Partner	*Chief Executive Officer*
Howard, Merrell & Partners, Inc.	*Cyberlux, Inc.*
Date 3/9/03	*Date 3/9/03*

EXHIBIT 99.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Cyberlux Corporation (the Company) on Form 10-QSB for the period ending March 31, 2003, as filed with the Securities and Exchange Commission on the date hereof (the Report), I, DONALD F. EVANS, President and Chief Executive Officer, certify, pursuant to 18 U.S.C. ss.1350, as adopted pursuant to ss.906 of the Sarbanes-Oxley Act, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

/s/ Donald F.. Evans

Donald F. Evans
President and Chief Executive Officer
May 22, 2003

EXHIBIT 99.2

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO**

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of CYBERLUX CORPORATION(the Company) on Form 10-QSB for the period ending March 31, 2003, as filed with the Securities and Exchange Commission on the date hereof (the Report), I, DAVID D. DOWNING, Treasurer and Chief Financial Officer, certify, pursuant to 18 U.S.C. ss.1350, as adopted pursuant to ss.906 of the Sarbanes-Oxley Act, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

/s/ David D. Downing

David D. Downing
Treasurer and Chief Financial Officer
May 22, 2003