UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB

(Mark One)

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

For the quarterly period ended March 31, 2001

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

For the transition period from _____________ to _____________

Commission File No. 0-29245

HEALTH & NUTRITION SYSTEMS INTERNATIONAL, INC.
(Exact name of Small Business Issuer as specified in its Charter)

Florida	65-0452156
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

3750 Investment Lane, Suite 5, West Palm Beach, Florida 33407
(Address of principal executive offices)

(561) 863-8446
(Issuer's telephone number)

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

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: 3,632,813 shares of Common Stock as of May 11, 2001.

Transitional Small Business Disclosure Format: Yes [ ] No [X]

HEALTH AND NUTRITION SYSTEMS INTERNATIONAL, INC.

INDEX

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

HEALTH & NUTRITION SYSTEMS INTERNATIONAL, INC.
CONDENSED BALANCE SHEET
(UNAUDITED)

ASSETS

	March 31, 2001
Current assets:	
Cash	$ 79,618
Restricted cash related to notes payable	150,687
Accounts receivable, net	810,561
Inventory	271,920
Prepaids and other current assets	165,831
Total current assets	1,478,617
Property and equipment, net	86,840
Other assets:	
Due from related parties	5,431
Other assets, net	33,475
Total other assets	38,906
Total assets	$ 1,604,363
Current liabilities:	
Accounts payable	$ 604,797
Accrued expenses	60,436
Notes payable	239,167
Capital leases, current portion	20,772
Total current liabilities	925,172
Capital leases, less current portion	17,545
Stockholders' equity:	
Common stock, $0.001 par value, 30,000,000 shares authorized; 3,632,813 shares issued and outstanding	3,633
Additional paid-in capital	857,259
Retained earnings	(199,246)
Total stockholders' equity	661,646
Total liabilities and stockholders' equity	$ 1,604,363

See accompanying notes to condensed financial statements.

HEALTH & NUTRITION SYSTEMS INTERNATIONAL, INC.
CONDENSED STATEMENT OF OPERATIONS
(UNAUDITED)

	Three Months Ended March 31, 2001	Three Months Ended March 31, 2000
Revenue	$ 1,505,084	$ 1,367,460
Cost of sales	499,044	402,036
Gross profit	1,006,040	965,424
Operating expense:		
General and administrative expenses	917,318	619,435
Depreciation and amortization expenses	8,261	9,198
Total operating expenses	925,579	628,633
Income from operations	80,461	336,791
Interest income	2,040	13,003
Interest expense	(8,578)	--
Profit before income taxes	73,923	349,794
Provision for income taxes	32,235	102,864
Net profit	$ 41,688	$ 246,930
Net profit per share - basic	$ 0.01	$ 0.07
Net profit per share - diluted	$ 0.01	$ 0.07
Weighted average number of shares - basic	3,608,935	3,394,947
Weighted average number of shares - diluted	3,807,735	3,736,819

See accompanying notes to condensed financial statements.

HEALTH & NUTRITION SYSTEMS INTERNATIONAL, INC.
CONDENSED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Three Months Ended March 31, 2001	Three Months Ended March 31, 2000
Net cash provided by (used in) operating activities	$(102,773)	$ 30,391
Cash flows from investing activities:		
Repurchase of common stock	--	(3,000)
Purchase of trademark	(25,000)	--
Purchase of property and equipment	(2,883)	(46,340)
Net cash used in investing activities	(27,883)	(49,340)
Cash flows from financing activities:		
Proceeds on issuance of common stock	--	4,000
Proceeds on line of credit	100,000	--
Payments on lines of credit	(10,834)	
Proceeds on capital leases	--	21,612
Payments on capital leases	(4,013)	(1,748)
Payments to related parties	(464)	(3,000)
Net cash provided by financing activities	84,689	20,864
Net increase (decrease) in cash	(45,967)	1,915
Cash at beginning of period	125,585	154,247
Cash at end of period	$ 79,618	$ 156,162

See accompanying notes to condensed financial statements.

NOTE 1 - BASIS OF PRESENTATION

The accompanying unaudited condensed financial statements of Health & Nutrition Systems International, Inc. (the "Company") have been prepared in accordance with generally accepted accounting principles for interim financial information and Regulation S-B. Accordingly, they do not include all of the information and footnotes required for complete financial statements.

In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the results for the interim periods presented have been included.

These results have been determined on the basis of generally accepted accounting principles and practices applied consistently with those used in the preparation of the Company's Annual Financial Statements for the year ended December 31, 2000. Operating results for the three months ended March 31, 2001 are not necessarily indicative of the results that may be expected for the year ending December 31, 2001.

It is recommended that the accompanying condensed financial statements be read in conjunction with the financial statements and notes for the year ended December 31, 2000, found in the Company's Form 10-KSB.

NOTE 2 - NOTES PAYABLE

In December 15, 2000 the Company received a short-term loan from a bank. Interest accrues at 8.1% per annum and the note is collateralized by two certificate of deposits totaling approximately $150,000. The unpaid balance at March 31, 2001 was $142,500.

On January 12, 2001, the Company received a short-term loan from a bank in the amount of $100,000. Interest accrues at a rate of 7.73% per annum and is personally guaranteed by Mr. Steve Pomerantz. The loan matures January 12, 2002. The balance at March 31, 2001 was $96,667.

NOTE 3 - PURCHASE OF ASSETS

On January 12, 2001, Health & Nutrition Systems International, Inc. purchased the Heritage Consumer Products, LLC "Acutrim" trademark for $25,000 and outstanding inventory of its Acutrim Natural AM and Acutrim Natural PM products for $155,000 from Fleet National Bank. In connection with the purchase, Heritage Consumer Products assigned to Health & Nutrition Systems International, Inc., all of it rights, title and interest in the "Acutrim" trademark and two related trademarks. Accumulated amortization on the "Acutrim" trademark was $416 at March 31, 2001.

NOTE 4 - STOCKHOLDERS' EQUITY

During the three months ended March 31, 2001, the Company issued 25,000 shares of common stock to consultants as payment for services. The Company recorded compensation for professional services of $25,750. In May 2001, the parties agreed to terminate the consulting contract and the consultant has agreed to return the shares of common stock. The execution of the same is expected to occur in the near future.

3,000 shares previously cancelled in error were re-issued at March 22, 2001.

NOTE 5 - INCOME TAXES

Income tax provision consists of the following:

	2001	2000
Current	$ 24,347	$ 102,864
Deferred	--	--
	$ 24,347	$ 102,864

Under FAS No. 109, deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The significant components of deferred tax assets as of March 31, 2001 and 2000 are as follows:

	2001	2000
Deferred tax asset:		
Net operating losses	$ -	$ 9,470
Stock issued for services	-	22,319
Total deferred tax asset	-	31,789
Deferred tax liabilities	-	-
Net deferred tax asset before valuation allowance	-	31,789
Valuation allowance		(31,789)
Net deferred tax assets	$ -	$ -

A reconciliation of income tax expense (benefit) provided at a combined federal and state statutory rate of 39.5% to income tax expense is as follows:

	2001	2000
Taxes computed at combined federal and state tax rate	$ 33,150	$ 138,169
Non-deductible expenses	987	4,202
Net operating loss benefit	(9,790)	(39,507)
	$ 24,347	$ 102,864

As of March 31, 2001, the Company had used the net operating loss carry forward of $24,786 available for use on its future corporate federal income tax returns.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

This Quarterly Report on Form 10-QSB contains forward-looking statements. Any statements that are not statements of historical fact should be regarded as forward-looking statements. For example, the words "intends," "believes," "anticipates," "plans," and "expects" are intended to identify forward-looking statements. There are a number of important factors that could cause our actual results to differ materially from those indicated by such forward-looking statements. These factors include without limitation those factors contained in our Form 10-SB filed with the Securities and Exchange Commission. We do not undertake any obligation to update any such factors or to publicly announce the result of any revision to any of the forward looking statements contained herein to reflect future events or developments.

The following discussion of our results of operations and financial condition should be read together with our unaudited Financial Statements contained in Part I, Item 1 and the related Notes in this Form 10-QSB, and our audited Financial Statements and the related Notes contained in our Form 10-SB filed with the Securities and Exchange Commission.

NET SALES:

Net sales for the three months ended March 31, 2001 were $1,505,084, an increase of $137,624 or 10%, compared to net sales of $1,367,460 for the three months ended March 31, 2000. The increase in net sales was primarily due to new orders for the recently acquired Acutrim(R) Natural AM and PM products. The increases in net sales was also due to increases in sales from Walgreens, Rite Aid, Target, and CVS, which were partially offset by a decrease in sales from GNC, which was our largest account in 2000. Chain store sales accounted for $1,379,283 or 92% of our sales during the quarter. HNS Direct (sales direct to the independent retailer) were $75,696 or 5% of our sales during the quarter. Rite Aid accounted for $246,817 or 16 % of sales for the quarter, Walgreens accounted for $173,076 or 11% of sales for the quarter, Target accounted for $160,573 or 11% of sales for the quarter. No other account represented more than 10% of sales during the quarter. Carbcutter(TM) and Acutrim(R) are expected to establish additional shelf positions in regional and national accounts in 2001. Sales growth is contingent on competition, marketing expenditures, the economy as a whole and the continued market acceptance of Carbcutter(TM) and Acutrim(R). Carbolizer(TM) and Fatcutter(TM) are in the introductory phase and, therefore, no projections can be made for either new product.

COST OF SALES:

Cost of sales for the three months ended March 31, 2001 was $499,044 or 33% of net sales, compared to $402,036 or 29% of net sales for the three months ended March 31, 2000. The increase in cost of sales as a percent of net sales was primarily attributable to new sales from recently acquired Acutrim(R),which has a higher cost of goods as a percent of net sales compared to Carbcutter(TM). We expect cost of goods sold as a percent of net sales to decrease if there is market acceptance of our new products Carbolizer(TM) and Fatcutter(TM). Also, cost of goods sold as a percent of net sales could decrease if Carbcutter(TM) sales increase at a faster rate than Acutrim(R) sales.

GROSS PROFIT:

Gross profit for the three months ended March 31, 2001 was $ 1,006,040 an increase of $40,616 or 4 %, compared to gross profit of $965,424 for the three months ended March 31, 2000. As a percent of net sales, gross profit was 67 % for the three months ended March 31, 2001, compared to 70 % for the three months ended March 31, 2000. The increase in gross profit dollars is a result of new sales from Acutrim(R) . The decrease in gross profit as a percent of sales is primarily due to the lower gross profit margin of Acutrim(R).

OPERATING EXPENSES:

Operating expenses were $925,579 for the three months ended March 31, 2001, representing an increase of $296,946, compared to $628,633 for the three months ended March 31, 2000. As a percent of net sales, operating expenses were 61% for the three months ended March 31, 2001, compared to 46% for the three months ended March 31, 2000. The increase in operating expenses was primarily attributable to higher co-op, slotting fees, sales promotion and advertising expenditures for the first quarter of 2001 verses co-op, slotting fees, sales promotion and advertising expenditures for the first quarter 2000.

NET PROFIT FROM OPERATIONS:

Net profit from operations was $41,688 or $.01 per share for the three months ended March 31, 2001, as compared to a net profit from operations of $246,930 or $.07 per share for the three months ended March 31,2000. The decrease in income from operations for the quarter was primarily due to higher co-op, slotting fees, sales promotion and advertising expenditures during the quarter.

LIQUIDITY & CAPITAL RESOURCES:

At March 31, 2001, we had a working capital surplus of $553,445 compared to a $487,566 working capital surplus at March 31,2000. Net cash used in operating activities for the three months ended March 31, 2001 was $($102,773) compared to $30,391 provided by operating activities for the period ending March 31,2000. The resulting decrease in cash is due to greater increases in inventory and accounts receivable compared to accounts payable. Cash used in investing activities was $($27,883) for the three months ended March 31, 2001 compared to $ ($49,340) used in investing activities for the three months ending March 31, 2000. Cash used for investing activities in the first quarter 2001 was mainly applied to the purchase of the Acutrim trademark. Cash used in the first quarter of 2000 was mainly used for the purchase of equipment. Net cash provided by financing activities for the three months ended March 31, 2001 was $84,689 as compared to $20,864 cash used in financing activities for the period ending March 31, 2000. During the three months ending March 31, 2001, the Company received a $100,000 loan, and $10,834 has been repaid with regard to all loans. Payments were also made on capital leases.

We sell the majority of our accounts receivable to "factors" at a discount because we do not have sufficient working capital to wait thirty to ninety days to collect these accounts ourselves. We expect to continue to factor our large pharmacy chain accounts and large health food store accounts in order to support our working capital requirements. We are dependent on factoring our receivables in order to support our working capital needs. There is no assurance that we will be able to factor our accounts receivable in the future at commercially reasonable discount rates that will provide us sufficient working capital or allow us to make a profit. Inability to factor our receivables on commercially reasonable terms could have a material adverse effect on our results of operations.

We may need to raise additional capital in order to expand our inventory levels, product lines and sales in the future, to the extent internal cash flow, supplier credit lines and factoring arrangements are not sufficient. We may attempt to raise additional equity or capital, either through private placements or asset based loans. Additional capital would be directed to expansion of inventory, improved recognition of the Company name and its brands, development of our e-commerce site, participation in additional trade shows and additional advertising for our new products. We have no current arrangements with respect to sources of additional equity financing and there can be no assurance that additional equity or debt financing will be available to us on commercially reasonable terms, or at all.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

Health and Nutrition Systems, International, Inc., Steven Pomerantz and Anthony F. Musso, Plaintiffs, vs. Milton H. Barbarosh, Ricki Barbarosh, Stenton Leigh Group, Inc., Stenton Leigh Capital Corp., and EAI Partners, Inc., Defendants

On April 13, 2001, the Company and two of its officers and shareholders, Steven Pomerantz and Anthony Musso, sued Milton H. Barbarosh and Ricki Barbarosh (Milton's wife) and three corporations which are owned or controlled by Mr. Barbarosh, Stenton Leigh Group, Inc., Stenton Leigh Capital Corp., and EAI Partners, Inc. in state court (the Fifteenth Judicial Circuit of Florida in and for Palm Beach County).

The lawsuit is intended to resolve the uncertainty that now exists concerning whether two blocks of the Company's common stock, which originally belonged to Pomerantz and Musso and together comprise 235,000 post-split shares, are currently validly issued and outstanding and, if so, the identities of the owners of those shares.

On February 21, 2000, at the request of Pomerantz and Musso, the Company's Board of Directors cancelled all but 25,000 (post-split) of the affected shares and delivered the remaining 25,000 (post-split) shares to Milton H. Barbarosh to compromise and settle any potential dispute relating to whether the lawsuit defendants, or any of them, are entitled to ownership of some or all of the shares. The defendants claim entitlement to the shares under the terms of certain option and stock purchase agreements entered between Milton H. Barbarosh and his corporations and Pomerantz and Musso, which related to advisory services Barbarosh promised to perform for the benefit of Pomerantz, Musso and the Company. The Company maintains that the services were not performed and Pomerantz and Musso maintain that no consideration was received by them for their shares.

At present, the Company is not including the 210,000 (235,000 - 25,000, post-split) cancelled shares in our total number of shares outstanding. Accordingly, depending on the outcome of the litigation, the number of our outstanding shares may increase, thereby causing the dilution of our present shareholders.

J.C. Herbert Bryant, III and KMS-Thin Tab 100, Inc.

The Company has previously reported that it and three of its officers were sued in state court by KMS-Thin Tab 100, Inc. ("KMS"). On May 8, 2001, a judge sitting in the Fifteenth Judicial Circuit of Florida in and for Palm Beach County granted HNS's motion to dismiss all counts in KMS's complaint (against the Company and its officers) without prejudice.

In addition to the particular legal matters discussed above, the Company, from time to time, is a party to routine litigation incidental to its business. Management does not believe that any of these pending legal proceedings and those listed above, individually or in the aggregate, will materially impact the Company's financial condition or results of operations.

Item 2. Changes in Securities and Use of Proceeds.

On March 23, 2001, we issued 25,000 shares of common stock to TKO International, Inc., in anticipation of entering into a consulting agreement with TKO for consulting services to be rendered by TKO. The fair market value of our common stock at March 23, 2001 was $1.03 per share. The exemption relied upon by the Company for these transactions is Section 4(2) of the Securities Act of 1933. The parties have subsequently agreed to terminate discussions regarding a possible consulting agreement, and the Company has requested that TKO return those shares for cancellation. TKO has verbally agreed to return the shares and the execution of documents relating to the same is expected to occur in the near future.

Item 3. Defaults Upon Senior Securities.

None.

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

None.

Item 5. Other Information.

The Company mailed its proxy statement and copies of its annual report to Shareholders on May 11, 2001, in anticipation of holding its 2001 Annual Meeting of Shareholders. The annual meeting will be held on Monday, June 11, 2001, at 9:00 a.m., Eastern Time, at the Hilton Hotel, 150 Australian Avenue, West Palm Beach, Florida 33406.

On May 14, 2001, the Company issued a press release to announce that Fatcutter(TM) Plus is now being marketed for retail sale.

Item 6. Exhibits and Reports on Form 8-K.

(a) Index and Exhibits

None.

(b) Reports on Form 8-K during the fiscal quarter ended March 31, 2001.

The Registrant filed a report dated January 12, 2001 on Form 8-K on January 12, 2001, reporting an Item 2 event.

SIGNATURE

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

Dated: May 14, 2001

HEALTH & NUTRITION SYSTEMS
INTERNATIONAL, INC., a Florida corporation

/s/Steven Pomerantz

Steven Pomerantz
Chief Executive Officer and Treasurer