NUTRA PHARMA CORP
Form 10QSB
May 21, 2007

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

FORM 10-QSB

(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, 2007

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

For the transition period from _____ to _____

Commission file number 000-32141

NUTRA PHARMA CORP.
(Name of registrant as specified in its charter)

California	**91-2021600**
(State or Other Jurisdiction of Organization)	(IRS Employer Identification Number)

791 Park of Commerce Blvd, Suite 300, Boca Raton, FL 33487
(Address of principal executive offices)

(954) 509-0911
(Issuer's telephone number)

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

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the 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 o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

As of March 31, 2007, there were 73,280,682 shares of common stock issued and outstanding.

Transitional Small Business Disclosure Format (Check one): Yes o No x

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PART I FINANCIAL INFORMATION

NUTRA PHARMA CORP.
(A Development Stage Company)
Consolidated Balance Sheet - Unaudited
March 31, 2007

ASSETS		
Current assets:		
Cash	$	11,447
Inventory		11,425
Total current assets		22,872
Property and equipment, net		32,792
Other assets		28,348
TOTAL ASSETS	$	84,012
LIABILITIES AND STOCKHOLDERS' (DEFICIT)		
Current liabilities:		
Accounts payable	$	118,223
Accrued expenses		496,057
Due to officers		1,608,781
Other loans payable		100,000
Total current liabilities		2,323,061
Stockholders' (deficit):		
Common stock, $0.001 par value, 2.0 billion shares		
authorized; 73,280,682 shares issued and outstanding		73,280
Additional paid-in capital		18,007,975
(Deficit) accumulated during the development stage		(20,320,304)
Total stockholders' (deficit)		(2,239,049)
TOTAL LIABILITIES AND STOCKHOLDERS' (DEFICIT)	$	84,012

See the accompanying notes to the financial statements.

NUTRA PHARMA CORP.
(A Development Stage Company)
Consolidated Statements of Operations - Unaudited

	Three Months Ended March 31,		For the Period From February 1, 2000 (Inception) Through March 31,
	2006	2007	2007
Sales	$ -	$ -	$ 20,200
Cost of sales	-	-	3,472
Gross profit	-	-	16,728
Costs and expenses:			
General and administrative	351,739	312,970	6,689,442
Research and development	120,431	47,179	1,787,416
General and administrative - stock based compensation	252,750	-	6,326,607
Write-off of advances to potential acquiree	-	-	629,000
Finance costs	-	-	786,000
Interest expense	-	16,012	335,996
Amortization of license agreement	-	-	155,210
Amortization of intangibles	-	-	656,732
Losses on settlements	-	-	1,261,284
Write-down of investment in subsidiary	-	-	620,805
Equity in loss of unconsolidated subsidiary	-	-	853,540
Write-off of investment in Portage BioMed	-	-	60,000
Write-off of investment in Xenacare	-	-	175,000
Total costs and expenses	724,920	376,161	20,337,032
		-	-
Net loss before provision (benefit) for income taxes	(724,920)	(376,161)	(20,320,304)
Provision (benefit) for income taxes	-	-	-
Net loss	$ (724,920)	$ (376,161)	$ (20,320,304)
Per share information - basic and diluted:			
Loss per common share	$ (0.01)	$ (0.01)	

Weighted average common shares outstanding	69,430,515	73,280,262

See the accompanying notes to the financial statements.

NUTRA PHARMA CORP.
(A Development Stage Company)
Consolidated Statements of Cash Flows

	Three Months Ended March 31,		For the Period From February 1, 2000 (Inception) Years Ended Through March 31,
	2006	2007	2007
Cash flows from operating activities:			
Net cash (used in) operating activities	$ (451,805)	$ (359,359)	$ (5,242,104)
Cash flows from investing activities:			
Cash reduction due to deconsolidation of Infectech	-	-	(2,997)
Cash acquired in acquisition of Infectech	-	-	3,004
Acquisition of property and equipment	-	-	(96,029)
Investments carried at cost	-	-	(235,000)
Net cash (used in) investing activities	-	-	(331,022)
Cash flows from financing activities:			
Common stock issued for cash	470,000	-	2,679,500
Proceeds from convertible loans	-	-	304,750
Proceeds from notes payable	-	-	100,000
Loans from stockholders, net of repayments	188,856	351,914	2,500,323
Net cash provided by financing activities	658,856	351,914	5,584,573
Net increase (decrease) in cash	207,051	(7,445)	11,447
Cash - beginning of period	69,027	18,892	-
Cash - end of period	$ 276,078	$ 11,447	$ 11,447

See the accompanying notes to the financial statements.

Nutra Pharma Corp.
Notes to Consolidated Unaudited Financial Statements
March 31, 2007

1. BASIS OF PRESENTATION

The accompanying unaudited financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) for interim financial information and Item 310(b) of Regulation S-B. They do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results of operations for the periods presented are not necessarily indicative of the results to be expected for the full year. For further information, refer to the financial statements of the Company as of December 31, 2006, and for the two years then ended, including notes thereto included in the Company's Form 10-KSB.

The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States of America, which require management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense. Actual results may differ from these estimates.

Principles of Consolidation

The consolidated financial statements presented herein include the accounts of Nutra Pharma and its subsidiaries, ReceptoPharm, Inc. and Designer Diagnostics Inc. (collectively, the "Company").

Income (Loss) per Share

The Company calculates net income (loss) per share as required by Statement of Financial Accounting Standards (SFAS) 128, "Earnings per Share." Basic earnings (loss) per share, is calculated by dividing net income (loss) by the weighted average number of common shares outstanding for the period. Diluted earnings (loss) per share, is calculated by dividing net income (loss) by the weighted average number of common shares and dilutive common stock equivalents outstanding. During periods in which the Company incurs losses, common stock equivalents, if any, are not considered, as their effect would be anti dilutive.

2. BASIS OF REPORTING

The Company's financial statements are presented on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. For the three months ended March 31, 2007, the Company incurred a net loss of $376,161. At March 31, 2007, the Company had negative working capital of $2,300,189 and an accumulated deficit of $20,320,304.

The Company's ability to continue as a going concern is contingent upon its ability to secure additional financing, increase ownership equity, and attain profitable operations. In addition, the Company's ability to continue as a going concern must be considered in light of the problems, expenses and complications frequently encountered in established markets and the competitive environment in which the Company operates.

The Company is pursuing financing for its operations and seeking additional investments. In addition, the Company is seeking to establish a revenue base. Failure to secure such financing or to raise additional equity capital and to establish a revenue base may result in the Company depleting its available funds and not being able to pay its

obligations.

The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the possible inability of the Company to continue as a going concern.

3. NANOLOGIX, INC. (FORMERLY INFECTECH, INC.)

On September 19, 2003, the Company entered into an agreement ("Acquisition Agreement") to acquire up to 100% of the issued and outstanding common stock of Nanologix, Inc., a Delaware corporation ("Nanologix"). Nanologix is a development stage company based in Sharon, Pennsylvania, which is engaged in the development of diagnostic test kits used for the rapid identification of infectious human and animal diseases. Nanologix owns patented technologies, which allow for the rapid detection of disease-causing pathogens. Nanologix also owns a patented technology designed for use in the bioremediation of contaminated soil and water.

The Acquisition Agreement provided for the acquisition by the Company of up to 100% of the issued and outstanding common stock of Nanologix, through an exchange of one (1) share of the Company's common stock for every two (2) shares of Nanologix common stock. The Company recorded the acquisition of Nanologix as the purchase of assets, principally patents and other intangibles. The value of the Company's common stock issued in connection with this transaction was $0.85 per share, which was the market value of the Company's common stock on September 22, 2003, the date the terms of the acquisition were agreed to and announced.

Through December 31, 2003, the Company issued an aggregate of 4,502,549 shares of its common stock in exchange for 9,005,098 shares of Nanologix common stock. This initial exchange resulted in the Company owning approximately 58% of the issued and outstanding common stock of Nanologix. In January 2004, the Company issued an additional 426,275 shares of its common stock, in exchange for 852,550 shares of Nanologix common stock. In September 2004, the Company issued an additional 293,288 shares of its common stock in exchange for 586,576 shares of Nanologix common stock. These exchanges increased the Company's ownership interest in Nanologix from 58% to 67%.

On September 28, 2004, the Company transferred 6,000,000 shares of Nanologix, Inc. common stock to a shareholder of Nutra Pharma, to discharge a $1,384,931 demand loan from such shareholder. After giving effect to this transfer, the Company owned a total of 4,444,224 shares or approximately 29% of the issued and outstanding common stock of Nanologix (which was 15,537,050 shares).

Subsequent to September 28, 2004, the Company owned a minority interest in Nanologix and accordingly, applied the equity method of accounting to its investment in Nanologix. The Company's share of Nanologix's earnings or losses is included in its statement of operations as a single amount. During the year ended December 31, 2004, Nanologix incurred a loss of $6,658,838. The Company's portion of the loss using the equity method of accounting of $1,664,710 exceeded the carrying value of the Company's investment, which was $853,540 at December 31, 2004, and as such, the $853,540 was charged to operations at December 31, 2004. This charge reduced the carrying value of the Company's investment in Nanologix to $0.

At December 31, 2005, the Company owned a total of 4,556,174 shares of the issued and outstanding common stock of Nanologix. The aggregate market value of the Company's 4,556,174 shares of Nanologix common stock, based on the trading price of Nanologix common stock as quoted on the pink sheets of $.08 per share at December 31, 2005, was $364,494.

On January 25, 2006, the Company and Nanologix entered into a definitive agreement pursuant to which Nanologix agreed to assign its ownership of 11 patents to the Company, which protect Nanologix' infectious disease diagnostic test kit technology. Nanologix also granted the Company a license to utilize 18 additional patents related to the diagnostic test kits. As consideration, the Company agreed to return 100% or 4,556,174 shares of common stock of Nanologix that it owned to Nanologix. In addition, the Company agreed to pay Nanologix a royalty of 6% of gross

sales of any products that are developed which utilize any of the 29 licensed patents. The Company also issued Nanologix a five-year option to purchase 1,000,000 of the Company's common stock at an exercise price of $.20.

4. ACQUISITION OF RECEPTOPHARM, INC.

On December 12, 2003, the Company entered into an acquisition agreement (the “Agreement”), whereby it agreed to acquire up to a 49.5% interest in ReceptoPharm, Inc. (“ReceptoPharm”), a privately held biopharmaceutical company based in Ft. Lauderdale, Florida. ReceptoPharm is a development stage company engaged in the research and development of proprietary therapeutic proteins for the treatment of several chronic viral, autoimmune and neuro-degenerative diseases.

Pursuant to the Agreement, the Company is acquiring its interest in ReceptoPharm’s common equity for $2,000,000 in cash, which equates to a purchase price of $.45 per share. ReceptoPharm intends to use such funds to further research and development, which could significantly impact future results of operations.

At December 31, 2005, the Company had funded a total of $1,860,000 to ReceptoPharm under the Agreement, which equated to a 37% ownership interest in ReceptoPharm. In February 2006, the Company funded an additional $140,000 to ReceptoPharm, thereby completing the $2,000,000 investment. As of March 31, 2007, the Company owns 4,444,445 shares or 38% of the issued and outstanding common equity of ReceptoPharm. As of March 31, 2007, the Company had loaned $975,000 to ReceptoPharm for working capital purposes.

For accounting purposes, the Company is treating its capital investment in ReceptoPharm as a vehicle for research and development. Because the Company is solely providing financial support to further the research and development of ReceptoPharm, such amounts are being charged to expense as incurred by ReceptoPharm. ReceptoPharm presently has no ability to fund these activities and is dependent on the Company to fund its operations. In these circumstances, ReceptoPharm is considered a variable interest entity and has been consolidated. The creditors of ReceptoPharm do not have recourse to the general credit of the Company.

5. DUE TO OFFICERS

During the three months ended March 31, 2007, the Company borrowed an additional $312,000 from its President, Rik Deitsch, increasing the total amount owed under to Mr. Deitsch to $1,478,991 at March 31, 2007. This demand loan is unsecured and bears interest at a rate of 4.0%. Included in the amount owed to Mr. Deitsch is $53,616 of accrued interest.

At March 31, 2007, the balance of demand loans owed to the officers of ReceptoPharm was $129,790. These demand loans are unsecured and bear interest at a rate of 4.25%.

6. STOCK OPTIONS

Nanologix Inc.

On January 25, 2006, the Company and Nanologix entered into a definitive agreement pursuant to which Nanologix agreed to assign its ownership of 11 patents to the Company which protect Nanologix' infectious disease diagnostic test kit technology (See Note 3.) In connection with this agreement, the Company also issued Nanologix a five-year option to purchase 1,000,000 of the Company's common stock at an exercise price of $.20. This option vested immediately on January 25, 2006, the date of the grant.

The Company recorded stock based compensation expense of $210,000 to reflect the fair value of the option grant. The fair value of the option grant was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected volatility 125%; risk-free interest rate of 4.0%; expected life of 5 years; and no expected dividends.

Doherty & Company, LLC

On June 1, 2005, the Company retained Doherty & Company, LLC ("Doherty & Company"), to provide the services of Michael Doherty as Executive Chairman of the Company. Concurrently, the Company also retained Doherty & Company to act as the Company's agent in connection with prospective private capital-raising activities.

The Company granted a five-year option to purchase Thirteen Million Six Hundred Thousand (13,600,000) shares of the Company's common stock at an exercise price equal to $0.27 per share, vesting over a two-year period. The option expires on May 31, 2010. The initial vesting of 6,800,000 options was contingent on the Company, through the efforts of Mr. Doherty and Doherty & Company, raising at least $500,000 of additional equity, debt or equity linked financing prior to October 31, 2005. This contingency was not met, and as of December 31, 2005, none of the 13,600,000 options were vested.

On April 1, 2006, the Company and Mr. Doherty entered into a termination agreement whereby Mr. Doherty agreed to resign his position as Chairman of Board of the Company. Upon the effectiveness of the termination agreement on April 1, 2006, the Company issued a five-year option to Mr. Doherty to purchase 2,000,000 shares of common stock at an exercise price of $.27 per share. The option vested immediately on the date of grant. The Company recorded stock based compensation expense of $260,000 to reflect the fair value of the option grant. The fair value of the option grant was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected volatility 127%; risk-free interest rate of 4.8%; expected life of 5 years; and no expected dividends.

A summary of stock options is as follows:

	Number of shares	Weighted average exercise price	Weighted average fair value
Balance December 31, 2006	3,000,000	$ 0.25	$ 0.16
Issued	-	-	-
Forfeited	-	-	-
Balance March 31, 2007	3,000,000	$ 0.25	$ 0.16

The following table summarizes information about fixed-price stock options**:**

Exercise Prices	Weighted Average Number Outstanding	Weighted Average Contractual Life	Weighted-Average Exercise Price
$.20	1,000,000	3.8 years	$.20
$.27	2,000,000	1.0 years	$.27
	3,000,000		

All options are vested and exercisable.

7. CONTINGENCIES

On April 4, 2005, a Motion to Enforce Settlement Agreement was filed against the Company in the Circuit Court of Broward County Florida by Bio Therapeutics, Inc. f/k/a Phylomed Corp. in Nutra Pharma Corp. v. Bio Therapeutics, Inc. (17th Judicial Circuit, Case No. 03-008928 (03). This proceeding results from the Company's alleged breach of a settlement agreement that was entered into between Bio Therapeutics and the Company in resolution of a previous lawsuit between the Company and Bio Therapeutics that was resolved by entering into a Settlement Agreement. The Company also entered into a related License Agreement and Amendment to the License Agreement ("License Agreement") with Bio Therapeutics. In the April 4, 2005 motion, Bio Therapeutics alleges that the Company breached certain provisions of the License Agreement and requests that the Court grant its motion to enforce the Settlement Agreement by declaring the License Agreement terminated, enjoining the Company from further use of license products that was granted to the Company by the License Agreement, and awarding attorneys' fees and costs to Bio Therapeutics.

The Company intends to defend against this action. The Company does not believe that this action will have a material effect upon its operations, and if the license agreement is terminated does not believe there will be a material negative impact on the Company.

8. SUBSEQUENT EVENT

From April 1 through May 16, 2007, the Company's president advanced an additional $27,000 to the Company for working capital.

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

Forward-Looking Statements

The following discussion and analysis contains forward-looking statements and should be read in conjunction with our financial statements and related notes. For purposes of this Plan of Operations, Nutra Pharma Corp. is referred to herein as "we," "us," or "our." This discussion and analysis contains forward-looking statements based on our current expectations, assumptions, and estimates. The words or phrases "believe," "expect," "may," "should," "anticipates" or similar expressions are intended to identify "forward-looking statements". Actual results could differ materially from those projected in the forward-looking statements as a result of the following risks and uncertainties, including: (a) we have experienced recurring net losses and a working capital deficiency, which raises substantial doubt about our ability to continue as a going concern; (b) our history of losses makes it difficult to evaluate our current and future business and our future financial results; (c) our continued operations are dependent upon obtaining equity or other financing; should we be unable to obtain such financing, we will be unable to continue our operations; (d) our inability to retain and attract key personnel could adversely affect our business; (e) we are subject to substantial Federal Drug Administration and other regulations and related costs which may adversely affect our operations; (f) a market for our potential products may never develop; (g) if we fail to adequately protect our patents, we may be unable to proceed with development of potential drug products; (h) we are dependent upon patents, licenses and other proprietary rights from third parties; should we lose such rights our operations will be negatively affected; (i) because our competitors have superior financial and technical resources, we may be unable to compete against our competitors in the medical device and biopharmaceutical markets; (j) issuance of a substantial amount of shares of our common stock to consultants, for acquisitions and in connection with sales of our common stock for capital raising purposes, has and may in the future have a dilutive effect on the value of our common stock; (k) our Plan of Operations has been substantially delayed due to lack of financing; (l) should we lose the services of our Chief Executive Officer, Rik Deitsch, our operations will be negatively impacted; and (m) we have entered into acquisition agreements which were later rescinded, which has delayed and otherwise negatively affected our operations

Pending adequate financing, we plan on spending total estimated expenses of $500,000 for the next 12 months, which will include: (a) $380,000 pertaining directly to our own operations and (b) $120,000 pertaining to funding Designer Diagnostics' operations.

EXPENSES PERTAINING TO OUR OPERATIONS

Type Expenditure	Total Expenditure	Monthly Expenditure
Salaries*	$ 175,000	$ 14,583
Travel related expenses for our Chief Executive Officer pertaining to research and due diligence	$ 40,000	$ 3,333
Professional Fees -Legal and Accounting	$ 165,000	$ 13,750
Total	$ 380,000	$ 31,666

* Salaries include the following: (a) Chief Executive Officer - $130,000; and (b) Administrative Assistant - $45,000

FUNDING OF DESIGNER DIAGNOSTICS, INC.

Type Expenditure	Total Expenditure	Monthly Expenditure

Operating Expenses		
(Rent, supplies, utilities)	$ 50,000	$ 4,167
Salaries (President)	$ 70,000	$ 5,833
Total:	$ 120,000	$ 10,000

OUR PLAN OF OPERATIONS TO DATE:

To date, we have accomplished the following in our Plan of Operations:

In approximately October 2005, we completed pre-clinical studies with various companies that ReceptoPharm has agreements with pertaining to ReceptoPharm's Multiple Scherosis (MS) and HIV drugs, which consist of (a) and (b) below:

(a) MS Drug under Development (RPI-78M) - ReceptoPharm conducted microarray and histoculture studies and related analysis of the cells of Multiple Sclerosis patients to ascertain how RPI-78M affected the cells of these patients. Microarray analysis is the study of the gene expression of cells. Histoculture is the study of the entire cellular environment. We measured the effect of RPI-78M on gene expression using cDNA microarray technology to identify any potentially unique changes in gene expression that may be caused by RPI-78M. After statistical evaluation of the data, the researchers found more than sixty genes with significant changes in expression as compared to the control. In analyzing the affected genes, at least thirty of them may have a specific role in the progression of the disease and symptoms of MS; and

(b) HIV Drug under Development (RPI-MN) - Viral isolates are common mutations of HIV. ReceptoPharm, through an agreement with the University of California, San Diego, conducted research to study the effect of ReceptoPharm's drug under development on different viral isolates to determine the drug's efficacy in mutated forms of the HIV virus. The ability of the HIV virus to establish resistance to therapeutic drugs through genetic mutation is a major concern in the treatment of HIV/AIDS. HIV does not always make perfect copies of itself. With billions of viruses being made every day, lots of small, random differences can occur. The differences are called mutations and these mutations can prevent drugs from working effectively. When a drug no longer works against HIV, this is called drug resistance and the virus with the mutation is considered to be 'resistant' to the drug. With the increasing number of drug-resistant patients, it is of great importance in the development of new HIV/AIDS therapeutics that they will be effective against HIV of known resistance characteristics. The inhibition of multi-resistant HIV-1 strains by RPI-MN preparations was investigated at the La Jolla Institute of Molecular Medicine. The results from these trials indicate that the drug is effective against drug-resistant strains of HIV.

- On January 24, 2006, we obtained NanoLogix's intellectual property pertaining to the manufacture of test kits for the rapid isolation, detection and antibiotic sensitivity testing of certain microbacteria, which includes reassignment to us of 11 key patents protecting the diagnostics test kit technology and NanoLogix licensing to us the remaining 18 patents that protect the diagnostics test kit technology.

- In February 2006, we completed the initial funding of ReceptoPharm in the amount of $2,000,000.

- In January 2006, we established Designer Diagnostics to sell NonTuberculois Mycobacterium test kits.

- Designer Diagnostics held a Continuing Medical Education Seminar at the Mahatma Gandhi Institute in India on March 24, 2006 during the World Stop TB Day. At that meeting, Designer Diagnostics officially began marketing their test kits for the rapid isolation, detection and antibiotic-sensitivity testing of microbacteria. In March 2006, we made our first sales of Designer Diagnostics' test kits.

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- In May of 2006, ReceptoPharm received approval from the Medicines Health and Regulatory Agency (MHRA) for its application of human clinical trials for the treatment of Adrenomyeloneuropathy (AMN). The MHRA is the medical regulatory agency within the British Department of Health.

- From March and April of 2006, ReceptoPharm published two clinical trials on the use of their technology for the treatment of pain.

- In June of 2006, ReceptoPharm published the results of their EAE rat model of MS, which showed that their drug, RPI-78M, had promising results in an accepted animal model of the disease.

- In October of 2006, ReceptoPharm received Ethics Committee approval in the United Kingdom to begin its Phase IIb human clinical trial for the treatment of AMN. This approval allows for the late Phase II/early Phase III (Iib/IIIa) trial to begin.

- From November 29, 2006 to December 2, 2006, ReceptoPharm presented their analgesic research on RPI-78M at the International Conference on Neurotoxins (ICoN) in Hollywood, Florida.

- In January of 2007 we completed a series of microarray studies with various companies that ReceptoPharm has agreements with pertaining to ReceptoPharm's anti-viral drug. The microarray studies indicated that the exposure of healthy immune T-cells to our antiviral drugs activates the primary immune mechanisms. The expression of one such immune trigger, interferon gamma, is increased by as much as 20 times, acting as an effective antiviral agent, but without the significant negative clinical side effects of other interferon-based therapies. This may explain the broad antiviral activity observed with these types of agents. Based upon this data, these products could conceivably be used to substitute for the flu shot in winter or protect against other contagious viral diseases when vaccines are not readily available.

- In January of 2007 Designer Diagnostics received positive results from its in-vitro analysis of its Tuberculosis (TB) test kit. Normal culturing methods can take as long as 10 weeks to produce results, where Designer Diagnostics test kits have shown similar results within 10 days.

- In January of 2007, ReceptoPharm began its Phase IIb human clinical trial for the treatment of AMN.

- In February of 2007, ReceptoPharm expanded their antiviral clinical research into Mexico and Peru where RPI-MN was used in early clinical studies. ReceptoPharm seeks to conduct two Phase II antiviral trials during n the 2nd and 3rd quarters of 2007, each with a

primary duration of 3-4 months.

- In March of 2007, Designer Diagnostics engaged the U.S. Commercial Service to help build international sales of its diagnostic test kits.

- On March 7, 2007, ReceptoPharm's signed a letter of intent to create a Joint Venture with Nanogene Biotechnology, a Chinese biotech company. The proposed joint venture will develop the antiviral drug, RPI-MN, for the Chinese market.

- In March of 2007, ReceptoPharm published an article in the Critical Reviews in Immunology special conference issue. The article, entitled "Alpha-Cobratoxin" discussed Alpha-Cobratoxin as a possible therapy for Multiple Sclerosis reviews the literature leading to the development for this application and discusses the background and reasoning behind ReceptoPharm's research on its treatment for Multiple Sclerosis (MS).

- On March 27, 2007, we completed our first licensing payment on behalf of Designer Diagnostics to NanoLogix for the patents protecting Designer Diagnostics' test kits.

- On April 11, 2007, ReceptoPharm filed a patent for method of treating autoimmune diseases, including MS and Rheumatoid Arthritis.

- On May 2, 2007, Designer Diagnostics announced that it will conduct clinical trials for their Tuberculosis and NonTuberculois Mycobacterium diagnostic test kits at the National Jewish Medical and Research Center in Denver, Colorado.

OUR TWELVE-MONTH PLAN OF OPERATIONS PENDING ADEQUATE FINANCING

We intend to accomplish the following regarding our Plan of Operations over the next twelve months.

Designer Diagnostics, Inc.

Designer Diagnostics' NTM Test Kits are now being marketed and will continue to be marketed to a global audience, including:

- Hospitals;

- Pharmaceutical companies;

- Biotechnology companies;

- Medical device distributors; and

- Governmental organizations.

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Over the next twelve months, Designer Diagnostics will attempt to distribute the test kits to the above companies and organizations. Our first sales occurred during our second quarter of 2006. When and if sales of the test kits exceed our operating budget, we will use the test kit proceeds to fund drug research and clinical studies in the area of MS and HIV.

Third-party researchers are currently validating Designer Diagnostics' TB Test Kit and we anticipate research completion by the end of our third quarter of 2007. Designer Diagnostics has a distribution agreement in principle with Svizera Pharmaceuticals in India, providing for the distribution of these test kits. The agreement is contingent upon a thirty-day test of the TB Test Kits and required validation. Svizera is the exclusive supplier of current TB diagnostic kits to the World Health Organization, and supplied over 15 million of those kits to the World Health Organization in 2005.

Designer Diagnostics' President will attempt to develop a distribution network and actively market the test kits to supply administrators of companies and/or governmental organizations in the following areas: hospitals; pharmaceutical; biotechnology; medical device distributors. Designer Diagnostics will also attempt to acquire other medical diagnostic products to develop that same distribution market. Designer Diagnostic's President will also seek license agreements to develop revenue streams consisting of drug discovery, drug development, and new medical device technologies.

ReceptoPharm

Clinical Studies

In January of 2007 ReceptoPharm began their clinical study in Adrenomyeloneuropathy ("AMN").

AMN is a genetic disorder that affects the central nervous system. The disease causes neurological disability that is slowly progressive over several decades. Throughout our twelve month Plan of Operations and for 3 months thereafter, ReceptoPharm plans to conduct clinical studies of its Adrenomyeloneuropathy (AMN) drug, which is currently under development. ReceptoPharm has an agreement with the Charles Dent Metabolic Unit located in London, England to conduct a clinical study that provides for:

- Recruitment of 20 patients with AMN;
- Administering ReceptoPharm's AMN drug under development; and
- Monitoring patients throughout a 15-month protocol.

The clinical study is classified as a Phase IIb/IIIa study and is the final step required for regulatory approval of the drug.

In the areas of HIV and MS, ReceptoPharm plans to complete preclinical studies of its MS drug under development over the next 12 months. These include toxicology studies as well as pharmacokinetic studies required for regulatory approval. ReceptoPharm also plans to conduct clinical studies of its HIV and MS drugs under development. These "Phase II" studies will either prove or disprove the preliminary efficacy of ReceptoPharms's HIV/MS drugs under development. ReceptoPharm is in the process of attempting to secure agreements with third parties to conduct such clinical studies.

Acquisition of ReceptoPharm

In June of 2006, we signed a Letter of Intent with ReceptoPharm to fully acquire ReceptoPharm. We currently own 38.1% of ReceptoPharm. To complete the acquisition of ReceptoPharm we would be required to purchase the remaining 61.9%.

Liquidity and Capital Resources

Our independent registered public accounting firm has issued a going concern opinion on our audited financial statements for the fiscal year ended December 31, 2006 since we have experienced recurring net losses and at December 31, 2006, a working capital deficiency. Further, as stated in Note 1 to our consolidated financial statements for the year ended December 31, 2006, we have experienced significant losses from operations totaling $2,431,178 and $5,152,154 for the years ended December 31, 2006 and 2005, respectively and an accumulated deficit of $19,944,143 for the period from our inception to December 31, 2006. We had a working capital and stockholders' deficit at December 31, 2006 of $1,862,888. For the twelve months ended December 31, 2006, we incurred a net loss of $2,431,178. Further, for the three months ended March 31, 2007, we incurred a net loss of $376,161. At March 31, 2007, we had negative working capital of $2,300,189 and an accumulated deficit of $20,320,304. Our operations have been largely reliant upon receiving loans from our Chief Executive Officer. At March 31, 2007, we were indebted to our Chief Executive Officer in the amount of $1,478,991, the funds of which have enabled us to continue our operations. Our ability to continue as a going concern is contingent upon our ability to secure additional financing, increase ownership equity, and attain profitable operations. In addition, our ability to continue as a going concern must be considered in light of the problems, expenses and complications frequently encountered in established markets and the competitive environment in which we operate.

We have estimated expenses of $500,000 pertaining to our twelve month Plan of Operations or $41,666 of monthly expenditures. Based upon our current cash at March 31, 2007 of $11,447, we have funds sufficient to conduct our operations for less than one month.

We will attempt to satisfy our estimated cash requirements for our twelve month Plan of Operations through the sale of Designer Diagnostics' test kits; however, if sales do not achieve adequate levels to provide for our operations, we will be have to raise additional capital through divestiture of assets, a private placement of our equity securities or, if necessary, possibly through shareholder loans or traditional bank financing or a debt offering; however, because we are a development stage company with a limited operating history and a poor financial condition, we may be unsuccessful in obtaining shareholder loans, conducting a private placement of equity or debt securities, or in obtaining bank financing. In addition, if we only have nominal funds by which to conduct our operations, we may have to curtail our research and development activities, which will negatively impact development of our possible products.

We have no alternative Plan of Operations. In the event that we do not obtain adequate financing to complete our Plan of Operations or if we do not adequately implement an alternative plan of operations that enables us to conduct operations without having received adequate financing, we may have to liquidate our business and undertake any or all of the following actions:

- Sell or dispose of our assets, if any;
- Pay our liabilities in order of priority, if we have available cash to pay such liabilities;
- If any cash remains after we satisfy amounts due to our creditors, distribute any remaining cash to our shareholders in an amount equal to the net market value of our net assets;

- File a Certificate of Dissolution with the State of California to dissolve our corporation and close our business;

- Make the appropriate filings with the Securities and Exchange Commission so that we will no longer be required to file periodic and other required reports with the Securities and Exchange Commission, if, in fact, we are a reporting company at that time; and

- Make the appropriate filings with the National Association of Security Dealers to effect a delisting of our common stock, if, in fact, our common stock is trading on the Over-the-Counter Bulletin Board at that time.

Based upon our current assets, however, we will not have the ability to distribute any cash to our shareholders. If we have any liabilities that we are unable to satisfy and we qualify for protection under the U.S. Bankruptcy Code, we may voluntarily file for reorganization under Chapter 11 or liquidation under Chapter 7. Our creditors may also file a Chapter 7 or Chapter 11 bankruptcy action against us. If our creditors or we file for Chapter 7 or Chapter 11 bankruptcy, our creditors will take priority over our shareholders. If we fail to file for bankruptcy under Chapter 7 or Chapter 11 and we have creditors, such creditors may institute proceedings against us seeking forfeiture of our assets, if any.

We do not know and cannot determine which, if any, of these actions we will be forced to take. If any of these foregoing events occur, you could lose your entire investment in our shares.

Item 3. Controls and procedures

As required by Rule 13a-15 under the Securities Exchange Act of 1934, we carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures. This evaluation was carried out under the supervision and with the participation of our Chief Executive Officer who also acted as our Principal Financial and Accounting Officer. Following this inspection, these officers concluded that the Company's disclosure controls and procedures are effective as of March 31, 2007, the end of the period covered by this report. There have been no changes in our internal controls or in other factors, which have materially affected, or are reasonably likely to materially affect, internal controls subsequent to the date we carried out the evaluation.

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

There have been no changes to our internal control over financial reporting during the past quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

There are no legal proceedings that occurred during the quarter ending March 31, 2007 that are reportable nor are there any material developments pertaining to the legal proceeding previously reported in our Form 10-KSB for the year ending December 31, 2006.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

There were no securities issuances during the quarter ending March 31, 2007.

Item 3. Defaults Upon Senior Securities

None

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

None

Item 5. Other Information

As reported in our Form 8-K filed with the Securities and Exchange Commission on May 9, 2007, Dr. Tanvir Khandaker resigned as our director. Dr. Khandaker resigned as our Director to devote his time to other business interests. Dr. Khandaker's resignation was not due to any disagreement with our operations, policies or practices.

Item 6. Exhibits

Exhibit No.	Title
31.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

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

Dated: May 21, 2007

NUTRA PHARMA CORP.
Registrant

/s/ Rik J. Deitsch
Rik J. Deitsch
Chief Executive Officer and Chief
Financial Officer