

NUTRACEA
Form 424B3
May 16, 2007

PROSPECTUS SUPPLEMENT
Dated May 16, 2007

Filed Pursuant to Rule 424(b)(3)
Registration No. 333-141744

PROSPECTUS SUPPLEMENT
DATED MAY 16, 2007
TO PROSPECTUS DATED
MAY 16, 2007 OF

NUTRACEA

32,050,000 SHARES
COMMON STOCK

This prospectus supplement includes financial and other information derived from NutraCea's quarterly report on Form 10-Q for the quarter ended March 31, 2007 which was previously filed with the Securities and Exchange Commission. This prospectus supplement, together with the prospectus listed above, is to be used by certain holders of the above-referenced securities or by their transferees, pledgees, donees or their successors in connection with the offer and sale of the above referenced securities. This prospectus supplement should be read in conjunction with the prospectus dated May 26, 2007, which is to be delivered with this prospectus supplement. All capitalized terms used but not defined in the prospectus supplement shall have the meanings given them in the prospectus.

FORWARD LOOKING STATEMENTS

This prospectus supplement contains forward-looking statements that involve substantial risks and uncertainties. These statements may generally be identified by the use of such words as "may," "could," "estimate," "continue," "expect," "anticipate," "believe," "intend," "plan," "will," or "shall." These forward-looking statements are based on current expectations and entail various risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of a number of factors, including those set forth below and in our annual report on Form 10-K for the year ended December 31, 2006. We disclaim any obligation to update any forward looking statements as a result of developments occurring after the date of this prospectus supplement.

The following information is added to the prospectus listed above:

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PART 1.**FINANCIAL INFORMATION****Item 1.****Financial Statements****NUTRACEA AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS**

	March 31, 2007 (Un-audited)	December 31, 2006
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 61,769,000	\$ 14,867,000
Marketable securities	368,000	368,000
Trade accounts receivable, net	3,214,000	7,093,000
Inventories	1,343,000	796,000
Notes receivable, net of discount, current portion	4,928,000	1,694,000
Deposits and other current assets	2,061,000	1,383,000
Total current assets	73,683,000	26,201,000
Notes receivable, net of current portion	648,000	682,000
Property and equipment, net	11,139,000	8,961,000
Patents, trademarks, and other intangible assets, net	5,021,000	5,097,000
Goodwill	32,314,000	32,314,000
Total assets	\$ 122,805,000	\$ 73,255,000
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,399,000	\$ 2,778,000
Deferred revenue	34,000	103,000
Total current liabilities	1,433,000	2,881,000
Commitments and contingencies:		
Convertible, series B preferred stock, no par value, \$1,000 stated value 20,000,000 shares authorized, 0 and 470 shares issued and outstanding	-	439,000
Convertible, series C preferred stock, no par value, \$1,000 stated value 25,000 shares authorized, 2 and 5,468 shares issued and outstanding	2,000	5,051,000
Shareholders' equity		
Common stock, no par value 200,000,000 shares authorized, 134,817,754 and 103,792,827 shares issued and outstanding in 2007 and 2006, respectively	170,844,000	114,111,000
Accumulated deficit	(49,552,000)	(49,305,000)
Accumulated other comprehensive income, unrealized gain on marketable securities	78,000	78,000

Total shareholders' equity	121,370,000	64,884,000
Total liabilities and shareholders' equity	\$ 122,805,000	\$ 73,255,000

The accompanying notes are an integral part of these consolidated condensed financial statements.

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NUTRACEA AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
(Un-audited)

	Quarters ended	
	March 31, 2007	March 31, 2006
Revenues		
Net product sales	\$ 1,987,000	\$ 3,773,000
Royalty	10,000	9,000
Total revenue	1,997,000	3,782,000
Cost of goods sold		
	1,113,000	2,100,000
Gross Margin	884,000	1,682,000
Operating expenses		
Research and development expenses	121,000	98,000
Selling, general and administrative expenses	2,313,000	1,535,000
Professional fees	459,000	308,000
Total operating expenses	2,893,000	1,941,000
Loss from operations	(2,009,000)	(259,000)
Other income (expense)		
Interest and other income	512,000	26,000
Gain on settlement	1,250,000	-
Net loss	\$ (247,000)	\$ (233,000)
Basic and diluted earnings per share:		
Basic loss per share	\$ 0.00	\$ (0.00)
Fully diluted loss per share	\$ 0.00	\$ (0.00)
Weighted average basic number of shares outstanding	111,959,000	67,119,000
Weighted average fully diluted number of shares outstanding	111,959,000	67,119,000

The accompanying notes are an integral part of these consolidated condensed financial statements.

NUTRACEA AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF COMPREHENSIVE LOSS
(Un-audited)

	Quarters ended	
	March 31, 2007	March 31, 2006
Net loss	\$ (247,000)	\$ (233,000)
Other comprehensive loss:		