NUTRA PHARMA CORP
Form 10-Q
August 19, 2009

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

FORM 10-Q

(Mark One)

x QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the quarterly period ended June 30, 2009

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

For the transition period from _____ to _____

Commission file numbers 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)

1537 NW 65th Avenue, Plantation, FL 33313
(Address of principal executive offices)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

Large accelerated filer ¨	Accelerated filer ¨
Non-accelerated filer ¨	Smaller reporting company x

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

The number of shares outstanding of the registrant's common stock, par value $0.001 per share, as of August 14, 2009 was 220,176,482.

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Forward Looking Statements

This Quarterly Report on Form 10-Q for the period ending June 30, 2009, most significantly our "Plan of Operations" section, contains forward-looking statements that involve risks and uncertainties, as well as assumptions that, if they never materialize or prove incorrect, could cause the results of Nutra Pharma Corp. (hereafter referred to as "we", "our" or "us") to differ materially from those expressed or implied by such forward-looking statements. The words or phrases "would be," "will allow, "intends to," "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," or similar expressions are intended to identify "forward-looking statements." We are subject to the following risks in connection with our business: (a) we have experienced recurring net losses and a working capital deficiency and our ability to continue as a going concern is dependent upon our ability to secure additional financing, 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 operational plans are dependent upon obtaining equity or other financing and/or generating sufficient revenues; (d) we are subject to substantial Federal Food and Drug Administration ("FDA") and other regulations which may increase our costs or otherwise adversely affect our operations; (e) a market for our potential products may never develop; (f) if we fail to adequately protect our patents, we may be unable to proceed with development of potential drug products; (g) we are dependent upon patents, licenses and other proprietary rights from third parties; should we lose such rights our operations will be negatively affected; (h) to date, we have not generated any significant revenues; (i) to date, none of our proposed products have received FDA approval; (j) should we continue to have insufficient funds to conduct our operations, development of our possible products will be negatively impacted; (k) we may be unable to compete against our competitors in the medical device and biopharmaceutical markets since our competitors have superior financial and technical resources than we do; and (l) we completed our acquisition of ReceptoPharm as our wholly owned subsidiary in April 2008; our operations and financial condition will be negatively affected if we fail to efficiently manage their operations and their expansion plans pending adequate financing.

All statements other than statements of historical fact, are statements that could be deemed forward-looking statements, including: (a) any projections of revenue, gross margin, expenses, earnings or losses from operations, synergies or other financial items; (b) any statements of the plans, strategies and objectives of management for future operations; and (c) any statement concerning developments, plans, or performance. Unless otherwise required by applicable law, we do not undertake and we specifically disclaim any obligation to update any forward-looking statements to reflect occurrences, developments, unanticipated events or circumstances after the date of such statement.

Part I. Financial Information

Item 1. Financial Statements

NUTRA PHARMA CORP.
(A Development Stage Company)
Consolidated Balance Sheets

	December 31, 2008	June 30, 2009 (Unaudited)
ASSETS		
Current assets:		
Cash	$ 50,910	$ -
Inventory	10,770	10,770
Prepaid expenses	27,468	10,149

Total current assets		89,148		20,919
Property and equipment, net		9,941		9,164
Other assets		8,133		8,803
TOTAL ASSETS	$	107,222	$	38,886
LIABILITIES AND STOCKHOLDERS' DEFICIT				
Current liabilities:				
Accounts payable	$	156,399	$	240,029
Accrued expenses		849,856		946,857
Due to officers		1,557,301		1,851,432
Other loans payable		100,000		140,000
Total current liabilities		2,663,556		3,178,318
Stockholders' deficit:				
Common stock, $0.001 par value, 2,000,000,000 shares authorized; 211,276,482 and 220,176,482 shares issued and outstanding, respectively		211,277		220,177
Additional paid-in capital		21,503,591		21,744,691
(Deficit) accumulated during the development stage		(24,271,202)		(25,104,300)
Total stockholders' deficit		(2,556,334)		(3,139,432)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$	107,222	$	38,886

See the accompanying notes to the financial statements.

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

	Three Months Ended June 30,		Six Months Ended June 30,		For the Period From February 1, 2000 (Inception) Through June 30,
	2008	2009	2008	2009	2009
Sales	$ -	$ 8,398	$ -	$ 26,628	$ 50,873
Cost of sales	-	3,000	-	3,260	7,789
Gross profit	-	5,398	-	23,368	43,084
Costs and expenses:					
General and administrative	342,233	294,463	519,517	571,805	8,724,990
Research and development	-	10,155	-	35,375	1,775,612
General and administrative - stock based compensation	-	195,000	425,000	215,000	7,644,657
Write-off of advances to potential acquiree	-	-	-	-	629,000
Finance costs	-	-	-	-	786,000
Interest expense	14,302	17,965	29,991	34,286	487,900
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
Net gain from deconsolidation of Receptopharm	-	-	-	-	(1,081,095)
Write-off of goodwill	-	-	-	-	2,397,749
Total costs and expenses	356,535	517,583	974,508	856,466	25,147,384
Net loss	$ (356,535)	$ (512,185)	$ (974,508)	$ (833,098)	$ (25,104,300)
Per share information - basic and diluted:					
Loss per common share	$ (0.00)	$ (0.00)	$ (0.01)	$ (0.00)	
	184,221,396	215,518,240	135,769,858	213,409,079	

Weighted average common
shares outstanding

See the accompanying notes to the financial statements.

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

	Six months ended June 30,		For the Period From February 1, 2000 (Inception) Through June 30,
	2008	2009	2009
Net cash (used in) operating activities	$ (490,843)	$ (445,440)	$ (7,109,646)
Cash flows from investing activities:			
Cash reduction due to deconsolidation of Infectech	-	-	(2,997)
Cash reduction due to deconsolidation of Receptopharm	-	-	(1,754)
Cash acquired in acquisition of Infectech	-	-	3,004
Cash acquired in acquisition of Receptopharm	40,444	-	40,444
Acquisition of property and equipment	-	-	(96,029)
Loan to Receptopharm	(300,000)	-	(300,000)
Investments carried at cost	-	-	(235,000)
Net cash (used in) investing activities	(259,556)	-	(592,332)
Cash flows from financing activities:			
Common stock issued for cash	461,000	35,000	3,643,000
Proceeds from convertible loans	-	-	304,750
Proceeds from notes payable	-	40,000	140,000
Repayment of stockholder loans	-	-	(108,750)
Loans from stockholders	210,000	319,530	3,722,978
Net cash provided by financing activities	671,000	394,530	7,701,978
Net (decrease) in cash	(79,399)	(50,910)	-
Cash - beginning of period	122,810	50,910	-
Cash - end of period	$ 43,411	$ -	$ -
Supplemental Cash Flow Information:			
Cash paid for interest	$ -	$ -	$ -
Cash paid for income taxes	$ -	$ -	$ -
Non-cash investing and financing activities:			
Assumption of obligation under license agreement	$ -	$ -	$ 1,750,000
Value of shares issued as consideration in acquisition of Nutra Pharma, Inc.	$ -	$ -	$ 112,500
Payments of license fee obligation by stockholder	$ -	$ -	$ 208,550
Conversion of stockholder loan to common stock	$ -	$ -	$ 862,012
Loan advances to Bio Therapeutics, Inc. by stockholder	$ -	$ -	$ 629,000
	$ -	$ -	$ 4,486,375

Value of common stock issued as consideration in acquisition of Infectech, Inc.			
Liabilities assumed in acquisition of Infectech, Inc.			$ 115,586
Cancellation of common stock	$ -	$ -	$ 14,806
Value of common stock issued by stockholder to third party in connection with settlement	$ -	$ -	$ 229,500
Value of common stock issued by stockholder to employee for services rendered	$ -	$ -	$ 75,000
Net deferred taxes recorded in connection with acquisition	$ -	$ -	$ 967,586
Notes payable settled with common stock	$ -	$ -	$ 98,000
Settlement of stockholder loan in exchange for common stock of subsidiary	$ -	$ -	$ 1,384,931
Settment of debt with common stock	$ 1,200,000	$ -	$ 1,406,750
Expenses paid by stockhoder	$ -	$ -	$ 119,140
Value of common stock issued for the acquisition of Receptopharm	$ -	$ -	$ 1,050,000

See the accompanying notes to the financial statements.

Nutra Pharma Corp.
Notes to Consolidated Unaudited Financial Statements
June 30, 2009

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 Rule 8.03 of Regulation SX. 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, 2008 and 2007, and for the years then ended, including notes thereto included in the Company's Form 10-K.

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, Designer Diagnostics Inc. and ReceptoPharm Inc. (collectively, the "Company"). All intercompany balances and transactions have been eliminated in consolidation.

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.

Use of Estimates

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.

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. At June 30, 2009, the Company had negative working capital of $3,157,399 and an accumulated deficit of $25,104,300. In addition, the Company has no significant

revenue generating operations.

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.

Nutra Pharma Corp.
Notes to Consolidated Unaudited Financial Statements
June 30, 2009

2. BASIS OF REPORTING (continued)

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. DUE TO OFFICERS

During the six months ended June 30, 2009, the Company borrowed an additional $319,530 from its President, Rik Deitsch, increasing the total amount owed under to Mr. Deitsch to $1,604,448. This demand loan is unsecured and bears interest at a rate of 4.0%. Included in the amount owed to Mr. Deitsch is $184,264 of accrued interest.

4. STOCKHOLDERS' DEFICIT

From January 1 through June 30, 2009, the Company completed private placements of restricted shares of its common stock, whereby it sold an aggregate of 1,400,000 shares at a price per share of $0.025. The Company received proceeds of $35,000 in connection with the sale of these shares.

The Company also granted one (1) warrant for each share sold which gives the investor the right to purchase one (1) additional share until December 31, 2012 at an exercise price of $0.10 per share.

5. STOCK BASED COMPENSATION

On March 30, 2009, the Company authorized the issuance of 1,000,000 shares of its restricted common stock to two consultants for services rendered. These shares were valued at $0.02 per share and accordingly the Company recorded stock based compensation of $20,000. These shares were issued on April 1, 2009.

On June 4, 2009, the Company's Board of Directors authorized the issuance of 1,500,000 shares of its restricted common stock to a consultant in exchange for services rendered. These shares were valued at $0.03 per share which was the fair market value of the Company's common stock on the date of grant. The Company recorded stock based compensation of $45,000 in connection with the issuance of these shares.

On June 4, 2009, the Company issued 5,000,000 shares of its common stock to a consultant for services rendered. These shares were issued pursuant to an effective registration statement on Form S-8 and were not subject to a vesting period. The fair market value of the shares on the date of grant was $0.03 and accordingly the Company recorded stock based compensation of $150,000.

6. STOCK OPTIONS

A summary of stock options and warrants is as follows:

	Number of shares	Weighted average exercise price	Weighted average fair value

Balance December 31, 2008	21,440,000	$ 0.12	$ 0.00
Exercised	-	-	-
Issued	1,400,000	0.10	0.00
Forfeited	-	-	-
Balance June 30, 2009	22,840,000	$ 0.12	$ 0.00

Nutra Pharma Corp.
Notes to Consolidated Unaudited Financial Statements
June 30, 2009

6. STOCK OPTIONS (continued)

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

Exercise Price	Weighted Average Number Outstanding	Weighted Average Contractual Life	Weighted Average Exercise Price
$0.10	19,840,000	4.35 years	$ .10
$0.20	1,000,000	1.50 years	.20
$0.27	2,000,000	1.75 years	$ .27
	22,840,000		

All options are vested and exercisable.

7. CONTINGENCIES

On August 18, 2006, ReceptoPharm, our wholly owned subsidiary as of April 2008, was named as a defendant in Patricia Meding, et. al. v. ReceptoPharm, Inc. f/k/a Receptogen, Inc., Index No.: 18247/06 (New York Supreme Court, Queens County). The original proceeding claimed that ReceptoPharm owed the Plaintiffs, including Patricia Meding, a former ReceptoPharm officer and shareholder and several corporations that she claims to own, the sum of $118,928.15 plus interest and counsel fees on a series promissory notes that were allegedly executed in 2001 and 2002. On August 23, 2007, the Queens County New York Supreme Court issued a decision denying Plaintiff's motion for summary judgment in lieu of a complaint, concluding that there were issues of fact concerning the enforceability of the promissory notes. On May 23, 2008, the Plaintiffs filed an amended complaint in which they reasserted their original claims and asserted new claims. The Plaintiffs amended complaint seeks damages of no less than $768,506 on their claims, and now alleges that in or about June 2004 ReceptoPharm breached its fiduciary duty to the Plaintiffs as shareholders of ReceptoPharm by wrongfully canceling certain of their purported ReceptoPharm share certificates. ReceptoPharm has filed an answer denying the material allegations of the amended complaint and has asserted a series of counterclaims against the Plaintiffs alleging claims for declaratory judgment, fraud, breach of fiduciary duty, conversion and unjust enrichment as a result of the promissory notes. Discovery in this matter has just started. We intend to vigorously contest this matter.

8. SUBSEQUENT EVENTS

On July 30, 2009, the Company completed a private placement of restricted shares of its common stock, whereby it sold 2,720,000 shares at a price per share of $0.025. The Company received proceeds of $68,000 in connection with the sale of these shares. The Company also granted one (1) warrant for each share sold which gives the investor the right to purchase one (1) additional share until December 31, 2012 at an exercise price of $0.10 per share.

On July 14, 2009, the Company's president Rik Deitsch loaned an additional $227,000 to the Company for working capital purposes. As a result of this additional loan and accrued interest, the Company owed Mr. Deitsch $1,837,512 as of July 31, 2009.

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Item 1A. Risk Factors

As a Smaller Reporting Company, we are not required to provide the information required by this item; however, our disclosure under Forward Looking Statements above on page 1 of this report contains various risks that we are subject to.

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

This section must be read in conjunction with our unaudited Financial Statements and accompanying notes included in Item 1 above.

Management's Discussion

Liquidity and Capital Resources

Our independent registered public accounting firm issued a going concern opinion on our audited financial statements for the fiscal year ended December 31, 2008. Our financial statements for the period ending June 30, 2009 are presented on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of our business. We have experienced recurring net losses and at June 30, 2009, we had an accumulated deficit of $25,104,300 and negative working capital of $3,157,399. Additionally, our operations have been largely reliant upon receiving loans from our Chief Executive Officer, Rik Deitsch. During the six months ended June 30, 2009, we borrowed an additional $319,530 from Mr. Deitsch, increasing the total amount owed to him to $1,604,448. Additionally, on July 14, 2009 (after this financial quarter ending June 30, 2009), we borrowed an additional $227,000 from Mr. Deitsch for working capital purposes and as of July 31, 2009 we owe Mr. Deitsch $1,837,512.

We have no significant revenue generating 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. Additionally, 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. Should we fail to secure adequate financing or establish a sufficient revenue base to sustain our operations, we may deplete our available funds and be unable to pay our obligations.

We have estimated expenses of $2,575,000 pertaining to our twelve month Plan of Operations or $214,583 of monthly expenditures. Based on our current cash position, we have insufficient funds to accomplish our operational objectives for even one month. Our ability to meet these expenses is dependent upon our ability to raise additional capital or our management loaning us sufficient funds to meet our expenses.

We will attempt to satisfy our estimated cash requirements for our twelve month Plan of Operations through the sale of Designer Diagnostics' test kits and revenue obtained from ReceptoPharm's clinical research services; however, if our revenues fail to achieve adequate levels to provide for our operations, we will have to raise additional capital through a 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 accomplishing any such financing. .

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 Financial Industry Regulatory Authority (FINRA) 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.

Results of Operations – Comparison of Three Month Periods Ending June 30, 2008 and June 30, 2009

Revenue for the three months ended June 30, 2009 was $8,398. We did not have any revenue in the three month period ended June 30, 2008. Our revenues are generated from the provision of clinical research services to independent third parties. These clinical research services are performed by our wholly owned subsidiary,

ReceptoPharm.

General and administrative expenses decreased $47,770 or 14% from $342,233 for the quarter ended June 30, 2008 to $294,463 for the quarter ended June 30, 2009. This decrease is due primarily to a reduction in our consulting expenses as well as that of our wholly owned subsidiary, ReceptoPharm.

We incurred a net loss of $512,185 during the three month period ending June 30, 2009 compared to a net loss of $356,535 for the comparable 2008 period. This $155,650 or 30% increase in net loss is primarily attributable to an increase in non-cash stock based compensation from $0 in the three month period ended June 30, 2008 to $195,000 in the three month period ended June 30, 2009.

Results of Operations – Comparison of Six Month Periods Ending June 30, 2008 and June 30, 2009

Revenue for the six months ended June 30, 2009 was $26,628. We did not have any revenue in the six month period ended June 30, 2008. Our revenues are generated from the provision of clinical research services to independent third parties. These clinical research services are performed by our wholly owned subsidiary, ReceptoPharm.

General and administrative expenses increased $52,288 or 10% from $519,517 for the six months ended June 30, 2008 to $571,805 for the six months ended June 30, 2009. This increase is due primarily to our consolidated results of operations for the six months ended June 30, 2008 only including ReceptoPharm's expenses from April 10, 2008 through June 30, 2008.

We incurred a net loss of $833,098 during the six month period ending June 30, 2009 compared to a net loss of $974,508 for the comparable 2008 period. This $141,410 or 15% decrease in net loss is primarily attributable to a decrease in non-cash stock based compensation from $425,000 during the six months ended June 30, 2008 to $215,000 during the six months ended June 30, 2009. In addition, our net loss for the six months ended June 30, 2008 only includes the net loss attributable to ReceptoPharm from April 10, 2008 to June 30, 2008.

Uncertainties and Trends

Our operations and possible revenues are dependent now and in the future upon the following factors:

- Whether we successfully develop and commercialize products from our research and development activities.
- If we fail to compete effectively in the intensely competitive biotechnology area, our operations and market position will be negatively impacted.
- If we fail to successfully execute our planned partnering and out-licensing of products or technologies, our future performance will be adversely affected.
- The recent economic downturn and related credit and financial market crisis may adversely affect our ability to obtain financing, conduct our operations and realize opportunities to successfully bring our technologies to market.
- Biotechnology industry related litigation is substantial and may continue to rise, leading to greater costs and possible unpredictable litigation.
- If we fail to comply with extensive legal/regulatory requirements affecting the healthcare industry, we will face increased costs, and possibly penalties and business losses.

Off-Balance Sheet Arrangements

We have not entered into any transaction, agreement or other contractual arrangement with an entity unconsolidated with us under whom we have:

- an obligation under a guarantee contract;

- a retained or contingent interest in assets transferred to the unconsolidated entity or similar arrangement that serves as credit, liquidity or market risk support to such entity for such assets;

- any obligation, including a contingent obligation, under a contract that would be accounted for as a derivative instrument, or;

- any obligation, including a contingent obligation, arising out of a variable interest in an unconsolidated entity that is held by us and material to us where such entity provides financing, liquidity, market risk or credit risk support to, or engages in leasing, hedging or research and development services with us.

We do not have any off-balance sheet arrangements or commitments that have a current or future effect on its financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures, or capital resources that is material, other than those which may be disclosed in this Management's Discussion and Analysis of Financial Condition and the audited Consolidated Financial Statements and related notes.

PLAN OF OPERATIONS

Pending adequate financing, we plan on spending total estimated expenses of $2,575,000 for the next 12 months, which will include: (a) $380,000 pertaining directly to our operations; (b) $120,000 pertaining to the operations of our subsidiary, Designer Diagnostics and (c) $2,075,000 pertaining to the operations of our subsidiary, ReceptoPharm. Our Plan of Operations does not involve: (a) any expected purchase or sale of a plant or significant equipment; and/or (b) any expected significant changes in the number of our employees.

EXPENSES PERTAINING TO OUR OPERATIONS

Type of 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 RECEPTOPHARM, INC.

Type of Expenditure	Total Expenditure	Monthly Expenditure
Salaries	$ 350,000	$ 29,167
Clinical Trial expenses	1,045,000	87,083
R & D Expenses	394,000	32,833

Cost of raw materials and production	236,000	19,667
Operating Expenses (Rent, Supplies, Utilities, etc..)	50,000	4,167
Total	$ 2,075,000	$ 172,917

FUNDING OF DESIGNER DIAGNOSTICS, INC.

Type of 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 Sclerosis (MS) and HIV drugs, which consist of (a) and (b) below:

- 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

- 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, and 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.

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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.

- 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 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 Nan gene 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).

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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.

- During April 2007, ReceptoPharm completed its initial discussions with Zhong Xin Dong Tai Co., Ltd ("Nanogene Biotechnology") to develop RPI-MN for the China market. RPI-MN is ReceptoPharm's drug candidate being researched for the treatment of HIV/AIDS and other viral disorders. According to a signed Memorandum of Understand between ReceptoPharm and Nanogene Biotechnology. ReceptoPharm will need to confirm safety and efficacy of RPI_MN by completing pre-clinical studies at Soochow University located in China. Nanogene Biotechnology will provide the drug raw material and ReceptoPharm will modify the products and provide the proper study protocols. Upon successful completion of the pre-clinical studies, ReceptoPharm and Nanogene Biotechnology will proceed with clinical trials aimed at gaining full regulatory approval in China.

- On May 2, 2007, Designer Diagnostics announced that it would conduct clinical trials for their Tuberculosis and NonTuberculois Mycobacterium diagnostic test kits at the National Jewish Medical and Research Center in Denver, Colorado. The purpose of the clinical trials are to validate the efficacy of the test kits for use with Tuberculosis and Non-Tubernulosis Mycobacterium patients as well as for environmental testing. The clinical trials for Designer Diagnostics are the final step required by the FDA prior to applying for FDA regulatory approval of the test kits. The studies are ongoing with plans to complete testing throughout 2008.

- During May 2007, Designer Diagnostics completed the upgrade of its Tuberculosis diagnostic test kits enabling such the test kits to show more rapid and reliable results.

- During July 2007, ReceptoPharm successfully completed enrollment in its phase llb human clinical trial for the treatment of AMN.

- In August of 2007, ReceptoPharm successful results on the use of their technology for the treatment of pain. The latest data demonstrated that RPI-78 was as effective as morphine at blocking pain signals in that part of the brain that signals the presence of pain. It was also confirmed that the drug did not use an opioid mechanism. Moreover, the duration of RPI-78's effect was superior to morphine's.

- In November 2007, the Designer Diagnostics test kit technology was showcased at the 38th Union World Conference on Lung Health in South Africa. The test kits were used to isolate NTM from clinical samples of 300 AIDS patients and for the first time ever on the Indian subcontinent, M. Wolinskyi was successfully isolated in clinical samples. In addition, these test kits were also used for the first time to isolate NTM from soil and water samples collected from the environment of patients with NTM disease.

- In November 2007, Designer Diagnostics was featured in an article published in the International Journal of TB and Lung Diseases. The article, which was authored by leading NonTuberculous Mycobacterium (NTM) research scientist, Dr. Rahul Narang, covered Designer Diagnostics' paraffin culture technology to isolate NTM.

- In December 2007, ReceptoPharm successfully completed its six-month patient crossover in the Phase IIb/IIIa clinical trial for the treatment of Adrenomyeloneuropathy (AMN).

- On December 27, 2007 the Company expanded its licensing agreement with NanoLogix, Inc., to include intellectual property for the use of testing the environment for NonTuberculous Mycobacterium (NTM).

- In February 2008, Designer Diagnostics started marketing the first-ever environmental test kit for the detection of Nontuberculous Mycobacteria (NTM) in water and soil.

- On April 10, 2008, we completed the acquisition of ReceptoPharm through our purchase of their remaining 61.9% interest. ReceptoPharm is now our wholly owned subsidiary and will act as our Drug Discovery division.

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- During July 2008, ReceptoPharm successfully completed the Phase IIb/IIIIa clinical trial or its drug candidate for neurological and autoimmune disorders, RPI-78M as a treatment for AMN.

- During August 2008, ReceptoPharm renewed its collaborative agreement with the Centers for Disease Control and Prevention to study RPI-78M and RPI-MN for a possible therapy for Rabies.

- During August 2008, ReceptoPharm reported initial positive safety data from its Phase IIb/IIIIa clinical study of RPI-78M for treating AMN.

- During November 2008, we announced that ReceptoPharm will provide RPI-78M under compassionate release to patients previously enrolled in the Phase IIb/IIIa clinical study of AMN.

- During December 2008, we announced that ReceptoPharm has received an agreement from an Ireland based biotechnology firm, Celtic Biotech, Ltd, to provide GMP certified drug production of CB-24 for Celtic Biotech's upcoming European trial for the treatment of cancer

- In February 2009, ReceptoPharm filed a patent application with the United States Patent and Trademark Office for the use of RPI-78 as a novel method for treating arthritis in humans.

- In February 2009, ReceptoPharm, in collaboration with Soochow University in China published positive data from its recent animal studies on the use of RPI-78 (Cobratoxin) as a method for treating arthritis.

- In March 2009, ReceptoPharm's clean room manufacturing and laboratory facility achieved ISO class 5 certification from Biotec, a UK-based firm specializing in European clinical drug import and distribution.

- During the quarter ending March 31, 2009, we began generating revenue from ReceptoPharm's clinical research services.

- A ReceptoPharm study published in Toxicon, which is the journal of the International Society of Toxinology, showed that ReceptoPharm's leading drug treatment for the treatment of pain, RPI-78, had pain reducing effects that lasted four times as long as morphine without the negative side effects associated with opioid-based pain relievers.

- In August 2009, ReceptoPharm filed a patent application with the United States Patent and Trademark Office for a new method of oral formulation of cobra venom aimed at treating pain.

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;
- Governmental organizations;

- Environmental testing facilities; and

- Government water and soil testing facilities at the local, state and federal levels.

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 with limited sales throughout 2007 and 2008. Our sales efforts during 2007, 2008 and thus far in 2009 have been inhibited by the necessity for FDA validation prior to active marketing in United States based markets. These markets include the CDC (Centers for Disease Control and Prevention) and the WHO (World Health Organization). Researchers at National Jewish Hospital in Denver, Colorado who are currently validating Designer Diagnostics' TB and NTM Test Kits. This research has been protracted due to budget restrictions at the hospital as well as our own limited funding. We currently anticipate the completion of this research and regulatory filing by the fourth quarter of 2009.

Additionally, the test kits are now utilized for environmental analysis for the presence of NTM in the water and/or soil. This allows investigators to easily find the source of contamination and may greatly reduce NTM infections and outbreaks. 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.

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 markets: 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 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 AMN drug. The study is underway and completed its patient recruitment process and is being conducted by 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 ReceptoPharm's' HIV/MS drugs under development. ReceptoPharm is in the process of attempting to secure agreements with third parties to conduct such

clinical studies.

We have estimated expenses of $2,575,000 pertaining to our twelve month Plan of Operations or $214,583 of monthly expenditures. Based on our current cash position, we do not have enough funds to accomplish our operational plan. Our ability to meet these expenses is dependent upon our ability to raise additional capital or our management loaning us sufficient funds to meet our expenses.

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.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not applicable

Item 4T. Controls and Procedures

As required by Rule 13a-15 under the Securities Exchange Act of 1934, as amended ("Exchange Act) we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures. This evaluation was carried out under the supervision of our Chief Executive Officer who is also our Principal Financial and Accounting Officer. Following this inspection, this officer concluded that our disclosure controls and procedures were effective as of June 30, 2009, 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 of the evaluation.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our 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 our reports filed under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer, who also acted as our Principal Financial Officer as appropriate, to allow timely decisions regarding required disclosure.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

On August 18, 2006, ReceptoPharm, our wholly owned subsidiary as of April 2008, was named as a defendant in Patricia Meding, et. al. v. ReceptoPharm, Inc. f/k/a Receptogen, Inc., Index No.: 18247/06 (New York Supreme Court, Queens County). The original proceeding claimed that ReceptoPharm owed the Plaintiffs, including Patricia Meding, a former ReceptoPharm officer and shareholder and several corporations that she claims to own, the sum of $118,928.15 plus interest and counsel fees on a series promissory notes that were allegedly executed in 2001 and 2002. On August 23, 2007, the Queens County New York Supreme Court issued a decision denying Plaintiff's motion for summary judgment in lieu of a complaint, concluding that there were issues of fact concerning the enforceability of the promissory notes. On May 23, 2008, the Plaintiffs filed an amended complaint in which they reasserted their original claims and asserted new claims. The Plaintiffs amended complaint seeks damages of no less than $768,506 on their claims, and now alleges that in or about June 2004 ReceptoPharm breached its fiduciary duty to the Plaintiffs as shareholders of ReceptoPharm by wrongfully canceling certain of their purported ReceptoPharm share certificates. ReceptoPharm has filed an answer denying the material allegations of the amended complaint and has asserted a series of counterclaims against the Plaintiffs alleging claims for declaratory judgment, fraud, breach of fiduciary duty,

conversion and unjust enrichment as a result of the promissory notes. Discovery in this matter has just started. We intend to vigorously contest this matter.

There are no other legal proceedings that occurred during our Fiscal Quarter ending June 30, 2009 that are reportable.

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

On June 4, 2009, we issued 1,500,000 shares of our restricted common stock to a consultant in exchange for services rendered. These shares were valued at $0.03 per share, which is the fair market value of our common stock on June 4, 2009. The aggregate value of this stock based compensation is $45,000.

We relied upon Sections 4(2) and 4(6) of the Securities Act of 1933, as amended ("the Act") in connection with the above issuances of the securities. We believed Sections 4(2) and 4(6) were available because:

- We are not and were not a blank check company at the time of the offer or sale;
- The investors had business experience and were accredited investors as defined by Rule 501 of Regulation D of the Act;
- All offers and sales of the investment were made privately and no party engaged in any general solicitation or advertising of the proposed investment;
- Each investor had a preexisting social, personal or business relationship with us and members of our management;
- The investors were provided with all information sufficient to allow them to make an informed investment decision;
- The investors had the opportunity to inspect our books and records and to verify statements made to induce them to invest;
- The securities representing the investment were issued with a restrictive legend indicating the securities represented by the certificate have not been registered; and
- No party received any transaction-based compensation such as commissions in regard to locating any investor for the venture

Item 3. Defaults Upon Senior Securities

None

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

None

Item 5. Other Information

Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers

As we previously reported on Form 8-K on July 29, 2009, on July 28, 2009, Stanley J. Cherelstein, our Director since September 28, 2004, resigned as a Director of our Board of Directors. Mr. Cherelstein was also Chairman of our Audit and Compensation Committees from November 5, 2004 until his Director resignation on July 28, 2009. Mr. Cherelstein’s resignation as a Director was not regarding any matter pertaining to our operations, policies or practices.

Also, as we reported in the July 29, 2009 Form 8-K, on July 29, 2009, our Board of Directors unanimously approved of: (a) the appointment of Garry Pottruck as a Director of our Board of Directors: (b) the appointment of Mr. Pottruck as Chairman of our Audit and Compensation Committees; and (c) a stock grant to Mr. Pottruck for 2,500,000 shares of our common stock as compensation for his service as our director.

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: August 19, 2009

NUTRA PHARMA CORP.
Registrant

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