

NUTRACEA
Form 10QSB
August 15, 2005

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, DC 20549

FORM 10-QSB

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

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2005

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE
EXCHANGE ACT FOR THE TRANSITION PERIOD FROM
_____ to _____

Commission File Number 0-32565

NUTRACEA

(Exact name of small business issuer as specified in its charter)

CALIFORNIA
(State of other jurisdiction of
incorporation or organization)

87-0673375
(I.R.S. Employer Identification
Number)

1261 Hawk's Flight Court
El Dorado Hills, California
(Address of Principal Executive
Offices)

95762
(Zip Code)

Issuer's telephone number: (916) 933-7000

Indicate by check mark whether the issuer (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 issuer was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: Yes No

The number of shares of the issuer's common stock outstanding as of June 30, 2005 was 37,822,774.

Transitional Small Business Disclosure Format (Check One): Yes No

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PART I - FINANCIAL INFORMATION

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(unaudited)

ASSETS

Current assets		
Cash	\$	875,206
Marketable securities		143,485
Accounts receivable		121,579
Inventory		294,749
Prepaid expenses		235,671
Total current assets		1,670,690
Restricted marketable securities		143,485
Property and equipment, net		114,001
Patents and trademarks, net		351,315
Goodwill		250,001
Total assets	\$	2,529,491

LIABILITIES AND SHAREHOLDERS' DEFICIT

Current liabilities		
Accounts payable	\$	896,292
Accrued expenses		162,775
Notes payable		2,024,032
Convertible, mandatorily redeemable series A preferred stock, no par value, \$1 stated value 20,000,000 shares authorized 0 shares issued and outstanding		20,473
Total current liabilities		3,103,572
Commitments and contingencies		
Shareholders' deficit		
Common stock, no par value 100,000,000 shares authorized 37,822,774 shares issued and outstanding		49,151,996
Deferred compensation		(40,478)
Accumulated deficit		(47,592,569)
Accumulated other comprehensive income, unrealized loss on marketable securities		(2,093,030)
Total shareholders' deficit		(574,081)
Total liabilities and shareholders' deficit	\$	2,529,491

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NUTRACEA AND SUBSIDIARIES
Consolidated Statements of Operations
(unaudited)

	For the six months ended June 30,		For the three months ended June 30,	
	2005	2004	2005	2004
Revenues				
Net product sales	\$ 758,545	\$ 413,070	\$ 299,237	\$ 291,001
Cost of goods sold	471,856	231,425	190,671	152,760
Gross profit	286,689	181,645	108,560	138,241
Operating expenses	2,576,682	20,397,884	1,766,805	2,551,425
Loss from operations	(2,289,993)	(20,216,239)	(1,658,245)	(2,413,184)
Other income (expense)				
Customer deposit forfeiture	100,000	-	100,000	-
Interest income	4,864	3,057	2,053	2,119
Interest expense	(479,648)	(495)	(243,892)	-
Total other income (expense)	(374,784)	2,562	(141,840)	2,119
Net loss	(2,664,777)	(20,213,677)	(1,516,405)	(2,411,065)