

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

FORM 10-QSB

(Mark One)

Quarterly report under Section 13 or 15(d) of the Securities  
Exchange Act of 1934

For the quarterly period ended March 31, 2000

Transition report under Section 13 or 15(d) of the Securities  
Exchange Act of 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 0-12627

MEDICAL DISCOVERIES, INC.

(Exact Name of Small Business Issuer as Specified in Its Charter)

Utah 87-0407858

(State or other jurisdiction (I.R.S. Employer Identification No.)  
of incorporation or organization)

1800 South West Temple, Suite 304, Salt Lake City, Utah 84115

(Address of principal executive offices)

(801) 463-9311

(Issuer's Telephone Number)

N/A

(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 Exchange Act 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  No  
=== ===

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY  
PROCEEDINGS DURING THE PRECEDING FIVE YEARS

Check whether the registrant has filed all documents and reports  
required to be filed by Sections 12, 13, or 15(d) of the Exchange Act  
after the distribution of securities under a plan confirmed by a court.  
 Yes  No  
=== ===

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer's  
classes of common equity, as of the latest practicable date: 26,656,959  
as of May 31, 2000.

Transitional Small Business Disclosure Format (check one)

Yes  No  
=== ===

PART I  
FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

The following financial statements are filed with this report:

Balance Sheet as of March 31, 2000 (unaudited)

Statements of Operations for the three-month periods ended

March 31, 2000 (unaudited) and March 31, 1999 (unaudited)  
and since inception through March 31, 2000 (unaudited)

Statements of Cash Flows for the three-month periods ended  
March 31, 2000 (unaudited) and March 31, 1999 (unaudited)  
and since inception through March 31, 2000 (unaudited)

Notes to Unaudited Financial Statements  
MEDICAL DISCOVERIES, INC.  
(A DEVELOPMENT STAGE COMPANY)  
CONDENSED CONSOLIDATED BALANCE SHEET  
AS OF MARCH 31, 2000 (UNAUDITED)

<TABLE>  
<CAPTION>

	March 31, 2000
	-----
CURRENT ASSETS	
<S>	<C>
Cash	\$ 563
Inventory	96,859
	-----
Total Current Assets	97,422
PROPERTY AND EQUIPMENT	
Equipment	108,521
Less: Accumulated depreciation	(82,099)
	-----
Net Property and Equipment	26,422
	-----
Total Assets	\$ 123,844
	=====
CURRENT LIABILITIES	
Accounts payable	\$1,789,622
Accrued expenses	122,654
Current maturities of:	
Notes payable	407,807
Convertible notes payable	200,983
	-----
Total Current Liabilities	2,521,066
STOCKHOLDERS' DEFICIT	
Common Stock, no par value, authorized 100,000,000 shares; 26,656,959 shares issued and outstanding	9,913,837
Retained deficit	(12,198,559)
Subscription receivables	(112,500)
	-----
Total Stockholders' Deficit	(2,397,222)
	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 123,844
	=====

</TABLE>

MEDICAL DISCOVERIES, INC.  
(A DEVELOPMENT STAGE COMPANY)  
STATEMENT OF OPERATIONS  
FOR THE PERIODS ENDED MARCH 31, 2000 AND MARCH 31, 1999  
(UNAUDITED)

<TABLE>  
<CAPTION>

	For the three months ended March 31,		Cumulative Amounts since November 20, 1991 (date of inception)
	2000	1999	
	-----	-----	-----
REVENUE			
<S>	<C>	<C>	<C>
Revenue and fees	\$ 7,620	\$ 0	\$ 134,229
Interest	0	0	23,406
	-----	-----	-----
Total Revenue	0	0	150,015
EXPENSES			
Cost of Sales	\$ 2,511	\$ 0	\$ 10,261
License	0	0	1,001,500
Research and development	0	58,637	2,272,291
General and administrative	49,559	103,647	7,910,145
Interest	14,632	44,394	209,460
	-----	-----	-----
Total Expenses	66,702	206,678	11,403,657
	-----	-----	-----

LOSS BEFORE INCOME TAXES AND EXTRAORDINARY ITEM	( 59,082)	(206,678)	(11,246,022)
INCOME TAXES	0	0	0
LOSS BEFORE EXTRAORDINARY ITEM	( 59,082)	(206,678)	(11,246,022)
FORGIVENESS OF DEBT	0	0	1,235,536
NET LOSS	\$ ( 59,082)	\$ (206,678)	\$ (10,010,486)
INCOME / (LOSS) PER SHARE			
Loss from continuing operations	\$ (0.00)	\$ (0.01)	\$ (0.57)
Gain from debt forgiveness	0.00	0.00	0.06
Income / (loss) per share	\$ (0.00)	\$ (0.01)	\$ (0.51)
WEIGHTED AVERAGE NUMBER OF SHARES	26,656,959	26,395,847	19,677,320

MEDICAL DISCOVERIES, INC.  
(A DEVELOPMENT STAGE COMPANY)  
STATEMENT OF CASH FLOWS

FOR THE PERIODS ENDED MARCH 31, 2000 AND MARCH 31, 1999  
(UNAUDITED)

<TABLE>  
<CAPTION>

	For the three months ended March 31,		Cumulative Amounts since November 20, 1991 (date of inception)
	2000	1999	
OPERATING ACTIVITIES			
Net income (loss) for the <S> period	<C> \$ ( 59,082)	<C> \$ (206,679)	<C> \$ (10,798,982)
Add non-cash items			
Common stock options issued for services	0	0	2,556,890
Common stock issued for services and license	0	30,000	3,559,986
Reduction of legal costs	0	0	(130,000)
Depreciation	2,771	3,612	83,558
Loss on disposal of equipment	0	0	30,364
Gain on debt restructuring	0	0	(1,235,536)
Write-off receivables	0	0	193,965
Decrease (increase) in:			
Receivables	0	205	(7,529)
Inventory	(2,511)	( 7,473)	( 96,859)
Prepaid Expenses	0	4,111	0
Other assets	900	509	0
Increase (decrease) in:			
Accounts payable	8,811	85,773	1,633,713
Accrued expenses	(14,500)	(16,793)	144,135
Net Cash from Operations	( 29,589)	(107,145)	(4,066,295)
INVESTING ACTIVITIES			
Purchases of equipment	0	0	(132,184)
Payments received on note receivable	0	0	130,000
Net Cash from Investing Activities	0	0	(2,184)
FINANCING ACTIVITIES			
Increase in notes payable	20,000	105,000	553,613
Payment of notes payable	0	(50,000)	(188,004)
Increase in notes payable	0	0	316,700
Equity contributed	0	0	131,374
Proceeds from issuance of common stock	0	0	3,255,359
Net Cash from Financing Activities	20,000	55,000	4,069,042

NET INCREASE / (DECREASE) IN CASH	( 9,589)	(52,145)	563
CASH, BEGINNING PERIOD	10,152	84,847	0
	-----	-----	-----
CASH ENDING PERIOD	\$ 563	\$ 32,702	\$ 563
	=====	=====	=====

</TABLE>

MEDICAL DISCOVERIES, INC.

NOTES TO FINANCIAL STATEMENTS  
March 31, 2000

NOTES TO UNAUDITED FINANCIAL STATEMENTS

The unaudited financial statements include the accounts of Medical Discoveries, Inc. and include all adjustments which are, in the opinion of management, necessary to present fairly the financial position as of March 31, 2000 and the results of operations and changes in financial position for the three-month period ended March 31, 2000. The results of operations for the three months ended March 31, 2000 are not necessarily indicative of the results to be expected for the entire year.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

OPERATIONS AND LIQUIDITY

Medical Discoveries, Inc. ("MDI") booked revenue of \$7,620 for the period from January 1, 2000 to March 31, 2000 compared to \$0 in revenue for the same period in 1999. The revenue resulted from sales of MDI HealthCare Systems ("MDI-HCS") inventory to Advanced Sales Corporation ("ASC") (see Subsequent Events below for an explanation of ASC). ASC has initiated sales of MDI-HCS products as described in "Related Events" below.

MDI spent \$0 in research and development costs during the first three months of 2000 compared to \$58,637 for the same period in last year. The absence of research and development work during the first three months of 2000 is a result of the unavailability of funds to conduct research. MDI reduced its General and Administrative expense to \$49,559 from \$103,647. Funds to support operations came from loans from MDI's investment partner described in "Subsequent Events" below. Additional funding for on-going operations is discussed in the "Additional Funding is Required" section below.

SUBSEQUENT EVENTS

On June 16, 2000, the Board of MDI approved a resolution to accept the investment proposal from an outside investment group based on a letter of intent signed in October 1999 and disclosed in the Company's previous 10KSB for the 1999 fiscal year. The letter of intent provides for a joint venture between MDI and the outside investment group to sell MDI-HCS products. The entity to be created by the joint venture is Advanced Sales Corporation or ASC as noted above in the Operations and Liquidity section. The outside investment group has formed Advanced Sales Corporation and in anticipation of the joint venture agreement, MDI and ASC executed an agreement in the fourth quarter of 1999 that allows ASC to market MDI-HCS products. The term of this agreement was for 120 days and was renewable on a monthly basis. The agreement was an interim step pending completion of joint venture agreement between MDI and the outside investment group.

The Company plans for the joint venture to generate cash for further development of MDI-P. MDI has also initiated discussions with the investment group for a direct investment in MDI. Under the terms of the agreement with the outside investment group, the investment group will provide funds of \$750,000 to the joint venture and will extend a \$150,000 line of credit to MDI (of which the Company has previously drawn \$76,000). MDI will assign all rights it owns in HCS products to the joint venture. MDI will own 42 percent of the joint venture. The investment group will receive 25,000,000 shares of MDI stock.

RELATED EVENTS

ASC (the company that MDI holds a 42 percent ownership interest in) has launched sales of MDI-HCS products. ASC personnel attended the international esthetics, cosmetics and spa conference trade show in Las Vegas in June 2000. Reception for the MDI-HCS products was positive and ASC had sales orders of over \$4,500 during the three-day show.

ADDITIONAL FUNDING IS REQUIRED

Management intends to raise substantial additional funds in private stock offerings in the near future in order to meet its near-term funding requirements. In the future, management anticipates the need to raise substantial additional funds in public stock offerings as well. The funds to be raised will be used in the following areas: 1) submission of an IND Application

with the FDA for it novel Anti-HIV/AIDS drug, 2) the launch of MDI-HCS. 3) payment of the MDI Trust Fund obligations, 4) commencement of payment of salaries to Company personnel, and 5) at such time as funds become available, the prior debts of the Company.

#### FORWARD-LOOKING INFORMATION

This report contains certain forward-looking statements and information relating to the Company that are based on the beliefs of management as well as assumptions made by, and information currently available to, management. When used in this document, the words "anticipate," "believe," "should," "project," "estimate," "expect," "intend" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. Such statements reflect the current view of the Company respecting future events and are subject to certain risks, uncertainties, and assumptions, including the risks and uncertainties noted throughout the document. Although the Company has attempted to identify important factors that could cause the actual results to differ materially, there may be other factors that cause the forward statement not to come true as anticipated, believed, projected, expected, or intended. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may differ materially from those described herein as anticipated, believed, projected, estimated, expected, or intended.

General risk factors that may impact the Company's operations include the market acceptance of competitive products, obsolescence caused by new technologies, the possible introduction by competitors of new products that claim to have many of the advantages of the Company's products at lower prices, the timing and market acceptance of the Company's own new product introductions.

#### PART II

##### OTHER INFORMATION

#### ITEM 1. LEGAL PROCEEDINGS

The Company is not currently involved in any litigation and there has been no change in any with regard to any potential legal dispute since the filing of the Company's 10KSB for the year ended December 31, 1999.

#### ITEM 2. CHANGES IN SECURITIES

N/A

#### ITEM 3. DEFAULTS UPON SENIOR SECURITIES

N/A

#### ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

N/A

#### ITEM 5. OTHER INFORMATION

N/A

#### ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits required by Item 601 of Regulation S-B.

The following are exhibits to this Form 10-QSB.

EXHIBIT NUMBER	DESCRIPTION
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27	Financial Data Schedule.
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(b) Reports on Form 8-K

N/A

#### SIGNATURES

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

Date: June 21, 2000

/s/ David Walker

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Chairman of the Board

<TABLE> <S> <C>

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM MEDICAL DISCOVERIES, INC. MARCH 31, 2000 FINANCIAL STATEMENTS AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS

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