

U.S. 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 June 30, 2007

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT
For the transition period from _____ to _____

Commission file number: **000-30415**

Health Enhancement Products, Inc.

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

Nevada

(State or other jurisdiction of
incorporation or organization)

87-0699977

(IRS Employer
Identification No.)

7740 East Evans Road, Scottsdale, Arizona 85260

(Address of principal executive offices)

480-385-3800

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

APPLICABLE ONLY TO CORPORATE ISSUERS

There were 43,616,307 shares of common stock, \$0.001 par value, outstanding at August 9, 2007.

Transitional Small Business Disclosure Format (Check one):

Yes No

FORM 10-QSB

HEALTH ENHANCEMENT PRODUCTS, INC.

INDEX

<u>PART I – FINANCIAL INFORMATION</u>	2
<u>Item 1. Consolidated Financial Statements</u>	2
<u>Item 2. Management’s Discussion and Analysis or Plan of Operation</u>	17
<u>Item 3. Controls and Procedures</u>	21
<u>PART II – OTHER INFORMATION</u>	22
<u>Item 1. Unregistered Sales</u>	22
<u>Item 6. Exhibits</u>	22
<u>SIGNATURES</u>	23

(Inapplicable items have been omitted)

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Some of the statements contained in this report are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements involve known and unknown risks, uncertainties and other factors which may cause our or our industry's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements include, but are not limited to statements regarding:

- our ability to raise the funds we need to continue our operations;
- our ability to increase our revenues and become profitable;
- regulation of our product;
- our ability to expand the production of our product;
- market acceptance of our product;
- future testing of our product;
- the anticipated performance and benefits of our product;
- our financial condition or results of operations.

In some cases, you can identify forward-looking statements by terms such as “may,” “will,” “should,” “could,” “would,” “expects,” “plans,” “anticipates,” “believes,” “estimates,” “projects,” “predicts,” “potential” and similar expressions intended to identify forward-looking statements. These statements are only predictions and involve known and unknown risks, uncertainties, and other factors that may cause our actual results, levels of activity, performance, or achievements to be materially different from any future results, levels of activity, performance, or achievements expressed or implied by such forward-looking statements. Given these uncertainties, you should not place undue reliance on these forward-looking statements. Also, these forward-looking statements represent our estimates and assumptions only as of the date of this report. Except as otherwise required by law, we expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained in this report to reflect any change in our expectations or any change in events, conditions or circumstances on which any of our forward-looking statements are based. We qualify all of our forward-looking statements by these cautionary statements.

PART I – FINANCIAL INFORMATION
Item 1. Consolidated Financial Statements

HEALTH ENHANCEMENT PRODUCTS, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

June 30, 2007

ASSETS	
CURRENT ASSETS:	
Cash	\$ 51,193
Accounts receivable	18,398
Inventories	19,579
Prepaid Expenses	49,483
Total Current Assets	<u>138,653</u>
PROPERTY AND EQUIPMENT, NET	<u>121,819</u>
OTHER ASSETS:	
Definite-life intangible Assets, net	11,552
Deposits	122,014
Total Other Assets	<u>133,566</u>
	<u>\$ 394,038</u>
LIABILITIES AND STOCKHOLDERS' DEFICIT	
CURRENT LIABILITIES:	
Accounts Payable	\$ 424,780
Note payable, Related Party	414,391
Advances from Related Party	3,286
Note Payable, Other	20,000
Current portion, long term debt	5,856
Accrued Payroll and Payroll Taxes	53,773
Accrued Liabilities	149,635
Total Current Liabilities	<u>1,071,722</u>
LONG TERM LIABILITIES:	
Notes payable, less current portion	20,019
Deferred rent expense	53,260
Total Long term Liabilities	<u>73,279</u>
COMMITMENTS AND CONTINGENCIES	
TOTAL LIABILITIES	<u>1,145,000</u>
STOCKHOLDERS' DEFICIT:	
Common stock, \$.001 par value, 100,000,000 shares authorized 42,342,311 issued and outstanding	42,342
Additional Paid-In Capital	14,202,740
Accumulated deficit	<u>(14,996,045)</u>
Total Stockholders' Deficit	<u>(750,963)</u>
	<u>\$ 394,038</u>

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

HEALTH ENHANCEMENT PRODUCTS, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	For the three Months ended June 30, 2006	For the three Months ended June 30, 2007	For the six Months ended June 30, 2006	For the six Months Ended June 30, 2007
NET SALES	\$ 93,337	\$ 48,176	\$ 178,740	\$ 106,736
COST OF SALES	<u>76,398</u>	<u>42,398</u>	<u>139,882</u>	<u>84,802</u>
GROSS PROFIT	<u>16,939</u>	<u>5,778</u>	<u>38,858</u>	<u>21,934</u>
OPERATING EXPENSES:				
Selling	76,968	31,310	128,491	70,245
General and Administrative	1,011,587	322,867	1,919,893	860,387
Research and Development	<u>118,058</u>	<u>116,582</u>	<u>130,561</u>	<u>197,265</u>
Total Operating Expenses	<u>1,206,613</u>	<u>470,759</u>	<u>2,178,945</u>	<u>1,127,897</u>
LOSS FROM OPERATIONS	<u>(1,189,674)</u>	<u>(464,981)</u>	<u>(2,140,087)</u>	<u>(1,105,963)</u>
OTHER INCOME (EXPENSE):				
Other income - rent	20,763	23,840	20,763	47,645
Cancellation of contract			-	18,000
Interest income		1,249		1,249
Interest Expense	(2,027)	(1,363)	(2,741)	(3,086)
Interest Expense - Related Party	<u>(17,174)</u>	<u>(15,240)</u>	<u>(33,781)</u>	<u>(27,852)</u>
Total Other Income (Expense)	<u>1,562</u>	<u>8,486</u>	<u>(15,759)</u>	<u>35,956</u>
NET LOSS	<u>\$ (1,188,112)</u>	<u>\$ (456,495)</u>	<u>\$ (2,155,846)</u>	<u>\$ (1,070,007)</u>
BASIC AND DILUTED LOSS PER SHARE	<u>(\$0.04)</u>	<u>(\$0.01)</u>	<u>(\$0.07)</u>	<u>(\$0.03)</u>
WEIGHTED AVERAGE BASIC AND DILUTED SHARES OUTSTANDING	<u>33,157,827</u>	<u>42,342,252</u>	<u>32,230,885</u>	<u>41,263,174</u>

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

HEALTH ENHANCEMENT PRODUCTS, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the Six Months Ended June 30, 2006	For the Six Months Ended June 30, 2007
Cash Flows for Operating Activities:		
Net Loss	\$ (2,155,846)	\$ (1,070,007)
Adjustments to reconcile net loss to net cash used by operating activities:		
Non-cash - stock issued for services rendered	559,845	17,300
Stock issued to employees for services	-	229,680
Warrants granted for services rendered	181,333	20,000
Non-cash - amortization of deferred consulting fees	517,082	-
Non-cash - reversal of contract	-	(18,000)
Amortization of intangibles	484	483
Depreciation expense	2,668	13,719
Increase in deferred rent	-	19,852
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	-	(5,668)
(Increase) decrease in inventories	(336)	11,180
(Increase) decrease in prepaid expenses	(15,207)	(46,661)
(Increase) decrease in deposits	(110,990)	(6,089)
Increase (decrease) in accounts payable	49,013	(75,767)
Increase (decrease) in payroll and payroll taxes	(68,077)	38,774
Increase (decrease) in accrued liabilities	98,006	45,008
Net Cash (Used) by Operating Activities	(942,025)	(826,196)
Cash Flows from Investing Activities:		
Capital expenditures	(13,964)	(3,702)
Net Cash (Used) by Investing Activities	(13,964)	(3,702)
Cash Flow from Financing Activities:		
Proceeds from shareholder advances	55,000	180,500
Payment of shareholder advances	(21,554)	(209,000)
Payments of other borrowings	-	(2,733)
Payment of fees in connection with sale of common stock and warrants	(44,900)	(89,400)
Proceeds from sale of common stock and warrants	657,976	992,000
Net Cash Provided by Financing Activities	646,522	871,367
Increase (Decrease) in Cash	(309,467)	41,469
Cash at Beginning of Period	603,908	9,724
Cash at End of Period	\$ 294,441	\$ 51,193
Supplemental Disclosures of Cash Flow Information:		
Cash paid during the period for:		
Interest	\$ 41,442	\$ 30,939
Income Taxes	\$ -	\$ -

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

HEALTH ENHANCEMENT PRODUCTS, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS [Continued]

Supplemental Disclosure of Non-Cash Investing and Financing Activities:

Six months ended June 30, 2007

The Company accrued cash finder's fees of \$4,500, and recorded the issuance of warrants to purchase 311,175 shares of common stock as finder's fees. These warrants were valued at \$187,959 using the Black-Scholes pricing model.

The Company recorded the issuance of a promissory note receivable for \$96,000 upon the exercise of warrants to purchase 240,000 shares of stock at \$.40 per share. This note was paid in full April 2, 2007.

Six months ended June 30, 2006:

The Company issued 10,000 shares of common stock valued at \$9,700 to a consultant. This amount has been included in deferred consulting fees.

The Company issued an aggregate of 6,250,000 shares of its common stock, .001 par value ("common stock"), in connection with the exercise by the Company's former CEO of an outstanding warrant to purchase 6,250,000 shares of common stock. The warrant had an exercise price of \$.15 per share. In connection with the exercise of the warrant, the holder, pursuant to the terms of the warrant, surrendered to the Company 288,462 shares of common stock valued at \$937,500 issuable upon exercise of the warrant, in payment of the aggregate exercise price.

The Company issued 120,000 warrants valued at \$148,625 to three employees as bonus compensation.

The Company reversed accrued finders' fees of \$58,500 previously recorded in error.

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

HEALTH ENHANCEMENT PRODUCTS, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements include the accounts of Health Enhancement Products, Inc. and its wholly-owned Subsidiaries (collectively, the “Company”). All significant inter-company accounts and transactions have been eliminated in consolidation. In the opinion of the Company’s management, the financial statements contain all adjustments (consisting of only normal recurring adjustments) necessary to present fairly the information set forth therein. These consolidated financial statements are condensed, and therefore do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. The condensed consolidated financial statements should be read in conjunction with the Company’s December 31, 2006 consolidated audited financial statements and supplementary data included in the Annual Report on Form 10-KSB as at that date.

The results of operations for the six months ended June 30, 2007 are not necessarily indicative of the results to be expected for the fiscal year ending December 31, 2007, or any other period.

In February, 2007, we established HEPI Pharmaceuticals, Inc. as a wholly owned subsidiary of HEPI (“HEPI Pharma”). The purpose of the pharmaceutical subsidiary is to develop potential pharmaceutical applications for HEPI’s primary product, [ProAlgaZyme](#) (PAZ). In connection with the formation of HEPI Pharma, we entered into a Pharmaceutical Development Agreement with our new subsidiary. Under the Development Agreement, we granted the subsidiary the right to develop the potential pharmaceutical applications of PAZ and its derivatives. In exchange for these rights, we became the sole stockholder of the subsidiary and are entitled to certain payments based on the attainment of specified development milestones and sales revenues.

The Company incurred net losses of \$1,070,007 and \$2,155,846 for the six months ended June 30, 2007 and 2006, respectively. In addition, the Company had a working capital deficiency of \$933,069 and a stockholders’ deficit of \$750,962 at June 30, 2007. These factors continue to raise substantial doubt about the Company’s ability to continue as a going concern. The Company is endeavoring to increase the likelihood that it will be able to continue as a going concern by seeking to increase its sales revenue, and by raising additional capital. From February through March, 2007, the Company raised approximately \$1 million in net proceeds from the private sale of its common stock and warrants. In July of 2007 the Company raised \$900,000 through the issuance of convertible debentures and exercise of warrants as described in Note 13, “Subsequent Events”. There can be no assurance that the Company will be able to increase its sales or raise additional capital.

There can be no assurance that sufficient funds will be generated during the next year or thereafter from operations or that funds will be available from external sources such as debt or equity financings or other potential sources. The lack of additional capital could force the Company to curtail or cease operations and would, therefore, have a material adverse effect on its business. Furthermore, there can be no assurance that any such required funds, if available, will be available on attractive terms or that they will not have a significant dilutive effect on the Company’s existing stockholders.

The accompanying condensed consolidated financial statements do not include any adjustments related to the recoverability or classification of asset-carrying amounts or the amounts and classifications of liabilities that may result should the Company be unable to continue as a going concern.

NOTE 2- STOCK BASED COMPENSATION

Effective January 1, 2006, the Company adopted SFAS 123(R), which requires all share-based payment transactions with employees, including grants of employee stock options, to be recognized as compensation expense over the requisite service period based on their relative fair values. Prior to the adoption of SFAS 123(R), stock-based compensation expense related to employee stock options was not recognized in the statement of operations if the exercise price was at least equal to the market value of the common stock on the grant date, in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees." Prior to January 1, 2006, the Company followed the disclosure-only provisions under SFAS 123.

The Company has elected to use the Modified Prospective Application ("MPA") method for implementing SFAS 123(R). Under the MPA method, prior periods are not restated and new awards are valued and accounted for prospectively upon adoption. As of January 1, 2007, all outstanding employee warrants were vested and therefore there would have been no impact on compensation cost for the Company during the 2007 period utilizing the fair value method set forth in SFAS 123(R).

NOTE 3 – INVENTORIES

Inventories at June 30, 2007 consist of the following:

Raw materials	\$ 5,606
Work in process	9,732
Finished goods	<u>4,241</u>
	<u>\$ 19,579</u>

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2007 consists of the following:

Furniture and fixtures	\$ 49,466
Equipment	54,721
Leasehold improvements	<u>40,175</u>
	144,362
Less accumulated depreciation and amortization	<u>22,543</u>
	<u>\$ 121,819</u>

Depreciation and amortization was \$13,719 for the six months ended June 30, 2007, and \$2,668 for the six months ended June 30, 2006.

NOTE 5 - DEFINITE-LIFE INTANGIBLE ASSETS

Definite-life intangible assets at June 30, 2007 consist of the following:

Patent applications pending	\$ 14,500
Less: Accumulated amortization	<u>2,948</u>
	<u>\$ 11,552</u>

The Company's definite-life intangible assets are amortized, upon being placed in service, over the 15 year estimated useful lives of the assets, with no residual value. Amortization expense for the six months ended June 30, 2007 and 2006 was \$242 and \$242, respectively. The Company estimates that amortization expense for existing assets for each of the next five years will be approximately \$1,000 per year.

NOTE 6 - NOTE PAYABLE - RELATED PARTY

Note payable to the Company's former CEO bears interests at 10% per annum. Commencing 30 days after written demand by the former CEO, the principal amount and any accrued interest will be payable in 12 equal monthly installments. The Company has granted the note holder a security interest in all of the Company's assets related to the Company's ProAlgaZyme Product.

During the six months ended June 30, 2007, the Company paid the note holder \$31,786 in principal and \$13,271 in accrued interest. Interest expense was \$21,927 and \$38,700 for the six months ended June 30, 2007 and 2006, respectively. This note was paid in full in July of 2007.

NOTE 7 – ADVANCES FROM RELATED PARTY

Advances from related party bear interest at 10% per annum, payable on demand. During the six months ended June 30, 2007, the Company received advances of \$180,500 and repaid \$177,214 in principal. Interest in the amount of \$1,487 was accrued at June 30, 2007.

NOTE 8 – LONG TERM DEBT:

Long term debt at June 30, 1007 consists of the following:

Installment notes, bearing interest at 8.8% and 9.5% per annum and due November 2010 and March 2011. The loans are secured by certain of the Company's equipment	\$ 25,875
Less current portion	<u>5,856</u>
	<u>\$ 20,019</u>

Maturities of the long-term debt are as follows:

June 30:		
	2008	\$ 5,856
	2009	6,417
	2010	7,032
	2011	5,098
	2012	<u>1,472</u>
		<u>\$ 25,875</u>

NOTE 9 - STOCKHOLDERS' DEFICIT

On February 15, 2007, the Company's board of directors declared a distribution in the form of shares of the common stock of its new wholly-owned subsidiary, HEPI Pharmaceuticals, to all shareholders of record as of March 15, 2007. Each shareholder of record on the record date will receive 1 share of the new pharmaceutical company for every 10 shares of common stock of HEPI they own on the record date. The shares of the pharmaceutical subsidiary will be distributed promptly following compliance with applicable laws, including the Company delivering an information statement to its stockholders pursuant to the requirements of the Securities Exchange Act of 1934 ("Exchange Act") and the effectiveness of the pharmaceutical subsidiary's registration under the Exchange Act. The number of shares to be distributed will at the time of distribution represent 10% of the total outstanding shares of the new company. It is anticipated that the remaining 90% of the equity of the subsidiary will be owned by the Company.

During the quarter ended March 31, 2007, the Company issued to a consultant, for services rendered, 15,000 shares of common stock, valued at \$13,550. In addition, the Company issued 261,000 shares of common stock valued at \$229,680 to employees for services. From February through March of 2007, the Company privately sold 260,000 shares of common stock and 260,000 warrants (3 year term and \$.50 exercise price) for \$130,000. Also during February and March, the Company sold 190,000 shares of common stock in a private placement, received \$95,000 in proceeds, and incurred cash finder's fees of \$9,500. In addition, the Company issued 2,540,000 shares of common stock, and received proceeds of \$767,000 upon exercise of outstanding warrants, some of which were re-priced. The Company incurred cash finder's fees of \$79,900 in connection with the exercise of these warrants. In addition, the Company issued 311,375 warrants for finders fees, valued at \$187,959 using the Black Scholes option-pricing model with the following assumptions: expected volatility 162.07% and 186.59%; expected dividends 0%; expected term 2 years; and risk free rate 3.1%.

During the quarter ended June 30, 2007 the Company issued to a consultant for services rendered, 5,000 shares of common stock, valued at \$3,750. The Company issued 50,000 warrants for Board of Director's fees, valued at \$20,000 using the Black Scholes option-pricing model with the following assumptions: expected volatility 150.3%; expected dividends 0%; expected term 2 years; and risk free rate 5.0%

A summary of the status of the Company's warrants is presented below.

	June 30, 2007		June 30, 2006	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of period	13,538,734	0.75	21,761,325	0.49
Issued	361,375	0.50	150,000	0.25
Exercised	(2,540,000)	0.30	(6,502,575)	0.15
Expired	(50,000)	3.75	-	-
Outstanding, end of period	<u>11,310,109</u>	<u>0.83</u>	<u>15,408,750</u>	<u>0.63</u>

Warrants outstanding and exercisable by price range as of June 30, 2007 were as follows:

Outstanding Warrants				Exercisable Warrants	
Range of	Number	Average Weighted Remaining Contractual Life in Years	Exercise Price	Number	Weighted Average Exercise Price
0.10	6,508,750	1.08	0.10	6,383,750	0.10
0.25	150,000	1.75	0.25	150,000	0.25
0.50	966,359	2.16	0.50	916,359	0.50
0.60	250,000	1.42	0.60	250,000	0.60
1.00	1,690,000	1.43	1.00	1,690,000	1.00
2.00	1,470,000	1.44	2.00	1,470,000	2.00
3.00	275,000	0.33	3.00	275,000	3.00
	11,310,109	1.27		11,135,109	0.65

NOTE 10 - RELATED PARTY TRANSACTIONS

Accrued Liabilities - Included in accrued liabilities at June 30, 2007 is \$14,577 in accrued interest related to indebtedness to the Company's former CEO.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

Lease Commitments - Related Party - On December 9, 2004, we entered into a lease dated November 1, 2004 with Evans Road, LLC (a company owned by our former CEO, Howard R. Baer), under which we leased approximately 5,000 sq. ft. for a new corporate headquarters and production facility located in Scottsdale, Arizona. The lease had a term of 15 years, subject to the right of either party to terminate the lease after 7.5 years, and provided for base monthly rental in the amount of \$8,700 plus monthly taxes. In February, 2005, Evans Road, LLC sold the building which was leased to us, and our former CEO, Howard Baer, leased such building back from the buyer under a master lease. Our former CEO continued to lease the building, as master lessor, to us, under the terms and conditions described above, until March 31, 2006. As of April 1, 2006, we entered into an Amended and Restated Sublease with Mr. Baer. During the six months ended June 30, 2007, we paid Mr. Baer approximately \$94,000 in rent, and \$23,000 was accrued and unpaid at June 30, 2007.

Under the terms of the Amended and Restated Sublease, we are leasing an aggregate of approximately 15,000 square feet. We are subleasing approximately 6,600 square feet to a third party under a month to month tenancy at a rate of approximately \$8,000 per month, plus rental taxes and electricity. We can terminate this sublease upon thirty (30) days written notice to our subtenant. We believe that we may need additional space in the foreseeable future, and that this space would be suitable for an expansion of our production and office facilities.

The Amended and Restated Sublease expires on February 9, 2020, provided that we have the unilateral right to terminate the Lease approximately 6 years from now (March 31, 2013). The annual base rent for the 15,000 square foot facility is approximately \$237,000 and is payable in equal monthly installments of approximately \$20,000. The annual base rent is subject to increase annually in an amount equal to the greater of 2.5% of the prior year's base rent and the percentage increase in the Consumer Price Index. We agreed to pay an additional security deposit of approximately \$110,000, following which we will have paid an aggregate security deposit equal to six months base rent. This additional security deposit is payable in eighteen equal monthly installments of approximately \$6,000 (which commenced in August, 2006). As of June 30, 2007, of the \$110,000 in additional security, \$67,400 has been paid and \$42,600 is owing, which is in accrued liabilities. The Amended and Restated Sublease is a "net lease", which means that we are responsible for the real estate taxes, maintenance and repairs related to the premises we are leasing from the former CEO.

The Company has entered into a two year lease commencing September 1, 2006, for a warehousing and bottling facility. The lease calls for minimum annual rents of approximately \$25,000 and \$26,000 for each of the twelve month periods ending August 31, 2007 and August 31, 2008, respectively. Rent expense under this lease for the six months ended June 30, 2007 was \$12,636.

The future minimum lease payments related to the Amended and Restated Sublease and the new 2 year lease, are as follows:

Year Ending December 31,	
2007	\$ 134,901
2008	276,000
2009	282,000
2010	289,000
Thereafter	2,711,000

NOTE 12 – LOSS PER SHARE

Loss per common share is based upon the weighted average number of common shares outstanding during the period. Diluted loss per common share is the same as basic loss per share, as the effect of potentially dilutive securities (warrants – 11,310,109 at June 30, 2007 and 15,408,750 at June 30, 2006) are anti-dilutive.

NOTE 13 - SUBSEQUENT EVENTS

The Company repaid \$3,286 in advances from a related party in April of 2007.

In July and August 2007, the Company raised an aggregate of \$900,000, \$775,000 of which was received from the sale of 1% convertible notes in the aggregate principal amount of \$775,000 ("Notes") and warrants to purchase 1,550,000 shares of common stock, at an exercise price of \$.50 per share for a term of three years ("Warrants"), and \$125,000 of which was received in connection with the exercise of an outstanding warrant to purchase 1,250,000 shares of common stock at an exercise price of \$.10 per share.

The Convertible Notes accrue interest at the rate of 1% per annum, are non-amortizing, have a term of 3 years, subject to the Company's right to extend the term for an additional three years, cannot be prepaid, and are convertible, at any time prior to the maturity date, as the same may be extended, at the discretion of the holder, into shares of common stock, at a rate equal to the lesser of (i) \$.50 per share and (ii) the Market Price (as defined) (but not less than \$.25 per share). Accrued interest will be paid on the maturity date, as the same may be extended, in shares of Common Stock, valued at the Market Price (as defined), but not less than \$.25 per share, and, unless the Convertible Note is converted prior to its maturity date, as the same may be extended, at the Company's option, the principal amount of the Note may, on the maturity date, as extended, be repaid in cash or converted into common stock at a rate equal to the lesser of (i) \$.50 per share and (ii) the Market Price (but not less than \$.25 per share).

The Company will record a combined debt discount to reflect the beneficial conversion feature of the convertible debt and the value of the warrants. The beneficial conversion feature of the convertible debt amounted to \$0 pursuant to Emerging Issues Task Force ("EITF") 00-27: Application of EITF No. 98-5, "Accounting for Convertible Securities with Beneficial Conversion Features or Contingently Adjustable Conversion Ratios," To Certain Convertible Instruments. In accordance with EITF 00-27, the fair value of the warrants was calculated and will be recorded as a reduction to the carrying amount of the convertible debt and as addition to paid-in capital. The Company will amortize the discount over the term of the debt.

In July of 2007, the Company paid its former CEO \$442,661 in full payment of principal and interest owing to the CEO, including pursuant to that certain secured promissory note dated on or about February 15, 2005 as required by the terms of the convertible note offering discussed above. The Company's obligations under this promissory note were secured by all the Company's assets. Following the payment of this debt, the liens on the Company's assets related to such debt were released.

In July of 2007, the Company engaged a consultant to advise it in connection with certain business, financial and research matters. In addition to hourly cash compensation, the Company is obligated to issue to the Consultant warrants to purchase 500,000 shares of stock, vesting as follows:

- i. 200,000 warrants vest on July 9, 2007.
- ii. 100,000 warrants vest on the earlier of 60 days after signing the Agreement or closing on \$0.5M of funds from investor(s) first introduced by Consultant, under terms acceptable to the Company.
- iii. 200,000 warrants vest on the earlier of 120 days after signing of the Agreement or closing on \$3M of funds from investor(s) first introduced by Consultant, under terms acceptable to the Company.

In addition, if the Company receives capital from investors introduced to the Company by the consultant, the consultant shall be entitled to the following compensation:

- i. 5% of the funds raised.
- ii. That number of warrants to purchase Company common stock equal to 5% of the number of shares sold to the investor(s) first introduced by Consultant. The warrants will have a 5 year term, and have an exercise price equal to 50% of the average closing price of the common stock for the ten trading days preceding the date funds are received.

In July of 2007, as compensation for services rendered, including with respect to the convertible note financing discussed elsewhere herein, the Company re-priced outstanding warrants to purchase 300,000 shares of common stock from an exercise price of \$2.00 per share to an exercise price of \$.50 per share. The Company will record compensation expense and finance costs in connection with this re-pricing.

In July of 2007, in consideration of introducing investors to the Company, the Company extended the term of a previously issued warrant, due to expire August 18, 2007. The new term expires August 18, 2010. The Company will record additional finders' fees in connection with this warrant extension.

Item 2. Management's Discussion and Analysis or Plan of Operation

Critical Accounting Policies

The accompanying discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, and expenses, and related disclosure of contingent assets and liabilities. These estimates form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. We base our estimates and judgments on historical experience and all available information. However, future events are subject to change, and the best estimates and judgments routinely require adjustment. US GAAP requires us to make estimates and judgments in several areas, including those related to recording various accruals, income taxes, the useful lives of long-lived assets, such as property and equipment and intangible assets, and potential losses from contingencies and litigation. We believe the policies discussed below are the most critical to our financial statements because they are affected significantly by management's judgments, assumptions and estimates.

Income taxes

We account for income taxes using the asset and liability method described in SFAS No. 109, "Accounting For Income Taxes," the objective of which is to establish deferred tax asset and liabilities for the temporary differences between the financial reporting and the tax basis of assets and liabilities at enacted tax rates expected to be in effect when such amounts are realized or settled. A valuation allowance related to deferred tax assets is recorded when it is more likely than that some portion or all of the deferred tax assets will not be realized.

We have provided a 100% valuation allowance for deferred tax assets, because the ultimate realization of those assets is uncertain. Utilization of net operating loss carry-forwards is subject to a substantial annual limitation due to the "change in ownership" provisions of the Internal Revenue Code. The annual limitation may result in the expiration of net operating loss carry-forwards before utilization.

Share Based Payment

In December 2004, the Financial Accounting Standards Board ("FASB") issued Statement No. 123R ("SFAS 123R") "Share Based Payment", a revision of Statement No. 123, "Accounting for Stock Based Compensation." This standard requires the Company to measure the cost of employee services received in exchange for equity awards based on grant date fair value of the awards. The Company adopted SFAS 123R, effective January 1, 2006. The standard provides for a prospective application. Under this method, the Company will begin recognizing compensation cost for equity based compensation for all new or modified grants after the date of adoption.

Results of Operations for the three months and six months ended June 30, 2007 and June 30, 2006.

Net Sales. Net sales for the three and six months ended June 30, 2007 were \$48,176 and \$106,736 as compared to \$93,337 and \$178,740 for the three and six months ended June 30, 2006. These sales reflect revenues from our ProAlgaZyme product.

We believe that the decrease in our sales was due to the absence during the first half of 2007 of national publicity about our product. We now believe that national publicity about our product had a temporary effect on our sales for the first half of 2006. We believe that regulatory limitations on our ability to promote our product, has contributed to a low level of net sales. Although our ProAlgaZyme product is available for sale and we are exploring various potential marketing opportunities, as well as advertising the product on a limited basis, we expect only limited sales revenue for the foreseeable future. We believe that our ability to generate sales of the ProAlgaZyme product will depend upon, among other things, further characterization of the product, identification of its method of action and obtaining further evidence of its efficacy, as well as additional advertising. The testing necessary to further characterizing the product, identifying its method of action and establishing its effectiveness is ongoing.

Until we receive further positive test results regarding ProAlgaZyme's method of action and efficacy, we may not have meaningful sales revenue. Even if we receive positive test results, we cannot be sure that they will lead to an increase in our sales revenue, as our ability to promote our product is limited by applicable law.

Cost of Sales. Cost of Sales was \$42,398 and \$84,802 for the three and six months ended June 30, 2007, as compared to \$76,398 and \$139,882 for the comparable period in 2006. Cost of Sales represents primarily costs related to raw materials, labor and operation of the laboratory and controlled production environment necessary for the growing of the algae cultures that constitute the source of the biological activity of the ProAlgaZyme product, and for conducting the necessary harvesting and production operations in preparing the product for sale. The decrease in cost of sales for 2007 is a direct result of our decreased sales volume.

Gross Profit. Gross Profit was \$5,778 and \$21,934 for the three and six months ended June 30, 2007, as compared to \$16,939 and \$38,858 for the comparable period in 2006. The decreased gross profit for 2007 is due to the decrease in sales.

Research and Development Expenses. For the three and six months ended June 30, 2007, we incurred \$116,582 and \$197,265 on research and development expenses, as compared to \$118,058 and \$130,561 for the comparable period in 2006. These expenses are comprised of costs associated with internal and external research. The increase in our research and development for the six months ended June 30, 2007 is due primarily to the initiation and completion of external clinical trials concerning our ProAlgaZyme product.

We have engaged several third parties to conduct testing directed toward further characterization of the product and determining its method of action and efficacy. In May, 2006, we commenced two clinical trials in Cameroon, which were substantially completed in September, 2006. The total cost of these trials was \$144,000, of which \$50,000 is still owing. One trial explored the possible effects of ProAlgaZyme on HIV. In particular, the trial explored ProAlgaZyme's potential to reduce viral loads in patients with HIV.

The second trial explored ProAlgaZyme's potential effects on C-Reactive Protein (CRP) levels and the inflammation process. A third trial was initiated in the first quarter of 2007 in Minnesota to explore ProAlgaZyme's potential effects on cholesterol levels, CRP levels and the inflammation process. Subject to the availability of sufficient funding, we plan to continue our research and development activities during the balance of 2007.

We may not be able to raise the funding that we need to undertake further research and development activities. In the event that we are not able to secure sufficient funding to meet our research needs, we will be unable to pursue necessary research activities, in which case our ability to market ProAlgaZyme with objective clinical support for its efficacy will be impeded, thereby hindering our ability to generate sales revenue and impacting negatively our operating results.

Selling and Marketing Expenses. Selling and marketing expenses were \$31,310 and \$70,245 for the three and six months ended June 30, 2007, as compared to \$76,968 and \$128,491 for the comparable period in 2006. The decrease in 2007 was due to a decrease in the use of outside consultants who provided outside marketing support for our product. We intend to direct our in house selling efforts to existing ProAlgaZyme users during 2007. The Company recently engaged a sales and marketing consultant at a cost of \$6,000 and 5,000 shares of restricted stock per month to advise the Company about the promotion of its ProAlgaZyme product. We are currently engaged in limited advertising and marketing related activities. We intend to continue to direct selling efforts to existing ProAlgaZyme users. In addition, we are exploring the establishment of additional distribution channels for ProAlgaZyme. The limit on our ability thus far to advertise our product (due to the need for additional testing and regulatory constraints) has had and, until we are able to advertise our product based upon the results of clinical trials further demonstrating its efficacy, will continue to have, a material adverse effect on our ability to increase our sales revenue and improve our operating results. We intend to continue to pursue clinical study of our product and, subject to the results of such testing, increase our advertising, subject to the availability of funding.

General and Administrative Expenses. General and administrative expense was \$322,867 and \$860,387 for the three and six months ended June 30, 2007, as compared to \$1,011,587 and \$1,919,893 for the comparable period in 2006. The decrease in general and administrative expenses for the six months ended June 30, 2007 is due primarily to a \$940,000 decrease in stock based compensation issued to consultants, and a \$150,000 decrease in legal fees.

Financing Costs. We incurred \$15,240 and \$27,852 in interest expense on our indebtedness to our former CEO for the three and six months ended June 30, 2007, compared to \$17,174 and \$33,781 for the comparable period in 2006. This note was paid off in July, 2007.

Liquidity and Capital Resources

The condensed consolidated financial statements contained in this Report have been prepared on a 'going concern' basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. While we raised an aggregate of approximately \$900,000 in July, 2007, we anticipate that we will need additional capital by the end of 2007. For the reasons discussed herein, there is a significant risk that we will be unable to continue as a going concern, in which case, you would suffer a total loss of your investment in our company.

We have had limited revenue (\$106,736 for the six months ended June 30, 2007) and have incurred significant net losses since inception, including a net loss of \$1,070,007 during the six months ended June 30, 2007 and an aggregate net loss of \$14,996,045 since inception. We expect only limited revenue for the foreseeable future. Further, since inception, we have incurred negative cash flow from operations.

During the six months ended June 30, 2007, we incurred negative cash flows from operations of \$826,196. As of August 3, 2007, we had a cash balance of approximately \$275,000. As of June 30, 2007, we had a working capital deficiency of \$933,069 and a stockholders' deficit of \$750,962. We are largely dependent upon external sources for funding and, although we recently raised \$900,000, we have in the past had difficulty raising capital from external sources. These factors raise substantial doubt about our ability to continue as a going concern.

During the three and six months ended June 30, 2007 and 2006, our operating activities used \$826,196 and \$942,025 in cash, respectively. Our financing activities generated \$871,367 and \$646,522 during the six months ended June 30, 2007 and 2006, respectively. The approximate \$225,000 increase in cash generated by our financing activities is primarily attributable to an increase in proceeds from the sale of common stock and warrants. We received a short term advance of \$155,000 from our former CEO, Mr. Howard R. Baer, in February of 2007. This was repaid in April of 2007. During July of 2007, we raised an aggregate of \$900,000, \$775,000 of which was raised through the issuance of convertible debentures (in the principal amount of \$775,000) and warrants to purchase 1,550,000 shares of common stock, and \$125,000 of which was received in connection with the exercise of an outstanding warrant to purchase 1,250,000 shares of common stock at an exercise price of \$.10 per share.

On February 15, 2005, we entered into a Promissory Note ("Note"), a Security Agreement and a Patent Security Agreement with our former CEO, Mr. Baer (such documents are collectively hereinafter referred to as the "Loan Documents"), under which we were indebted to Mr. Baer in the aggregate amount of \$847,359. On March 25, 2005, we, Mr. Baer, and our wholly owned Subsidiary, Health Enhancement Corporation ("HEC"), executed and delivered a Joinder Agreement and First Amendment, which had the effect of making HEC a party to the Loan Documents, including as a co-maker of the note. As a result of entering into the Joinder Agreement and First Amendment, in addition to being a co-maker under the Note, HEC granted Mr. Baer a security interest in all of its assets related to the ProAlgaZume product. As of June 30, 2007, the Note was in the principal amount of \$414,391. The Note bore interest at the rate of 10% per annum. As required by the terms of the convertible note offering described above, this note was paid in full on July 26, 2007, and the related liens on our assets have since been released.

We estimate that we will require approximately \$1,000,000 in cash over the next twelve months in order to fund our operations. Based on this cash requirement, we have an immediate need for additional funding. For the foreseeable future, we do not expect that sales revenues will be sufficient to fund our cash requirements. Historically, we have had difficulty raising funds from external sources; however, we recently were able to raise a limited amount of capital from outside sources. If we are not able to raise additional funds in the immediate future we may be unable to continue as a going concern, in which case you will suffer a total loss of your investment in our company.

We have only limited product liability insurance. If a product claim were successfully made against us, there could be a material adverse effect on our financial condition.

Significant elements of income or loss not arising from our continuing operations

We do not expect to experience any significant elements of income or loss other than those arising from our continuing operation.

Seasonality

Our product is directed to the improvement of the health of our consumers, and we do not expect that operating results will be affected materially by seasonal factors. In addition, ProAlgaZyme is cultivated in a climate-controlled laboratory environment, not subject to seasonal growing effects or influences.

Staffing

We have conducted all of our activities since inception with a minimum level of qualified staff. We currently do not expect a significant increase in staff.

Off-Balance Sheet arrangements

We have no off-Balance Sheet arrangements that would create contingent or other forms of liability.

Item 3. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures. The Company's management, with the participation of the chief executive officer and the chief accounting officer, carried out an evaluation of the effectiveness of the Company's "disclosure, controls and procedures" (as defined in the Securities Exchange Act of 1934 (the "Exchange Act") Rules 13a-15(3) and 15-d-15(3)) as of the end of the period covered by this quarterly report (the "Evaluation Date"). Based upon that evaluation, the chief executive officer and the chief accounting officer concluded that, as of the Evaluation Date, the Company's disclosure, controls and procedures are effective, providing them with material information relating to the Company as required to be disclosed in the reports the Company files or submits under the Exchange Act on a timely basis.

(b) Changes in Internal Control over Financial Reporting. There were no changes in the Company's internal controls over financial reporting, known to the chief executive officer or the chief accounting officer, that occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Unregistered Sales

Item 6. Exhibits

Exhibit Number	Description	
2.1	Agreement and Plan of Reorganization	(1)
3.1	Articles of Incorporation of Health Enhancement Products, Inc., as amended	(2)
3.2	By-laws of the Company	(3)
31.1	Certification of the Principal Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended	
31.2	Certification of the Principal Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended	
32.1	Certification of the Principal Executive Officer pursuant to U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	
32.2	Certification of the Principal Financial Officer pursuant to U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	

(1) Filed as Exhibit 2.1 to our current Report on Form 8-K, Filed with the Commission on December 9, 2003 and incorporated by this reference.

(2) Filed as Exhibit 3.1 to our Form 10-QSB, filed with the Commission on August 30, 2004 and incorporated by this reference.

(3) Filed as Exhibit 3.2 to our Form 10SB, filed with the Commission on April 20, 2000 and incorporated by this reference.

SIGNATURES

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

HEALTH ENHANCEMENT PRODUCTS, INC.

Date: August 13, 2007

By: /s/Thomas D. Ingolia
Thomas D. Ingolia
Chief Executive Officer

Date: August 13, 2007

By: /s/Janet L. Crance
Janet L. Crance
Chief Accounting Officer

LIST OF EXHIBITS

Exhibit Number	Description	
2.1	Agreement and Plan of Reorganization	(1)
3.1	Articles of Incorporation of Health Enhancement Products, Inc., as amended	(2)
3.2	By-laws of the Company	(3)
31.1	Certification of the Principal Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended	
31.2	Certification of the Principal Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended	
32.1	Certification of the Principal Executive Officer pursuant to U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	
32.2	Certification of the Principal Financial Officer pursuant to U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	

- (1) Filed as Exhibit 2.1 to our current Report on Form 8-K, Filed with the Commission on December 9, 2003 and incorporated by this reference.
- (2) Filed as Exhibit 3.1 to our Form 10-QSB, filed with the Commission on August 30, 2004 and incorporated by this reference.
- (3) Filed as Exhibit 3.2 to our Form 10SB, filed with the Commission on April 20, 2000 and incorporated by this reference.

Exhibit 31.1

**Certification Pursuant to pursuant to Rule 13a-14(a) or Rule 15d-14(a)
of the Securities Exchange Act of 1934, as amended**

I, Thomas D. Ingolia, Chief Executive Officer of Health Enhancement Products, Inc. (the "Company"), certify that:

1. I have reviewed this quarterly report on Form 10-QSB of the Company;
 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
 4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
-

Exhibit 31.1 (continued)

**Certification Pursuant to pursuant to Rule 13a-14(a) or Rule 15d-14(a)
of the Securities Exchange Act of 1934, as amended**

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

- a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 13, 2007

/s/ Thomas D. Ingolia
Thomas D. Ingolia
Chief Executive Officer

Exhibit 31.2

**Certification Pursuant to pursuant to Rule 13a-14(a) or Rule 15d-14(a)
of the Securities Exchange Act of 1934, as amended**

I, Janet L. Crance, Chief Accounting Officer of Health Enhancement Products, Inc. (the "Company"), certify that:

1. I have reviewed this quarterly report on Form 10-QSB of the Company;
 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
 4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
-

Exhibit 31.2 (continued)

**Certification Pursuant to pursuant to Rule 13a-14(a) or Rule 15d-14(a)
of the Securities Exchange Act of 1934, as amended**

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

- a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 13, 2007

/s/ Janet L. Crance
Janet L. Crance
Chief Accounting Officer

Exhibit 32.1

**CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(Subsections (a) and (b) of Section 1350,
Chapter 63 of Title 18, United States Code)**

In connection with the Quarterly Report of Health Enhancement Products, Inc., a Nevada corporation (the "Company"), on Form 10-QSB for the period ending June 30, 2007 as filed with the Securities and Exchange Commission (the "Report"), I, Thomas D. Ingolia, Chief Executive Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350), that to the best of my knowledge and belief:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: August 13, 2007

/s/ Thomas D. Ingolia
Thomas D. Ingolia
Chief Executive Officer

A SIGNED ORIGINAL OF THIS WRITTEN STATEMENT REQUIRED BY SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 HAS BEEN PROVIDED TO HEALTH ENHANCEMENT PRODUCTS, INC. AND WILL BE RETAINED BY HEALTH ENHANCEMENT PRODUCTS, INC. AND FURNISHED TO THE SECURITIES AND EXCHANGE COMMISSION OR ITS STAFF UPON REQUEST.

**CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(Subsections (a) and (b) of Section 1350,
Chapter 63 of Title 18, United States Code)**

In connection with the Quarterly Report of Health Enhancement Products, Inc., a Nevada corporation (the "Company"), on Form 10-QSB for the period ending June 30, 2007 as filed with the Securities and Exchange Commission (the "Report"), I, Janet L. Crance, Chief Accounting Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350), that to the best of my knowledge and belief:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: August 13, 2007

/s/ Janet L. Crance
Janet L. Crance
Chief Accounting Officer

A SIGNED ORIGINAL OF THIS WRITTEN STATEMENT REQUIRED BY SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 HAS BEEN PROVIDED TO HEALTH ENHANCEMENT PRODUCTS, INC. AND WILL BE RETAINED BY HEALTH ENHANCEMENT PRODUCTS, INC. AND FURNISHED TO THE SECURITIES AND EXCHANGE COMMISSION OR ITS STAFF UPON REQUEST.