

IR BIOSCIENCES HOLDINGS INC
Form 10-Q
May 15, 2008

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

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange
Act of 1934

For the quarterly period ended March 31, 2008

or

Transition Report Pursuant to Section 13 or 15(d) of the Securities
Exchange Act of 1934

For the transition period from _____ to _____

Commission File Number: 033-05384

IR BIOSCIENCES HOLDINGS, INC.
(Exact name of Registrant as specified in its charter)

DELAWARE
(State or Other Jurisdiction of Incorporation or
Organization)

13-3301899
(I.R.S. Employer Identification No.)

8767 E. Via De Ventura, Suite 190, Scottsdale,
AZ
(Address of Principal Executive Offices)

85258
(Zip Code)

Registrant's telephone number, including area code: (480) 922-3926

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether 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 twelve 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

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>
Non-accelerated filer <input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company <input checked="" type="checkbox"/>

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

The number of shares outstanding of Registrant's common stock as of May 9, 2008 was 116,017,539.

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IR BIOSCIENCES HOLDINGS, INC. AND SUBSIDIARY

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ITEM 1. FINANCIAL INFORMATION

IR BioSciences Holdings, Inc. and Subsidiary
(A Development Stage Company)
Condensed Consolidated Balance Sheets as of March 31, 2008
And December 31, 2007

	March 31, 2008 (unaudited)	December 31, 2007 (audited)
Assets		
Current assets		
Cash and cash equivalents	\$ 695,469	\$ 221,120
Cash – Restricted	153,125	-
Prepaid services and other current assets (Note 1)	63,460	84,691
Salary advance (Note 1)	1,050	2,025
Total current assets	913,104	307,836
Deposits and other assets (Note 1)	7,128	7,128
Furniture and equipment, net of accumulated depreciation of \$31,151 (Note 2)	35,875	38,271
Total assets	\$ 956,107	\$ 353,235
Liabilities and Stockholders' (Deficit) Equity		
Current liabilities		
Accounts payable and accrued liabilities (Note 4)	\$ 673,361	\$ 932,609
Total current liabilities	673,361	932,609
Notes payable, net of discount of \$207,858 (Note 5)	1,792,142	-
Total liabilities	2,465,503	932,609
Commitments and Contingencies	-	-
Stockholders' Deficit		
Preferred stock, \$0.001 par value: 10,000,000 shares authorized, no shares issued and outstanding	-	-
Common stock, \$0.001 par value; 250,000,000 shares authorized;	115,623	114,323

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115,622,539 shares issued and outstanding at
March 31, 2008

Common stock subscribed (Note 6)	19,276	153,000
Additional paid-in capital	18,328,077	17,902,441
Deficit accumulated during the development stage	(19,972,372)	(18,749,138)
Total stockholders' deficit	(1,509,396)	(579,374)
Total liabilities and stockholders' deficit	\$ 956,107	\$ 353,235

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

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IR BioSciences Holdings, Inc. and Subsidiary
(A Development Stage Company)
Condensed Consolidated Statements of Losses
for the three months ended March 31, 2008 and 2007,
and for the date of inception (October 30, 2002) to March 31, 2008
(Unaudited)

	For the Three Months Ended March 31,		For the Period October 30, 2002 to March 31, 2008
	2008	2007	2008
Revenues	\$ -	\$ -	\$ -
Operating expenses:			
Selling, general and administrative expenses	\$ 1,176,907	\$ 874,110	\$ 17,262,848
Merger fees and costs	-	-	350,000
Financing cost	-	-	90,000
Impairment of intangible asset costs	-	-	6,393
Total operating expenses	1,176,907	874,110	17,709,241
Operating loss	(1,176,907)	(874,110)	(17,709,241)
Other expense:			
Cost of penalty for late registration of shares	-	-	2,192,160
(Gain) loss from marking to market - warrant portion of penalty for late registration of shares	-	-	(378,198)
(Gain) loss from marketing to market - stock portion of penalty for late registration of shares	-	-	(760,058)
Interest (income) expense, net	46,327	(20,866)	1,198,683
Total other (income) expense	46,327	(20,866)	2,252,587
Loss before income taxes	(1,223,234)	(853,244)	(19,961,828)
Provision for income taxes	-	(8,115)	(10,544)
Net Loss	\$ (1,223,234)	\$ (861,359)	\$ (19,972,372)
Net Loss per share - basic and diluted	\$ (0.01)	\$ (0.01)	\$ (0.32)
Weighted average shares outstanding - basic and diluted	114,885,174	113,914,576	62,638,869

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IR Biosciences Holding, Inc. and Subsidiary
(A Development Stage Company)
Condensed Consolidated Statement of Stockholders' Equity (Deficit)
From date of inception (October 30, 2002) to March 31, 2008
(Unaudited)

	Common Stock		Additional	Deferred	Common	Accumulated	Total
	Shares	Amount	Paid-In Capital	Compensation	Stock Subscribed	Deficit	
Balance at October 30, 2002 (date of inception)	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Shares of common stock issued at \$0.0006 per share to founders for license of proprietary right in December 2002	16,612,276	16,612	(7,362)	-	-	-	9,250
Shares of common stock issued at \$0.0006 per share to founders for services rendered in December 2002	1,405,310	1,405	(623)	-	-	-	782
Shares of common stock issued at \$0.1671 per share to consultants for services rendered in December 2002	53,878	54	8,946	(9,000)	-	-	-
Sale of common stock for cash at \$0.1671 per share in December 2002	185,578	186	30,815	-	-	-	31,001

Net loss for the period from inception (October 30, 2002) to December 31, 2002	-	-	-	-	-	(45,918)	(45,918)
Balance at December 31, 2002 (reflective of stock splits)	18,257,042	\$ 18,257	\$ 31,776	\$ (9,000)	\$ -	\$ (45,918)	\$ (4,885)
Shares granted to consultants at \$0.1392 per share for services rendered in January 2003	98,776	99	13,651	-	-	-	13,750
Sale of shares of common stock for cash at \$0.1517 per share in January 2003	329,552	330	49,670	-	-	-	50,000

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IR Biosciences Holding, Inc. and Subsidiary
(A Development Stage Company)
Condensed Consolidated Statement of Stockholders' Equity (Deficit)
From date of inception (October 30, 2002) to March 31, 2008
(Unaudited)
(continued)

	Common Stock		Additional Paid-In Capital	Deferred Compensation	Common Stock Subscribed	Accumulated Deficit	Total
	Shares	Amount					
Shares granted to consultants at \$0.1392 per share for services rendered in March 2003	154,450	154	21,346	-	-	-	21,500
Conversion of notes payable to common stock at \$0.1392 per share in April 2003	1,436,736	1,437	198,563	-	-	-	200,000
Shares granted to consultants at \$0.1413 per share for services rendered in April 2003	14,368	14	2,016	-	-	-	2,030
Sale of shares of common stock for cash at \$0.2784 per share in May 2003	17,960	18	4,982	-	-	-	5,000
Sales of shares of common stock for cash at \$0.2784 per share in June 2003	35,918	36	9,964	-	-	-	10,000

Conversion of notes payable to common stock at \$0.1392 per share in June 2003	718,368	718	99,282	-	-	-	100,000
Beneficial conversion feature associated with notes issued in June 2003	-	-	60,560	-	-	-	60,560
Amortization of deferred compensation	-	-	-	9,000	-	-	9,000
Costs of GPN Merger in July 2003	2,368,130	2,368	(123,168)	-	-	-	(120,799)

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IR Biosciences Holding, Inc. and Subsidiary
(A Development Stage Company)
Condensed Consolidated Statement of Stockholders' Equity (Deficit)
From date of inception (October 30, 2002) to March 31, 2008
(Unaudited)
(continued)

	Common Stock		Additional Paid-In Capital	Deferred Compensation	Common Stock Subscribed	Accumulated Deficit	Total
	Shares	Amount					
Value of warrants issued with extended notes payable in October 2003		-	-	189,937	-	-	189,937
Value of Company warrants issued in conjunction with fourth quarter notes payable issued October through December 2003		-	-	207,457	-	-	207,457
Value of warrants contributed by founders in conjunction with fourth quarter notes payable issued October through December 2003		-	-	183,543	-	-	183,543
Value of warrants issued for services in October through December 2003		-	-	85,861	-	-	85,861
Net loss for the twelve month period ended December 31, 2003		-	-	-	-	(1,856,702)	(1,856,702)

Balance at December 31, 2003	23,431,300	\$	23,431	\$	1,035,441	\$	-	\$	-	\$	(1,902,620)	\$	(843,748)
Shares granted at \$1.00 per share pursuant to the Senior Note Agreement in January 2004	600,000		600		599,400		(600,000)		-		-		-
Shares issued at \$1.00 per share to a consultant for services rendered in January 2004	800,000		800		799,200		(800,000)		-		-		-

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IR Biosciences Holding, Inc. and Subsidiary
(A Development Stage Company)
Condensed Consolidated Statement of Stockholders' Equity (Deficit)
From date of inception (October 30, 2002) to March 31, 2008
(Unaudited)
(continued)

	Common Stock		Additional Paid-In Capital	Deferred Compensation	Common Stock Subscribed	Accumulated Deficit	Total
	Shares	Amount					
Shares issued to a consultant at \$0.62 per share for services rendered in February 2004		40,000	40	24,760	(24,800)	-	-
Shares issued to a consultant at \$0.40 per share for services rendered in March 2004		1,051,600	1,051	419,589	(420,640)	-	-
Shares issued to a consultant at \$0.50 per share for services rendered in March 2004		500,000	500	249,500	(250,000)	-	-
Shares sold for cash at \$0.15 per share in March, 2004		8,000	8	1,192	-	-	1,200
Shares issued at \$0.50 per share to consultants for services rendered in March 2004		20,000	20	9,980	-	-	10,000
Shares issued to a consultant at \$0.40 per share for services rendered in March 2004		2,000	2	798	-	-	800
Shares issued to consultants at		91,600	92	29,220	-	-	29,312

\$0.32 per share for
services rendered
in March 2004

Shares to be
issued to
consultant at \$0.41
per share in April
2004 for services
to be rendered
through March
2005

-	-	-	(82,000)	-	-	(82,000)
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IR Biosciences Holding, Inc. and Subsidiary
(A Development Stage Company)
Condensed Consolidated Statement of Stockholders' Equity (Deficit)
From date of inception (October 30, 2002) to March 31, 2008
(Unaudited)
(continued)

	Common Stock		Additional Paid-In Capital	Deferred Compensation	Common Stock Subscribed	Accumulated Deficit	Total
	Shares	Amount					
Shares granted pursuant to the New Senior Note Agreement in April 2004	600,000	600	149,400	(150,000)			
Shares issued to officer at \$0.32 per share for services rendered in April 2004	200,000	200	63,800	-	-	-	64,000
Conversion of Note Payable to common stock at \$0.10 per share in May 2004	350,000	350	34,650	-	-	-	35,000
Beneficial Conversion Feature associated with note payable in May 2004	-	-	35,000	-	-	-	35,000
Issuance of warrants to officers and founder for services rendered in May 2004	-	-	269,208	-	-	-	269,208
Shares to a consultant at \$0.20 per share as a due diligence fee in May 2004	125,000	125	24,875	-	-	-	25,000

Shares issued to a consultant at \$1.00 per share for services to be rendered over twelve months beginning May 2004	500,000	500	499,500	(500,000)	-	-	-
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Beneficial Conversion Feature associated with notes payable issued in June 2004	-	-	3,000	-	-	-	3,000
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IR Biosciences Holding, Inc. and Subsidiary
(A Development Stage Company)
Condensed Consolidated Statement of Stockholders' Equity (Deficit)
From date of inception (October 30, 2002) to March 31, 2008
(Unaudited)
(continued)

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Deferred Compensation	Common Stock Subscribed	Accumulated Deficit	Total
Issuance of warrants to note holders in April, May, and June 2004	-	-	17,915	-	-	-	17,915
Issuance of warrants to employees and consultants for services rendered April to June 2004	-	-	8,318	-	-	-	8,318
Shares issued in July to a consultant at \$0.10 for services to be rendered through July 2005	250,000	250	24,750	(25,000)	-	-	-
Shares issued to a consultant in July and September at \$0.41 per share for services to be rendered through April 2005	200,000	200	81,800	-	-	-	82,000
Shares issued to a consultant in September at \$0.12 to \$0.22 for services rendered through September 2004	127,276	127	16,782	-	-	-	16,909
Shares issued in July to September	300,000	300	35,700	-	-	-	36,000

2004 as interest on note payable							
Issuance of warrants with notes payable in July and August 2004	-	-	72,252	-	-	-	72,252
Accrued deferred compensation in August 2004 to a consultant for 100,000 shares at \$0.10 per share, committed but unissued	-	-	-	(10,000)	-	-	(10,000)

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IR Biosciences Holding, Inc. and Subsidiary
(A Development Stage Company)
Condensed Consolidated Statement of Stockholders' Equity (Deficit)
From date of inception (October 30, 2002) to March 31, 2008
(Unaudited)
(continued)

	Common Stock		Additional Paid-In Capital	Deferred Compensation	Common Stock Subscribed	Accumulated Deficit	Total
	Shares	Amount					
Shares issued in August 2004 at \$0.14 to a consultant for services to be performed through October 2004	100,000	100	13,900	(14,000)	-	-	-
Shares issued in August 2004 at \$0.125 per share for conversion of \$30,000 demand loan	240,000	240	29,760	-	-	-	30,000
Shares issued in August 2004 at \$0.16 per share to a consultant for services provided.	125,000	125	19,875	-	-	-	20,000
Shares issued in October 2004 to employees at \$0.16 to \$0.25 per share	48,804	49	8,335	-	-	-	8,384
Commitment to issue 100,000 shares of stock to a consultant at \$0.23 per share for services to be provided through September 2005	-	-	-	(23,000)	-	-	(23,000)

Sale of stock for cash in October at \$0.125 per share, net of costs of \$298,155	18,160,000	18,160	1,345,763	-	-	-	1,363,923
Value of warrants issued with sale of common stock in October, net of costs	-	-	607,922	-	-	-	607,922
Issuance of warrant to officer in October, 2004	-	-	112,697	-	-	-	112,697

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IR Biosciences Holding, Inc. and Subsidiary
(A Development Stage Company)
Condensed Consolidated Statement of Stockholders' Equity (Deficit)
From date of inception (October 30, 2002) to March 31, 2008
(Unaudited)
(continued)

	Common Stock		Additional Paid-In Capital	Deferred Compensation	Common Stock Subscribed	Accumulated Deficit	Total
	Shares	Amount					
Issuance of stock to investment bankers in October 2004 for commissions earned	4,900,000	4,900	(4,900)	-	-	-	-
Conversion of accounts payable to stock in October at \$0.125 per share	1,257,746	1,258	107,382	-	-	-	108,640
Value of warrants issued with accounts payable conversions	-	-	48,579	-	-	-	48,579
Conversion of demand loan to stock in October at \$0.11 per share	93,300	93	10,170	-	-	-	10,263
Forgiveness of notes payable in October 2004	-	-	36,785	-	-	-	36,785
Issuance of stock to officer and director at \$0.125 per share in October for conversion of liability	1,440,000	1,440	122,493	-	-	-	123,933

Value of warrants issued with officer and director conversion of liabilities	-	-	56,067	-	-	-	56,067
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Conversion of debt and accrued interest to common stock at \$0.075 to \$0.125 per share	6,703,151	6,703	417,514	-	-	-	424,217
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Value of warrants issued with conversion of debt	-	-	191,111	-	-	-	191,111
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IR Biosciences Holding, Inc. and Subsidiary
(A Development Stage Company)
Condensed Consolidated Statement of Stockholders' Equity (Deficit)
From date of inception (October 30, 2002) to March 31, 2008
(Unaudited)
(continued)

	Common Stock		Additional Paid-In Capital	Deferred Compensation	Common Stock Subscribed	Accumulated Deficit	Total
	Shares	Amount					
Conversion of note payable in October into common stock at \$0.075 per share		67,616	68	4,932	-	-	5,000
Issuance of warrants to note holders in October 2004		-	-	112,562	-	-	112,562
Value of shares issued to CFO as compensation		100,000	100	34,900	-	-	35,000
Value of warrants issued to members of advisory committees in November and December		-	-	16,348	-	-	16,348
Beneficial conversion feature associated with notes payable		-	-	124,709	-	-	124,709
Shares issued per conversion of Note Payable - correction		(9,002)	(9)	9	-	-	-
Amortization of deferred compensation		-	-	-	2,729,454	-	2,729,454

through
December 31,
2004

Loss for the
twelve months
ended December
31, 2004

- - - - - (5,305,407) (5,305,407)

Balance at
December 31,
2004

62,423,391 \$ 62,423 \$ 7,922,943 \$ (169,986) \$ - \$ (7,208,027) \$ 607,353

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

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IR Biosciences Holding, Inc. and Subsidiary
(A Development Stage Company)
Condensed Consolidated Statement of Stockholders' Equity (Deficit)
From date of inception (October 30, 2002) to March 31, 2008
(Unaudited)
(continued)

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Deferred Compensation	Common Stock Subscribed	Accumulated Deficit	Total
Sale of shares of common stock for cash at \$0.20 per share in March 2005 for warrant exercise, net of costs	6,600,778	6,600	1,184,256	-	-	-	1,190,856
Value of warrants issued to members of advisory committees in March 2005	-	-	137,049	-	-	-	137,049
Deferred compensation in February 2005 to a consultant for 50,000 shares of common stock at \$0.65 per share.	-	-	-	(32,500)	-	-	(32,500)
Warrants exercised at \$0.05 per share in June 2003	80,000	80	3,920	-	-	-	4,000
Value of warrants issued to members of advisory committee in June 2005	-	-	70,781	-	-	-	70,781
Value of warrants issued to investors	-	-	32,991	-	-	-	32,991

and service providers in June 2005

Issuance of 232,153 shares of common stock in July 2005 for conversion of notes payable

232,153	232	64,771	-	-	-	65,003
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Issuance of 100,000 shares of common stock in August 2005 to a consultant for services provided

100,000	100	9,900	-	-	-	10,000
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IR Biosciences Holding, Inc. and Subsidiary
(A Development Stage Company)
Condensed Consolidated Statement of Stockholders' Equity (Deficit)
From date of inception (October 30, 2002) to March 31, 2008
(Unaudited)
(continued)

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Deferred Compensation	Common Stock Subscribed	Accumulated Deficit	Total
Value of warrants issued to advisory committee in September 2005 for services	-	-	20,491	-	-	-	20,491
Amortization of deferred comp for the twelve months ended December, 2005	-	-	-	199,726	-	-	199,726
Value of warrants issued in October and December 2005 to investors and service providers	-	-	18,399	-	-	-	18,399
Loss for the year ended December 31, 2005						(4,591,107)	(4,591,107)
Balance at December 31, 2005	69,436,322	\$ 69,435	\$ 9,465,501	\$ (2,760)	\$ -	\$ (11,799,134)	\$ (2,266,958)
Issuance of 100,000 shares to officer, previously accrued	100,000	100	41,316	-	-	-	41,416
Value of warrants issued to members of advisory	-	-	8,399	-	-	-	8,399

committee in
March 2006

Amortization of
deferred
compensation for
the three months
ended March 31,
2006

-	-	-	2,760	-	-	2,760
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Issuance of
common stock in
May 2006 to a
consultant for
services provided

34,464	35	16,162	-	-	-	16,197
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IR Biosciences Holding, Inc. and Subsidiary
(A Development Stage Company)
Condensed Consolidated Statement of Stockholders' Equity (Deficit)
From date of inception (October 30, 2002) to March 31, 2008
(Unaudited)
(continued)

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Deferred Compensation	Common Stock Subscribed	Accumulated Deficit	Total
Conversion of accrued interest to common stock at \$0.125 per share in May, 2006	19,288	19	2,392	-	-	-	2,411
Conversion of accrued interest to common stock at \$0.125 per share in May, 2006	16,324	16	2,025	-	-	-	2,041
Conversion of accrued interest to common stock at \$0.10 per share in May, 2006	13,454	14	1,341	-	-	-	1,355
Common stock issued pursuant to the exercise of warrants at \$0.09 per share in June 2006	5,000	5	445	-	-	-	450
Value of warrants issued to members of advisory committee in June 2006	-	-	8,820	-	-	-	8,820
Value of warrants issued to members of advisory committee in September 2006	-	-	3,495	-	-	-	3,495

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Value of warrants issued to officers	-	-	50,874	-	-	-	50,874
Issuance of penalty Common Stock, previously accrued	4,150,798	4,151	867,514	-	-	-	871,665
Issuance of penalty warrants, previously accrued	-	-	182,239	-	-	-	182,239

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Condensed Consolidated Statement of Stockholders' Equity (Deficit)
From date of inception (October 30, 2002) to March 31, 2008
(Unaudited)
(continued)

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Deferred Compensation	Common Stock Subscribed	Accumulated Deficit	Total
Value of options issued to officer	-	-	78,802	-	-	-	78,802
Value of warrants issued to members of advisory committee in December 2006	-	-	1,974	-	-	-	1,974
Issuance of Common Stock for cash	34,266,250	34,267	4,579,282	-	-	-	4,613,549
Common stock to be issued as commission for equity fund raising	-	-	(5,483)	-	5,483	-	-
Value of options issued to officer	-	-	32,120	-	-	-	32,120
Value of options issued to officer	-	-	185,472	-	-	-	185,472
Loss for the year ended December 31, 2006	-	-	-	-	-	(1,486,046)	(1,486,046)
Balance at December 31, 2006	108,041,900	\$ 108,042	\$ 15,522,690	\$ -	\$ 5,483	\$(13,285,180)	\$ 2,351,035
Common stock issued as commission for equity fund raising	5,482,600	5,483	-	-	(5,483)	-	-

Common stock issued to consultant in January, 2007 at \$0.15 per share	298,039	298	44,408	-	-	-	44,706
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Common stock issued to consultants in January, 2007 at \$0.155 per share	400,000	400	61,600	-	-	-	62,000
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The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

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IR Biosciences Holding, Inc. and Subsidiary
(A Development Stage Company)
Condensed Consolidated Statement of Stockholders' Equity (Deficit)
From date of inception (October 30, 2002) to March 31, 2008
(Unaudited)
(continued)

	Common Stock		Additional	Deferred	Common	Accumulated	Total
	Shares	Amount	Paid-In Capital	Compensation	Stock Subscribed	Deficit	
Common stock issued to consultants in January, 2007 at \$0.15 per share	100,000	100	14,900	-	-	-	15,000
Value of options issued to officer in January, February and March 2007	-	-	471,457	-	-	-	471,457
Value of options issued to employee in January, 2007	-	-	5,426	-	-	-	5,426
Value of warrants issued to a consultant in April 2007	-	-	166,998	-	-	-	166,998
Value of options issued to employees in July 2007	-	-	996,133	-	-	-	996,133
Value of options issued to directors in July 2007	-	-	537,833	-	-	-	537,833
Value of options issued to consultants in July 2007	-	-	80,996	-	-	-	80,996

Common stock to be issued for consulting services	-	-	-	-	33,000	-	33,000
Common stock to be issued for finder's fee	-	-	-	-	120,000	-	120,000
Loss for the year ended December 31, 2007	-	-	-	-	-	(5,463,958)	(5,463,958)
Balance at December 31, 2007	114,322,539	\$ 114,323	\$ 17,902,441	\$ -	\$ 153,000	(18,749,138)	\$ (579,374)

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

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IR Biosciences Holding, Inc. and Subsidiary
(A Development Stage Company)
Condensed Consolidated Statement of Stockholders' Equity (Deficit)
From date of inception (October 30, 2002) to March 31, 2008
(Unaudited)
(continued)

	Common Stock		Additional	Deferred	Common	Accumulated	Total
	Shares	Amount	Paid-In Capital	Compensation	Stock Subscribed	Deficit	
Common stock issued for consulting services previously accrued	300,000	300	32,700	-	(33,000)	-	-
Common stock issued for finder's fee, previously accrued	1,000,000	1,000	119,000	-	(120,000)	-	-
Common stock to be issued for interest payment at \$0.0488 per share	-	-	-	-	19,276	-	19,276
Value of warrants issued to a consultant in April 2007	-	-	38,599	-	-	-	38,599
Value of warrants issued pursuant to convertible debt agreement	-	-	226,754	-	-	-	226,754
Value of options issued to advisory boards	-	-	3,729	-	-	-	3,729
Value of options issued to an employee in January 2007	-	-	1,357	-	-	-	1,357

Value of options issued to consultants in July 2007	-	-	3,497	-	-	-	3,497
Loss for the three months ended March 31, 2008	-	-	-	-	-	(1,223,234)	(1,223,234)
Balance at March 31, 2008	115,622,539	\$ 115,623	\$ 18,328,077	\$ -	\$ 19,276	\$ (19,972,372)	\$ (1,509,396)

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

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IR BioSciences Holdings, Inc. and Subsidiary
(A Development Stage Company)
Condensed Consolidated Statements of Cash Flows
For the Three Months Ended March 31, 2008 and 2007,
And For the Period of Inception (October 30, 2002) to March 31, 2008
(Unaudited)

	For the Three Months Ended March 31,		For the Period October 30, 2002 to March 31, 2008
	2008	2007	2008
Cash flows from operating activities:			
Net loss	\$ (1,223,234)	\$ (861,359)	\$ (19,972,372)
Adjustments to reconcile net loss to net cash used in operating activities:			
Non-cash compensation	55,432	259,920	6,863,791
Cost of penalty for late registration of shares - stock portion	-	-	1,631,726
Cost of penalty for late registration of shares - warrant portion	-	-	560,434
(Gain) loss from marking to market - stock portion of penalty for late registration of shares	-	-	(760,058)
(Gain) loss from marking to market - warrant portion of penalty for late registration of shares	-	-	(378,198)
Legal fees for note payable	-	-	20,125
Placement fees for note payable	-	-	65,000
Impairment of intangible asset	-	-	6,393
Interest expense	-	-	156,407
Amortization of discount on notes payable	18,896	-	1,025,831
Amortization of cash held in escrow	21,875	-	21,875
Depreciation and amortization	3,993	2,850	56,508
Changes in operating assets and liabilities:			
Deposits	-	-	(4,868)
Prepaid services and other assets	12,981	(23,565)	(28,969)
Accounts payable and accrued expenses	(239,972)	-	938,391
Salary advance	975	750	(1,050)
Net cash used in operating activities	(1,349,054)	(621,404)	(9,799,034)
Cash flows from investing activities:			
Acquisition of property and equipment	(1,597)	(6,004)	(67,026)
Net cash used in investing activities	(1,597)	(6,004)	(67,026)
Cash flows from financing activities:			
Proceeds from notes payable	1,825,000	-	3,778,375
Principal payments on notes payable and demand loans	-	-	(1,094,747)
Shares of stock sold for cash	-	-	7,873,451
Proceeds from exercise of warrant	-	-	4,450

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Officer repayment of amounts paid on his behalf	-	-	19,880
Cash paid on behalf of officer	-	-	(19,880)
Net cash provided by financing activities	1,825,000	-	10,561,529
Net increase (decrease) in cash and cash equivalents	474,349	(627,408)	695,469
Cash and cash equivalents at beginning of period	221,120	2,752,103	-
Cash and cash equivalents at end of period	\$ 695,469	\$ 2,124,695	\$ 695,469

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IR BioSciences Holdings, Inc. and Subsidiary
(A Development Stage Company)
Condensed Consolidated Statements of Cash Flows
For the Three Months Ended March 31, 2008 and 2007,
And For the Period of Inception (October 30, 2002) to March 31, 2008
(Unaudited)
(continued)

	For the Three Months Ended March 31,		For the Period October 30, 2002 to March 31,
	2008	2007	2008
Supplemental disclosures of cash flow information:			
Cash paid during the period for:			
Interest	\$ 19,299	\$ -	\$ 105,352
Taxes	\$ -	\$ 8,115	\$ 8,115
Acquisition and capital restructure:			
Assets acquired	-	-	-
Liabilities assumed	-	-	(120,799)
Common stock retained	-	-	(2,369)
Adjustment to additional paid-in capital	-	-	123,168
Organization costs	-	-	350,000
Total consideration paid	\$ -	\$ -	\$ 350,000
Common stock issued in exchange for proprietary rights	\$ -	\$ -	\$ 9,250
Common stock issued in exchange for services	\$ 33,000	\$ 77,000	\$ 3,210,483
Common stock issued in exchange for previously incurred debt and accrued interest	\$ -	\$ -	\$ 1,066,401
Common stock issued in exchange as interest	\$ -	\$ -	\$ 36,000
Amortization of beneficial conversion feature	\$ -	\$ -	\$ 223,269
Stock options and warrants issued in exchange for services rendered	\$ 43,453	\$ 182,920	\$ 3,421,945
Debt and accrued interest forgiveness from note holders	\$ -	\$ -	\$ 36,785
Common stock issued in satisfaction of amounts due to an Officer and a Director	\$ -	\$ -	\$ 180,000
Common stock issued in satisfaction of accounts payable	\$ -	\$ -	\$ 157,219

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Deferred compensation to a consultant accrued in March 2005	\$	-	\$	-	\$ 2,630,761
Amortization of deferred compensation	\$	-	\$	-	\$ 202,486
Fair value of common stock and warrants in payable in connection with late filing of registration statement	\$	-	\$	-	\$ 3,684,664
Gain from marking to market - stock portion of penalty for late registration of shares	\$	-	\$	-	\$ (1,124,255)
Gain from marking to market - warrant portion of penalty for late registration of shares	\$	-	\$	-	\$ (456,603)
Impairment of intangible asset	\$	-	\$	-	\$ 6,393
Issuance of stock to Officer, previously accrued	\$	-	\$	-	\$ 41,416
Value of warrants issued to members of advisory board	\$	-	\$	-	\$ 22,688
Services for note payable	\$	-	\$	-	\$ 9,750
Issuance of shares for accounts payable	\$	-	\$	44,706	\$ 44,706
Stock issued as commission for equity fund raising	\$	120,000	\$	5,483	\$ 125,483
Value of options issued to members of advisory board	\$	3,729	\$	-	\$ 3,729
Value of warrants issued for financing	\$	226,754	\$	-	\$ 226,754
Value of shares to be issued for interest payment	\$	19,276	\$	-	\$ 19,276

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

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IR BIOSCIENCES HOLDINGS, INC.
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2008
(Unaudited)

Note 1 - Summary Of Accounting Policies

General

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with the instructions to Form 10-QSB, and therefore, do not include all the information necessary for a fair presentation of financial position, results of operations and cash flows in conformity with accounting principles generally accepted in the United States of America for a complete set of financial statements.

In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. The results from operations for the three months ended March 31, 2008 are not necessarily indicative of the results that may be expected for the year ended December 31, 2008. The unaudited condensed consolidated financial statements should be read in conjunction with the December 31, 2007 financial statements and footnotes thereto included in the Company's annual report on SEC Form 10-KSB filed with the Securities and Exchange Commission on March 31, 2008 10-KSB.

Business and basis of presentation

IR BioSciences Holdings, Inc. (the "Company," "we," or "us") formerly GPN Network, Inc. ("GPN") is currently a development stage company under the provisions of Statement of Financial Accounting Standards ("SFAS") No. 7. The Company, which was incorporated under the laws of the State of Delaware on October 30, 2002, is a development-stage biopharmaceutical company. Through our wholly owned subsidiary, ImmuneRegen BioSciences, Inc., the Company is engaged in the research and development of potential drugs. The Company's goal is to develop therapeutics to be used for the protection of the body from exposure to harmful agents such as toxic chemicals and radiation, as well as, biological agents, including influenza and anthrax. The Company's research and development efforts are at a very early stage and Radilex and Viprovex, the Company's potential drug candidates, have only undergone pre-clinical testing in mice. From its inception through the date of these financial statements, the Company has recognized no revenues and has incurred significant operating expenses.

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, ImmuneRegen BioSciences, Inc. Significant inter-company transactions have been eliminated in consolidation.

Reclassification

Certain reclassifications have been made to conform to prior periods' data to the current presentation. These reclassifications had no effect on reported losses.

Stock based compensation

Effective January 1, 2006, the Company adopted SFAS No. 123 (revised), "Share-Based Payment" (SFAS 123(R)) utilizing the modified prospective approach. Prior to the adoption of SFAS 123(R) we accounted for stock option grant in accordance with APB Opinion No. 25, "Accounting for Stock Issued to Employees" (the intrinsic value method), and accordingly, recognized compensation expense for stock option grants.

Under the modified prospective approach, SFAS 123(R) applies to new awards and to awards that were outstanding on January 1, 2006 that are subsequently modified, repurchased or cancelled. Under the modified prospective approach, compensation cost recognized in the nine months of fiscal 2006 includes compensation cost for all share-based payments granted prior to, but not yet vested as of January 1, 2006, based on the grant-date fair value estimated in accordance with the original provisions of SFAS 123, and compensation cost for all share-based payments granted subsequent to January 1, 2006 based on the grant-date fair value estimated in accordance with the provisions of SFAS 123(R). Prior periods were not restated to reflect the impact of adopting the new standard.

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IR BIOSCIENCES HOLDINGS, INC.
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(Unaudited)

A summary of option activity under the Plan as of March 31, 2008, and changes during the period ended are presented below:

	Options	Weighted Average Exercise Price
Outstanding at December 31, 2007	16,014,212	\$ 0.29
Issued	397,465	0.12
Exercised	-	-
Forfeited or expired	-	-
Outstanding at March 31, 2008	16,411,677	\$ 0.29
Non-vested at March 31, 2008	342,500	\$ 0.08
Exercisable at March 31, 2008	16,069,177	\$ 0.29

Aggregate intrinsic value of options outstanding and exercisable at March 31, 2008 was \$0. Aggregate intrinsic value represents the difference between the Company's closing stock price on the last trading day of the fiscal period, which was \$0.09 as of March 31, 2008, and the exercise price multiplied by the number of options outstanding. As of March 31, 2008, total unrecognized stock-based compensation expense related to stock options was \$17,779. The total fair value of options vested during the three months ended March 31, 2008 was \$8,583.

Interim financial statements

The accompanying balance sheet as of March 31, 2008, the statements of operations for the three months ended March 31, 2008 and 2007, and for the period of inception (October 30, 2002) to March 31, 2008, and the statements of cash flows for three months ended March 31, 2008 and 2007, and from the period of inception (October 30, 2002) to March 31, 2008 are unaudited. These unaudited interim financial statements include all adjustments (consisting of normal recurring accruals), which, in the opinion of management, are necessary for a fair presentation of the results of operations for the periods presented. Interim results are not necessarily indicative of the results to be expected for a full year.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that 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 revenues and expenses during the reported periods. Actual results could materially differ from those estimates.

Long-lived assets

The Company accounts for its long-lived assets under the provision of Statements of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets To Be Disposed Of." The

Company's long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Events relating to recoverability may include significant unfavorable changes in business conditions, recurring losses, or a forecasted Inability to achieve break-even operating results over an extended period. The Company evaluates the recoverability of long-lived assets based upon forecasted undiscounted cash flows. Should an impairment in value be indicated, the carrying value of intangible assets will be adjusted, based on estimates of future discounted cash flows resulting from the use and ultimate disposition of the asset.

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IR BIOSCIENCES HOLDINGS, INC.
(A DEVELOPMENT STAGE COMPANY)
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MARCH 31, 2008
(Unaudited)

Prepaid services and other current assets

Prepaid services and other current assets consist of the following:

	March 31, 2008	December 31, 2007
Prepaid insurance	\$ 20,475	\$ 29,502
Prepaid expenses	42,985	55,189
	\$ 63,460	\$ 84,691

Salary Advance

The Company has made an advance of salary to one employee in the amount of \$1,050 and \$2,025 as of March 31, 2008 and December 31, 2007, respectively.

Deposits and other assets

Deposits and other assets consist of a deposit on leased office space in the amount of \$7,128 as of March 31, 2008 and December 31, 2007.

Restricted Cash

The Company has cash in the amount of \$175,000 held in escrow pursuant to the Securities Purchase Agreement that was entered into in January 2008. These funds are amortized on a straight-line basis over a 24 month period, with a monthly amortization expense of \$7,292. As of March 31, 2008, a total of \$21,875 of amortization expense was recognized, resulting in a balance in the restricted cash escrow account of \$153,125.

Note 2 – Furniture and equipment

Furniture and equipment are valued at cost. Depreciation and amortization are provided over the estimated useful lives up to seven years using the straight-line method. The estimated service lives of property and equipment are as follows:

Computer equipment	3 years
Laboratory equipment	3 years
Furniture	7 years

Depreciation expense for the three months ended March 31, 2008 and 2007 was \$3,993 and \$2,850, respectively. The amount depreciated from the date of inception (October 30, 2002) through March 31, 2008 was \$56,508. Company's furniture and equipment consists of the following:

	March 31, 2008	December 31, 2007
Office Equipment	\$ 60,879	\$ 59,282

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Office furniture and fixtures	6,147	6,147
	67,026	65,429
Accumulated depreciation	(31,151)	(27,158)
Total	\$ 35,875	\$ 38,271

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IR BIOSCIENCES HOLDINGS, INC.
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2008
(Unaudited)

Note 3 - Related Party Transactions

Credit Cards

The Company has a line of credit with Bank of America for \$25,000. Our Chief Executive Officer co-signs this line of credit. At March 31, 2008 the Company had an outstanding balance on the line of credit of \$21,856.

The Company has a line of credit with Bank of America for \$25,000. Our Chief Executive Officer co-signs this line of credit. At March 31, 2008 the Company had an outstanding balance on the line of credit of \$17,520.

Note 4 - Accounts Payable And Accrued Liabilities

Accounts payable and accrued liabilities consisted of the following:

	March 31, 2008	December 31, 2007
Accounts payable and accrued liabilities	\$ 592,646	\$ 852,411
Accounts payable - shell company	34,926	34,926
Credit cards payable	39,376	36,765
Interest payable	3,213	3,215
Accrued payroll	-	2,092
State income tax payable	3,200	3,200
	\$ 673,361	\$ 932,609

Note 5 - Notes Payable

On January 3, 2008, the Company entered into a Securities Purchase Agreement (the "Purchase Agreement") with YA Global Investments, L.P. (the "Buyer"), pursuant to which the Buyer agreed to purchase from the Company (i) up to \$3 million of secured convertible debentures (the "Convertible Debentures"), which shall be convertible into shares of the Company's common stock and (ii) warrants to acquire up to 7,500,000 additional shares of Common Stock (the "Warrants") (the "Financing").

The initial closing of the Financing occurred on January 3, 2008, at which time the Company sold to the Buyer \$2 million of the Convertible Debentures and the Warrants (the "First Closing"). The Company, at its sole option, may elect to sell and issue to the Buyer an additional \$1 million of Convertible Debentures within the six months following the execution of the Purchase Agreement (the "Second Closing"). Obligations under the Convertible Debentures are guaranteed by ImmuneRegen BioSciences, Inc., the Company's wholly-owned subsidiary (the "Guarantor"). The Company's obligations under the Convertible Debentures are secured by (i) all of the assets and property of the Guarantor pursuant to a Security Agreement and (ii) by Patent Collateral of the Company and the Guarantor in accordance with a Patent Security Agreement by and among the Company, the Buyer and the Guarantor.

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IR BIOSCIENCES HOLDINGS, INC.
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MARCH 31, 2008
(Unaudited)

The Convertible Debentures mature on December 31, 2010, unless extended by the holder, and accrue interest at the rate of 8% per annum. Interest is payable in cash quarterly on the last day of each calendar quarter beginning on March 31, 2008, or at the Company's option if "Equity Conditions" (as defined in the debenture) are satisfied, it may be paid by the issuance of Common Stock. The Convertible Debentures are convertible at any time at the option of the holder into shares of the Company's Common Stock at a price equal to \$0.20 per share. On or after December 31, 2009 or if the Company's fails to achieve certain milestones based on preclinical studies and submission of a Investigational New Drug Application, as set forth in the Convertible Debenture, the conversion price of the Convertible Debentures becomes the lower of (i) \$0.20 per share or (ii) 80% of the lowest daily volume weighted average price during the five trading days immediately preceding conversion.

The Company may redeem a portion or all amounts outstanding under the Convertible Debentures prior to the December 31, 2010 provided that certain conditions to redemption have been satisfied. The Company may force a conversion of the Convertible Debentures into Common Stock, provided that specified conditions have been satisfied. Holders of the Convertible Debentures are subject to limitations on their right to convert the Convertible Debentures, or receive shares of Common Stock as payment of interest, if after giving effect to such conversion or receipt of shares, the holder would be deemed to beneficially own more than 9.99% of the Company's then outstanding Common Stock. Upon the occurrence of certain events of default defined in the Convertible Debentures, including the Company's failure to pay the holder any amount of principal, interest, or other amounts when due, the full principal amount of the Convertible Debentures, together with interest and other amounts due, become immediately due and payable in cash, provided however, that holder may request payment of such amounts in Common Stock of the Company.

In the event the Company effects any "fundamental transaction" as defined in the Convertible Debentures, including a merger or consolidation of the Company or sale of more than 50% of its assets, the holder may (i) require the redemption of all amounts owed, including principal, accrued and unpaid interest and any other charges; (ii) require the conversion of the Convertible Debentures into shares of common stock and other securities, cash and property; or (iii) in the case of a merger or consolidation, require the surviving entity to issue to the holder a convertible debenture with a principal amount equal to the Convertible Debentures then held by the holder, plus all accrued and unpaid interest and other amounts, and with the same terms and conditions as the Convertible Debentures.

The Company placed \$175,000 into an escrow account upon the First Closing, and if the Company elects to close the Second Closing it will place an additional \$75,000 into escrow. The funds in escrow will be used to compensate the Buyer's investment manager for monitoring and managing the Buyer's purchase and investment. The \$175,000 in escrow will be amortized on a straight-line basis over a 24 month period, with a monthly amortization expense of \$7,292. As of March 31, 2008, the balance remaining in the escrow account was \$153,125.

The Company agreed to pay a \$20,000 structuring fee to the Buyer's investment manager. In addition, for the period from January 3, 2008 through 30 days after all amounts owed to the Buyer under the Convertible Debentures have been paid, the officers and directors of the Company agreed not to sell, transfer, pledge, or otherwise encumber or dispose of any securities of the Company except in accordance with the volume limitations set forth in Rule 144(e) of the General Rules and Regulations under the Securities Act of 1933, as amended.

The Warrants have an exercise price, subject to adjustments, of \$0.25 per share and are exercisable at any time on or prior to December 31, 2012. The Warrants provide a right of cashless exercise if, at the time of exercise, there is no effective registration statement registering the resale of the shares underlying the Warrants. Holders of the Warrants are subject to limitations on their right to exercise the Warrants, if after giving effect to the exercise, a holder and its affiliates would be deemed to beneficially own more than 9.99% of the Company's then outstanding Common Stock.

The Buyer has a right of first refusal on any future funding that involves the issuance of the Company's capital stock for so long as a portion of the Convertible Debentures is outstanding.

During the three months ended March 31, 2008, the Company accrued interest in the amount of \$38,575 on this note. The Company paid \$19,299 of the accrued interest in cash, and the remaining \$19,276 will be paid in shares of common stock. As of March 31, 2008, the shares of common stock have not been issued and the interest in the amount of \$19,276 is shown as common stock subscribed on the Company's balance sheet at March 31, 2008.

Pursuant to the Purchase Agreement, the Company issued warrants to acquire 7,500,000 additional shares of common stock. These warrants were valued using the guidance of EITF 00-27, resulting in a value of \$226,754. The value of these warrants was taken as a discount to the convertible note, and will be amortized over the three year life of the note. As of March 31, 2008, the remaining discount to the convertible notes payable is \$207,858.

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IR BIOSCIENCES HOLDINGS, INC.
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2008
(Unaudited)

Note 6 - Equity

Common stock

Pursuant to an agreement dated, November 20, 2007, the Company agreed to issue 1,000,000 shares of common stock to a consultant for services provided. These shares were not issued as of December 31, 2007, and the value of these shares in the amount of \$120,000 was been recorded as common stock subscribed at December 31, 2007. During the three months ended March 31, 2008, the Company issued the 1,000,000 shares of common stock.

Pursuant to an agreement dated, November 5, 2007, the Company agreed to issue 300,000 shares of common stock to a consultant for services to be performed over the next year. These shares were not issued as of December 31, 2007 and the value of the shares in the amount of \$33,000 was been recorded in common stock subscribed at December 31, 2007. During the three months ended March 31, 2008, the Company issued the 300,000 shares of common stock.

In March 2007, the Company agreed to issue 395,000 shares of common stock to a note holder for accrued interest in the amount of \$19,276. These shares were not issued as of March 31, 2008 and the fair value of these shares of \$19,276 has been recorded as common stock subscribed at March 31, 2008.

Warrants

In April 2007, the Company issued warrants to purchase 5,000,000 shares of common stock to a consultant. The warrants vest 750,000 immediately and 177,083 every month for the next two years. The Company charged to operations the amount of \$38,599, representing the value of the warrants that vested during the three months ended March 31, 2008, respectively.

In January 2008, the Company issued warrants to purchase 7,500,000 shares of common stock pursuant to a financing agreement. These warrants were valued using the guidance of EITF 00-27, resulting in a value of \$226,754. The value of these warrants was taken as a discount to the convertible note, and will be amortized over the three year life of the note. As of March 31, 2008, the remaining discount to the convertible notes payable is \$207,858.

The following table summarizes the changes in warrants outstanding and the related prices for the shares of the Company's common stock issued to non-employees of the Company. These warrants were granted in lieu of cash compensation for services performed or financing expenses and in connection with placement of convertible debentures.

Warrants Outstanding			Warrants Exercisable		
Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life (years)	Exercise Price	Number Exercisable	Weighted Average Remaining Contractual Life (years)
\$.05-.10	565,800	1.43	\$.05-.10	565,800	1.43
.125-.22	2,433,480	2.90	.125-.22	1,839,730	2.52
.23-.56	38,658,010	3.33	.23-.56	35,887,181	3.28

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1.00	664,120	0.70	1.00	664,120	0.70
2.00	6,550	1.32	2.00	6,550	1.32
	42,327,960	3.24		38,963,381	3.17

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(Unaudited)

Transactions involving warrants are summarized as follows:

	Number of Shares (post-split)	Weighted Average Price Per Share (post-split)
Outstanding at December 31, 2007	35,160,647	\$ 0.36
Granted	7,500,000	0.25
Exercised	-	-
Cancelled or expired	(332,687)	0.43
Outstanding at March 31, 2008	42,327,960	\$ 0.34

The estimated value of the compensatory warrants granted to non-employees in exchange for services and financing expenses was determined using the Black-Scholes pricing model and the following assumptions:

	2008	2007
Significant assumptions (weighted-average):		
Risk-free interest rate at grant date	4.25%	4.75%
Expected stock price volatility	82.54 to 93.11%	87.71%
Expected dividend payout	-	-
Expected warrant life-years	3 to 5	3 to 5

Options

In March 2008, the Company issued options to purchase 250,000 shares of common stock a director. Options to purchase 50% or 125,000 shares vest in 30 days and options to purchase the remaining 50% or 125,000 shares vest over twelve months. The Company valued these options at \$19,625. This amount will be charged to operations as the options vest.

In March 2008, the Company issued options to purchase 15,000 shares of common stock an employee. Options to purchase 50% or 7,500 shares vest in 30 days and options to purchase the remaining 50% or 7,500 shares vest twelve months. The Company valued these options at \$976. The amount will be charged to operations as the options vest.

In March 2008, the Company issued options to purchase 15,000 shares of common stock an employee. Options to purchase 50% or 7,500 shares vest in 30 days and options to purchase the remaining 50% or 7,500 shares vest twelve months. The Company valued these options at \$976. The amount will be charged to operations as the options vest.

In March 2008, the Company issued options to purchase 117,465 shares of common stock to member of the Company's advisory board. These options vest upon issuance. The Company charged to operations the amount of \$3,729, the value of the vested options during the three months ended March 31, 2008.

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The following table summarizes the changes in options outstanding and the related prices for the shares of the Company's common stock.

Exercise Prices	Options Outstanding		Options Exercisable	
	Number Outstanding	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)
\$ 0.06-0.22	14,080,000			