

IR BIOSCIENCES HOLDINGS INC  
Form 10QSB  
August 14, 2007

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

\_\_\_\_\_  
**FORM 10-QSB**  
\_\_\_\_\_

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

**For the quarterly period ended June 30, 2007**

**or**

**o 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.)

**4021 N. 75th Street, Suite 201, Scottsdale, Arizona 85251**

(Address of principal executive offices) 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

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was required to file such reports, and (2) has been subject to such filing requirements for the past 90 days. Yes  No

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 August 3, 2007 was 114,322,539.

Transitional Small Business Disclosure Format (check one): Yes  No

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**IR BIOSCIENCES HOLDINGS, INC. AND SUBSIDIARY**

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**IR BioSciences Holdings, Inc. and Subsidiary**  
**(A Development Stage Company)**  
**Condensed Consolidated Balance Sheet as of June 30, 2007**  
**(Unaudited)**

**Assets**

## Current assets

Cash and cash equivalents	\$	1,513,379
Prepaid services and other current assets (Note 1)		48,031
Salary advance (Note 1)		3,975

<b>Total current assets</b>		<b>1,565,385</b>
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Deposits and other assets (Note 1)		2,260
Furniture and equipment, net of accumulated depreciation of \$18,351 (Note 2)		29,747

<b>Total assets</b>	<b>\$</b>	<b>1,597,392</b>
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**Liabilities and Stockholders' Equity**

## Current liabilities

Accounts payable and accrued liabilities (Note 4)	\$	593,806
Current portion of Notes Payable (Note 5)		50,000

<b>Total current liabilities</b>		<b>643,806</b>
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## Commitments and Contingencies

-

## Stockholders' Equity

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;

114,322,539 shares issued and outstanding at June 30, 2007 (Note 6)

114,323

Additional paid-in capital 16,100,898

Deficit accumulated during the development stage (15,261,635)

Total stockholders' equity 953,586

<b>Total liabilities and stockholders' equity</b>	<b>\$</b>	<b>1,597,392</b>
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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 Statement of Losses**  
**For the three and six months ended June 30, 2007 and 2006,**  
**And for the period of inception (October 30, 2002) to June 30, 2007**  
**(Unaudited)**

	For the Three Months Ended June 30,		For the Six Months Ended June 30,		For the Period October 30, 2002 to June 30, 2007
	2007	2006	2007	2006	
Revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Operating expenses:					
Selling, general and administrative expenses	1,141,908	601,972	2,016,018	1,163,116	12,585,636
Merger fees and costs	-	-	-	-	350,000
Financing cost	-	-	-	-	90,000
Impairment of intangible asset costs	-	-	-	-	6,393
Total operating expenses	1,141,908	601,972	2,016,018	1,163,116	13,032,029
Operating loss	(1,141,908)	(601,972)	(2,016,018)	(1,163,116)	(13,032,029)
Other expense:					
Cost of penalty for late registration of shares	-	(994,574)	-	(438,601)	2,192,160
(Gain) loss from marking to market - warrant portion of penalty for late registration of shares	-	(39,887)	-	(46,755)	(378,198)
(Gain) loss from marketing to market - stock portion of penalty for late registration of shares	-	(124,524)	-	(72,101)	(760,058)
Interest (income) expense, net	(26,812)	15,057	(47,678)	14,891	1,167,587
Total other (income) expense	(26,812)	(1,143,928)	(47,678)	(542,566)	2,221,491
Income (loss) before income taxes	(1,115,096)	541,956	(1,968,340)	(620,550)	(15,253,520)
Provision for income taxes	-	-	(8,115)	-	(8,115)
Net (loss)	\$ (1,115,096)	\$ 541,956	\$ (1,976,455)	\$ (620,550)	\$ (15,261,635)
	\$ (0.01)	\$ 0.01	\$ (0.02)	\$ (0.01)	\$ (0.28)

Net income (loss) per share -  
basic and diluted

Weighted average shares  
outstanding -

basic and diluted	114,322,539	69,632,567	114,119,683	69,554,432	54,267,855
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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)**  
**Consolidated Statement of Stockholders' Equity (Deficit)**  
**From date of inception (October 30, 2002) to June 30, 2007**  
**(Unaudited)**

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Deferred Compensation	Common Stock Subscribed	Accumulated Deficit	Total
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)	-	-	-



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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)

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**IR BioSciences Holding, Inc. and Subsidiary**  
**(A Development Stage Company)**  
**Consolidated Statement of Stockholders' Equity (Deficit)**  
**From date of inception (October 30, 2002) to June 30, 2007**  
**(Unaudited)**  
**(Continued)**

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Deferred Compensation	Common Stock Subscribed	Accumulated Deficit	Total
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
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
	17,960	18	4,982	-	-	-	5,000

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Sale of shares of common stock for cash at \$0.2784 per share in May 2003							
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)
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)

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**(A Development Stage Company)**  
**Consolidated Statement of Stockholders' Equity (Deficit)**  
**From date of inception (October 30, 2002) to June 30, 2007**  
**(Unaudited)**  
**(Continued)**

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Deferred Compensation	Common Stock Subscribed	Accumulated Deficit	Total
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)	-	-	-
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	8,000	8	1,192	-	-	-	1,200

share in March, 2004							
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 \$0.32 per share for services rendered in March 2004	91,600	92	29,220	-	-	-	29,312
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)
Shares granted pursuant to the New Senior Note Agreement in April 2004	600,000	600	149,400	(150,000)	-	-	-

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**Consolidated Statement of Stockholders' Equity (Deficit)**  
**From date of inception (October 30, 2002) to June 30, 2007**  
**(Unaudited)**  
**(Continued)**

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Deferred Compensation	Common Stock Subscribed	Accumulated Deficit	Total
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	500,000	500	499,500	(500,000)	-	-	-

rendered over twelve months beginning May 2004							
Beneficial Conversion Feature associated with notes payable issued in June 2004	-	-	3,000	-	-	-	3,000
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 in April through 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 2004 as interest on note payable	300,000	300	35,700	-	-	-	36,000
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)
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)	-	-	-

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**IR BioSciences Holding, Inc. and Subsidiary**  
**(A Development Stage Company)**  
**Consolidated Statement of Stockholders' Equity (Deficit)**  
**From date of inception (October 30, 2002) to June 30, 2007**  
**(Unaudited)**  
**(Continued)**

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Deferred Compensation	Common Stock Subscribed	Accumulated Deficit	Total
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

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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
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
	-	-	56,067	-	-	-	56,067

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Value of warrants issued with officer and director conversion of liabilities							
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
Value of warrants issued with conversion of debt	-	-	191,111	-	-	-	191,111
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
	(9,002)	(9)	9	-	-	-	-

Shares issued per conversion of Note Payable - correction									
Amortization of deferred compensation through December 31, 2004	-	-	-	2,729,454	-	-	-	2,729,454	
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		

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**IR BioSciences Holding, Inc. and Subsidiary**  
**(A Development Stage Company)**  
**Consolidated Statement of Stockholders' Equity (Deficit)**  
**From date of inception (October 30, 2002) to June 30, 2007**  
**(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
	-	-	32,991	-	-	-	32,991

Value of warrants issued to investors 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
Issuance of 100,000 shares of common stock in August 2005 to a consultant for services provided	100,000	100	9,900	-	-	-	-	10,000
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)	

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**IR BioSciences Holding, Inc. and Subsidiary**  
**(A Development Stage Company)**  
**Consolidated Statement of Stockholders' Equity (Deficit)**  
**From date of inception (October 30, 2002) to June 30, 2007**  
**(Unaudited)**  
**(Continued)**

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Deferred Compensation	Common Stock Subscribed	Accumulated Deficit	Total
Issuance of 100,000 shares to officer, previously accrued	100,000	100	41,316	-	-	-	41,416
Value of warrants issued to members of advisory committee in March 2006	-	-	8,399	-	-	-	8,399
Amortization of deferred compensation for the three months ended March 31, 2006	-	-	-	2,760	-	-	2,760
Issuance of common stock in May 2006 to a consultant for services provided	34,464	35	16,162	-	-	-	16,197
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	16,324	16	2,025	-	-	-	2,041



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stock at \$0.125 per share in May, 2006							
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
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
Value of options issued to officer	-	-	78,802	-	-	-	78,802

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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
Common stock issued to consultants in January, 2007 at \$0.155 per share	400,000	400	61,600	-	-	-	62,000
Common stock issued to	100,000	100	14,900	-	-	-	15,000

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consultants in January, 2007 at \$0.15 per share									
Value of options issued to officer in January, February and March 2007	-	-	181,440	-	-	-	-	181,440	
Value of options issued to employee in January, 2007	-	-	1,302	-	-	-	-	1,302	
Loss for the three months ended March 31, 2007	-	-	-	-	-	-	(861,359)	(861,359)	
Balance at March 31, 2007	114,322,539	\$ 114,323	\$ 15,826,340	\$ -	\$ -	\$ (14,146,539)	\$ 1,794,124		
Value of options issued to officer in January, February and March 2007	-	-	183,456	-	-	-	-	183,456	
Value of options issued to employee in January 2007	-	-	1,302	-	-	-	-	1,302	
Value of warrants issued to consultant in April 2007	-	-	89,800	-	-	-	-	89,800	
Loss for the three months ended June 30, 2007	-	-	-	-	-	-	(1,115,096)	(1,115,096)	
Balance at June 30, 2007	114,322,539	\$ 114,323	\$ 16,100,898	\$ -	\$ -	\$ (15,261,635)	\$ 953,586		

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 Six Months Ended June 30, 2007 and 2006,**  
**And For the Period of Inception (October 30, 2002) to June 30, 2007**  
**(Unaudited)**

	<b>For the Six Months Ended June 30,</b>	<b>2006</b>	<b>For the Period</b>
	<b>2007</b>		<b>October 30,</b>
			<b>2002 to</b>
			<b>June 30, 2007</b>
Cash flows from operating activities:			
Net loss	\$ (1,976,455)	\$ (620,550)	\$ (15,261,635)
Adjustments to reconcile net loss to net cash used in operating activities:			
Non-cash compensation	564,168	45,926	4,883,684
Cost of penalty for late registration of shares - stock portion	-	(360,197)	1,631,726
Cost of penalty for late registration of shares - warrant portion	-	(78,404)	560,434
(Gain) loss from marking to market - stock portion of penalty for late registration of shares	-	(72,101)	(760,058)
(Gain) loss from marking to market - warrant portion of penalty for late registration of shares	-	(46,755)	(378,198)
Legal fees for note payable	-	10,125	20,125
Placement fees for note payable	-	40,000	65,000
Impairment of intangible asset	-	-	6,393
Interest expense			