

IR BIOSCIENCES HOLDINGS INC
Form 10QSB
November 14, 2007

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

FORM 10-QSB

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

For the quarterly period ended September 30, 2007

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, Arizona 85258

(Address of principal executive offices) Zip Code

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

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

(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 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 November 14, 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 September 30, 2007
(Unaudited)

Current assets

Cash and cash equivalents	\$	871,987
Prepaid services and other current assets (Note 1)		33,921
Salary advance (Note 1)		3,000
Total current assets		908,908
Furniture and equipment, net of accumulated depreciation of \$21,544 (Note 2)		26,553
Deposits and other assets (Note 1)		2,260
Total assets	\$	937,721

Liabilities and Stockholders' Equity

Current liabilities		
Accounts payable and accrued liabilities (Note 4)	\$	664,820
Total current liabilities		664,820
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 September 30, 2007 (Note 6)		114,323
Additional paid-in capital		17,858,988
Deficit accumulated during the development stage		(17,700,410)
Total stockholders' equity		272,901
Total liabilities and stockholders' equity	\$	937,721

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 nine months ended September 30, 2007 and 2006,
And for the period of inception (October 30, 2002) to September 30, 2007
(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,		For the Period October 30, 2002 to September 30, 2007
	2007	2006	2007	2006	
Revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Operating expenses:					
Selling, general and administrative expenses	2,447,782	598,045	4,463,800	1,761,161	15,033,418
Merger fees and costs	-	-	-	-	350,000
Financing cost	-	-	-	-	90,000
Impairment of intangible asset costs	-	-	-	-	6,393
Total operating expenses	2,447,782	598,045	4,463,800	1,761,161	15,479,811
Operating loss	(2,447,782)	(598,045)	(4,463,800)	(1,761,161)	(15,479,811)
Other expense:					
Cost of penalty for late registration of shares	-	-	-	(438,601)	2,192,160
(Gain) loss from marking to market - warrant portion of penalty for late registration of shares	-	(76,750)	-	(123,505)	(378,198)
(Gain) loss from marketing to market - stock portion of penalty for late registration of shares	-	(373,572)	-	(445,673)	(760,058)
Interest (income) expense, net	(10,221)	32,290	(57,899)	47,181	1,157,366
Total other (income) expense	(10,221)	(418,032)	(57,899)	(960,598)	2,211,270
Income (loss) before income taxes	(2,437,561)	(180,013)	(4,405,901)	(800,563)	(17,691,081)
Provision for income taxes	(1,214)	-	(9,329)	-	(9,329)

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Net (loss)	\$	(2,438,775)	\$	(180,013)	\$	(4,415,230)	\$	(800,563)	\$	(17,700,410)
Net income (loss) per share - basic and diluted	\$	(0.02)	\$	(0.00)	\$	(0.04)	\$	(0.01)	\$	(0.34)
Weighted average shares outstanding - basic and diluted		114,322,539		71,429,544		114,188,044		70,165,289		51,487,987

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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 September 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)	-	-	-
Sale of common stock for cash at \$0.1671 per share in December 2002	185,578	186	30,815	-	-	-	31,001
	-	-	-	-	-	(45,918)	(45,918)

Net loss for the period from inception (October 30, 2002) to December 31, 2002

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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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 September 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

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)
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	-	-	207,457	-	-	-	207,457

December 2003							
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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IR BioSciences Holding, Inc. and Subsidiary
(A Development Stage Company)
Consolidated Statement of Stockholders' Equity (Deficit)
From date of inception (October 30, 2002) to September 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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From date of inception (October 30, 2002) to September 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
	500,000	500	499,500	(500,000)	-	-	-

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Shares issued to a consultant at \$1.00 per share for services to be 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	127,276	127	16,782	-	-	-	16,909

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September at \$0.12 to \$0.22 for services rendered through September 2004							
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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(A Development Stage Company)
Consolidated Statement of Stockholders' Equity (Deficit)
From date of inception (October 30, 2002) to September 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
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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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
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	-	-	112,562	-	-	-	112,562

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October 2004

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 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

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 September 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	-	-	70,781	-	-	-	70,781

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committee in June 2005							
Value of warrants issued to investors and service providers in June 2005	-	-	32,991	-	-	-	32,991
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					-	(4,591,107)	(4,591,107)

31,2005

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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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 September 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