IR BIOSCIENCES HOLDINGS INC
Form 10-Q
November 13, 2008

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

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FORM 10-Q

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

For the quarterly period ended September 30, 2008

or

oTransition 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

______________________________________N/A______________________________________
(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 x No o

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 ¨		Accelerated filer ¨
Non-accelerated filer ¨	(Do not check is a smaller reporting company)	Smaller reporting company x

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

The number of shares outstanding of Registrant's common stock as of October 31, 2008 was 12,264,191.

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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 September 30, 2008 (unaudited)
And December 31, 2007

	September 30, 2008 (unaudited)	December 31, 2007
Assets		
Current assets		
Cash and cash equivalents	$ 4,301,113	$ 221,120
Cash – Restricted	171,875	-
Prepaid services and other current assets (Note 1)	18,241	84,691
Salary advance (Note 1)	606	2,025
Total current assets	4,491,835	307,836
Deposits and other assets (Note 1)	132,648	7,128
Furniture and equipment, net of accumulated depreciation of $39,385 and $27,158 (Note 2)	41,091	38,271
Total assets	$ 4,665,574	$ 353,235
Liabilities and Stockholders' Deficit		
Current liabilities		
Accounts payable and accrued liabilities (Note 4)	$ 655,232	$ 932,609
Total current liabilities	655,232	932,609
Notes payable, net of discount of $1,454,449 (Note 5)	6,614,440	-
Total liabilities	7,269,672	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; 100,000,000 shares authorized; 12,264,191shares (post reverse split) and 11,432,254 shares (post reverse split) issued and outstanding at September 30, 2008 and December 31, 2007 respectively	12,265	11,432
Common stock subscribed (Note 6)	250,000	153,000

Additional paid-in capital	20,012,432	18,005,332
Deficit accumulated during the development stage	(22,878,795)	(18,749,138)
Total stockholders’ deficit	(2,604,098)	(579,374)
Total liabilities and stockholders' deficit	$ 4,665,574	$ 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 and nine months ended September 30, 2008 and 2007,
and for the period of inception (October 30, 2002) to September 30, 2008
(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,		For the Period October 30, 2002 to September 30, 2008
	2008	2007	2008	2007	
Revenues	$ -	$ -	$ -	$ -	$ -
Operating expenses:					
Selling, general and administrative expenses	1,776,708	2,447,782	3,671,252	4,463,800	19,757,193
Merger fees and costs	-	-	-	-	350,000
Financing cost	31,250	-	148,125	-	238,125
Impairment of intangible asset costs	-	-	-	-	6,393
Total operating expenses	1,807,958	2,447,782	3,819,377	4,463,800	20,351,711
Operating loss	(1,807,958)	(2,447,782)	(3,819,377)	(4,463,800)	(20,351,711)
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	205,805	(10,221)	310,280	(57,899)	1,462,636
Total other (income) expense	205,805	(10,221)	310,280	(57,899)	2,516,540
Income (loss) before income taxes	(2,013,763)	(2,437,561)	(4,129,657)	(4,405,901)	(22,868,251)

Provision for income taxes	-	(1,214)	-	(9,329)	(10,544)
Net (loss)	$ (2,013,763)	$ (2,438,775)	$ (4,129,657)	$ (4,415,230)	$ (22,878,795)
Net (loss) per share - basic and diluted	$ (0.17)	$ (0.21)	$ (0.35)	$ (0.39)	$ (3.40)
Weighted average shares outstanding (post reverse split) - basic and diluted	11,935,282	11,432,254	11,675,701	11,418,804	6,729,842

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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 September 30, 2008
(Unaudited)

	Common Stock		Additional			Common	
	Shares	Amount	Paid-In Capital	Deferred Compensation	Stock Subscribed	Accumulated Deficit	Total
Balance at October 30, 2002 (date of inception)	-	$ -	$ -	$ -	$ -	$ -	$ -
Shares of common stock issued at $0.006 per share to founders for license of proprietary right in December 2002	1,661,228	1,661	7,589	-	-	-	9,250
Shares of common stock issued at $0.006 per share to founders for services rendered in December 2002	140,531	141	641	-	-	-	782
Shares of common stock issued at $1.671 per share to consultants for services rendered in December 2002	5,388	5	8,995	(9,000)	-	-	-
	18,558	19	30,982	-	-	-	31,001

Sale of common stock for cash at $1.671 per share in December 2002							
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)	1,825,704	$ 1,826	$ 48,207	$ (9,000)	$ -	$ (45,918)	$ (4,885)

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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 September 30, 2008
(Unaudited)
(Continued)

Shares granted to consultants at $1.392 per share for services rendered in January 2003	9,878	10	13,740	-	-	-	13,750
Sale of shares of common stock for cash at $1.517 per share in January 2003	32,955	33	49,967	-	-	-	50,000
Shares granted to consultants at $1.392 per share for services rendered in March 2003	15,445	15	21,485	-	-	-	21,500
Conversion of notes payable to common stock at $1.392 per share in April 2003	143,674	144	199,856	-	-	-	200,000
Shares granted to consultants at $1.413 per share for services rendered in April 2003	1,437	1	2,029	-	-	-	2,030
Sale of shares of common stock for cash at $2.784 per share in May 2003	1,796	2	4,998	-	-	-	5,000
Sales of shares of common stock for cash at $2.784 per	3,592	4	9,996	-	-	-	10,000

share in June 2003							
Conversion of notes payable to common stock at $1.392 per share in June 2003	71,837	72	99,928	-	-	-	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	236,813	237	(121,036)	-	-	-	(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	-	-	85,861	-	-	-	85,861

in October through December 2003												
Net loss for the twelve month period ended December 31, 2003	-		-		-		-		-		(1,856,702)	(1,856,702)
												-
Balance at December 31, 2003	2,343,130	$	2,343	$	1,056,529	$	-	$	-	$	(1,902,620)	$ (843,748)

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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 September 30, 2008
(Unaudited)
(Continued)

Shares granted at $10.00 per share pursuant to the Senior Note Agreement in January 2004	60,000	60	599,940	(600,000)	-	-	-
Shares issued at $10.00 per share to a consultant for services rendered in January 2004	80,000	80	799,920	(800,000)	-	-	-
Shares issued to a consultant at $6.20 per share for services rendered in February 2004	4,000	4	24,796	(24,800)	-	-	-
Shares issued to a consultant at $4.00 per share for services rendered in March 2004	105,160	105	420,535	(420,640)	-	-	-
Shares issued to a consultant at $5.00 per share for services rendered in March 2004	50,000	50	249,950	(250,000)	-	-	-
Shares sold for cash at $1.50 per share in March, 2004	800	1	1,199	-	-	-	1,200
Shares issued at $5.00 per share to consultants for services rendered in March 2004	2,000	2	9,998	-	-	-	10,000

Shares issued to a consultant at $4.00 per share for services rendered in March 2004	200	0	800	-	-	-	800
Shares issued to consultants at $3.20 per share for services rendered in March 2004	9,160	9	29,303	-	-	-	29,312
Shares to be issued to consultant at $4.10 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	60,000	60	149,940	(150,000)	-	-	-
Shares issued to officer at $3.20 per share for services rendered in April 2004	20,000	20	63,980	-	-	-	64,000
Conversion of Note Payable to common stock at $1.00 per share in May 2004	35,000	35	34,965	-	-	-	35,000

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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 September 30, 2008
(Unaudited)
(Continued)

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 $2.00 per share as a due diligence fee in May 2004	12,500	13	24,988	-	-	-	25,000
Shares issued to a consultant at $10.00 per share for services to be rendered over twelve months beginning May 2004	50,000	50	499,950	(500,000)	-	-	-
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 $1.00 for services to be rendered through July 2005	25,000	25	24,975	(25,000)	-	-	-
Shares issued to a consultant in July and September at $4.10 per share for services to be rendered through April 2005	20,000	20	81,980	-	-	-	82,000
Shares issued to a consultant in September at $1.20 to $2.20 for services rendered through September 2004	12,728	13	16,896	-	-	-	16,909
Shares issued in July to September 2004 as interest on note payable	30,000	30	35,970	-	-	-	36,000
Issuance of warrants with notes payable in July and August 2004	-	-	72,252	-	-	-	72,252

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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 September 30, 2008
(Unaudited)
(Continued)

Accrued deferred compensation in August 2004 to a consultant for 10,000 shares at $1.00 per share, committed but unissued	-	-	-	(10,000)	-	-	(10,000)
Shares issued in August 2004 at $1.40 to a consultant for services to be performed through October 2004	10,000	10	13,990	(14,000)	-	-	-
Shares issued in August 2004 at $1.25 per share for conversion of $30,000 demand loan	24,000	24	29,976	-	-	-	30,000
Shares issued in August 2004 at $1.60 per share to a consultant for services provided.	12,500	13	19,988	-	-	-	20,000
Shares issued to employees in September, 2004 at $1.60 to $2.50 per share	4,880	5	8,379	-	-	-	8,384
Commitment to issue 10,000 shares of stock to a consultant in September, 2004	-	-	-	(23,000)	-	-	(23,000)

at $2.30 per share for services to be provided through September 2005							
Sale of stock for cash in October at $1.25 per share, net of costs of $298,155	1,816,000	1,816	1,362,107	-	-	-	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
Issuance of stock to investment bankers in October 2004 for commissions earned	490,000	490	(490)	-	-	-	-
Conversion of accounts payable to stock in October, 2004 at $1.25 per share	125,775	126	108,514	-	-	-	108,640
Value of warrants issued with accounts payable conversions in October, 2004	-	-	48,579	-	-	-	48,579
Conversion of demand loan to stock in October, 2004 at $1.10 per share	9,330	9	10,254	-	-	-	10,263
Forgiveness of notes payable in October, 2004	-	-	36,785	-	-	-	36,785

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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 September 30, 2008
(Unaudited)
(Continued)

Issuance of stock to officer and director at $1.25 per share in October, 2004 for conversion of liability	144,000	144	123,789	-	-	-	123,933
Value of warrants issued with officer and director conversion of liabilities in October, 2004	-	-	56,067	-	-	-	56,067
Conversion of debt and accrued interest to common stock at $0.75 to $1.25 per share in October, 2004	670,315	670	423,547	-	-	-	424,217
Value of warrants issued with conversion of debt in October, 2004	-	-	191,111	-	-	-	191,111
Conversion of Note Payable of $5,000 plus accrued interest of $71 in October, 2004	6,761	7	4,993	-	-	-	5,000
Issuance of warrants to note holders in October, 2004	-	-	112,562	-	-	-	112,562
Value of shares issued to CFO as	10,000	10	34,990	-	-	-	35,000

compensation in December, 2004							
Value of warrants issued to members of advisory committees in November and December, 2004	-	-	16,348	-	-	-	16,348
Beneficial conversion feature associated with notes payable in December, 2004	-	-	124,709	-	-	-	124,709
Shares issued in error to be cancelled in December, 2004	(900)	(1)	1	-	-	-	0
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	6,242,339	$ 6,242	$ 7,979,124	$ (169,986)	$ -	$ (7,208,027)	$ 607,353

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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 September 30, 2008
(Unaudited)
(Continued)

Sale of shares of common stock for cash at $2.00 per share in March 2005 for warrant exercise, net of costs	660,078	660	1,190,196	-	-	-	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 5,000 shares of common stock at $6.50 per share.	-	-	-	(32,500)	-	-	(32,500)
Warrants exercised at $0.50 per share in June 2003	8,000	8	3,992	-	-	-	4,000
Value of warrants issued to members of advisory committee in June 2005	-	-	70,781	-	-	-	70,781
Value of warrants issued to investors and service providers in June 2005	-	-	32,991	-	-	-	32,991
	23,215	23	64,980	-	-	-	65,003

Issuance of 23,215 shares of common stock in July 2005 for conversion of notes payable							
Issuance of 10,000 shares of common stock in August 2005 to a consultant for services provided	10,000	10	9,990	-	-	-	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)
	6,943,632	$ 6,943	$ 9,527,993	$ (2,760)	$ -	$ (11,799,134)	$ (2,266,958)

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 September 30, 2008
(Unaudited)
(Continued)

Issuance of 10,000 shares to officer, previously accrued in March, 2006	10,000	10	41,406	-	-	-	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	3,446	3	16,194	-	-	-	16,197
Conversion of accrued interest to common stock at $1.25 per share in May, 2006	1,929	2	2,409	-	-	-	2,411
Conversion of accrued interest to common stock at $1.25 per share in May, 2006	1,632	2	2,039	-	-	-	2,041
Conversion of accrued interest to common stock	1,345	1	1,354	-	-	-	1,355

at $1.00 per share in May, 2006							
Common stock issued pursuant to the exercise of warrants at $0.90 per share in June 2006	500	1	450	-	-	-	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 in September, 2010	-	-	50,874	-	-	-	50,874
Issuance of penalty Common Stock, previously accrued in August, 2006	415,080	415	871,250	-	-	-	871,665
Issuance of penalty warrants, previously accrued in August, 2006	-	-	182,239	-	-	-	182,239
Value of options issued to officer in September, 2006	-	-	78,802	-	-	-	78,802
Value of warrants issued to members of advisory committee in	-	-	1,974	-	-	-	1,974

December 2006							
Issuance of Common Stock for cash in December, 2006	3,426,625	3,427	4,610,122	-	-	-	4,613,549
Common stock to be issued as commission for equity fund raising in December, 2006	-	-	(5,483)	-	5,483	-	-
Value of options issued to officer in October, 2006	-	-	185,472	-	-	-	185,472
Value of shares issued to officer in March, 2006	-	-	32,120	-	-	-	32,120
Loss for the year ended December 31, 2006	-	-	-	-	-	(1,486,046)	(1,486,046)
	10,804,190	$ 10,804	$ 15,619,928	$ -	$ 5,483	$ (13,285,180)	$ 2,351,035

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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 September 30, 2008
(Unaudited)
(Continued)

Common stock issued as commission for equity fund raising in January, 2007	548,260	548	4,935	-	(5,483)	-	-
Common stock issued to consultant in January 2007 at $1.50 per share	29,804	30	44,676	-	-	-	44,706
Common stock issued to consultants in January 2007 at $1.55 per share	40,000	40	61,960	-	-	-	62,000
Common stock issued to consultants in January 2007 at $1.50 per share	10,000	10	14,990	-	-	-	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 consultant in April 2007	-	-	166,998	-	-	-	166,998
	-	-	996,133	-	-	-	996,133

Value of options issued to employees in July 2007							
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 in 2008 at $1.10 per share in November, 2007	-	-	-	-	33,000	-	33,000
Common stock to be issued for finders fee in 2008 at $1.20 per share in November, 2007	-	-	-	-	120,000	-	120,000
Loss for the year ended December 31, 2007	-	-	-	-	-	(5,463,958)	(5,463,958)
	11,432,254	$ 11,432	$ 18,005,332	$ -	$ 153,000	$ (18,749,138)	$ (579,374)

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(A Development Stage Company)
Condensed Consolidated Statement of Stockholders' Equity (Deficit)
From Date of Inception (October 30, 2002) to September 30, 2008
(Unaudited)
(Continued)

Common stock issued for consulting services previously accrued in November, 2007	30,000	30	32,970	-	(33,000)	-	-
Common stock issued for finders fee previously accrued in November, 2007	100,000	100	119,900	-	(120,000)	-	-
Common stock to be issued for interest payment at $0.488 per share in March, 2008	-	-	-	-	19,276		19,276
Value of warrants issued to consultant in April 2007	-	-	38,599	-	-	-	38,599
Value of warrants issued pursuant to convertible debt agreement in January, 2008	-	-	226,754	-	-	-	226,754
	-	-	3,729	-	-	-	3,729

Value of options issued to advisory board in March, 2008							
Value of options issued to 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)
	11,562,254	$ 11,562	$ 18,432,138	$ -	$ 19,276	$ (19,972,372)	$ (1,509,396)
Common stock issued for interest payment at $0.488 per share in March, 2008	39,500	40	19,237	-	(19,276)	-	-
Common stock to be issued for interest payment at $0.699 per share in June, 2008	-	-	-	-	19,726		19,726
Common stock to be issued for interest payment at $0.699 per share in June, 2008	-	-	-	-	1,972		1,972
Common stock subscribed	-	-	-	-	7,500	-	7,500

pursuant to the exercise of warrants at $0.375 per share in June, 2008							
Value of options issued to employee in January 2007	-	-	1,357	-	-	-	1,357
Value of options issued to consultants in July 2007	-	-	3,497	-	-	-	3,497
Value of options issued to employees in March 2008	-	-	1,220	-	-	-	1,220
Value of options issued to a Director in March 2008	-	-	19,625	-	-	-	19,625
Value of warrants issued to consultant in April 2007, cancelled per agreement	-	-	(38,599)	-	-	-	(38,599)
Loss for the three months ended June 30, 2008	-	-	-	-	-	(892,660)	(892,660)
	11,601,754	$ 11,602	$ 18,438,475	$ -	$ 29,198	$ (20,865,032)	$ (2,385,758)

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 September 30, 2008
(Unaudited)
(Continued)

Common stock issued for interest payment at $0.699 per share in June, 2008	28,220	28	19,698	-	(19,726)	-	-
Common stock issued for interest payment at $0.699 per share in June, 2008	2,822	3	1,969	-	(1,972)	-	-
Common stock issued for interest payment at $0.33032 per share in August, 2008	95,825	96	31,557	-	-	-	31,653
Common stock issued for interest payment at $0.33032 per share in August, 2008	2,228	2	734	-	-	-	736
Common stock issued for interest payment at $0.33032 per share in August, 2008	124,794	125	41,097	-	-	-	41,222
Common stock issued for pre-payment of interest payment at $0.33032 per share in August, 2008	162,721	163	53,587	-	-	-	53,750
	3,785	4	1,246	-	-	-	1,250

Common stock issued for pre-payment of interest payment at $0.33032 per share in August, 2008							
Common stock issued for pre-payment of interest payment at $0.33032 per share in August, 2008	211,916	212	69,788	-	-	-	70,000
Common stock issued pursuant to the exercise of warrants at $0.375 per share in June, 2008	20,000	20	7,480	-	(7,500)	-	-
Common stock issued pursuant to the exercise of warrants at $0.375 per share in July, 2008	10,000	10	3,740	-	-	-	3,750
Common stock issued for rounding due to reverse stock split in August, 2008	126	1	(1)	-	-	-	-
Common stock subscribed pursuant to agreement for capital raise in August, 2008	-	-	-	-	250,000	-	250,000
Value of options issued to employee in January 2007	-	-	1,357	-	-	-	1,357
Value of options issued to	-	-	244	-	-	-	244

employees in March 2008							
Adjustment to value of warrants, previously issued in January, 2008, due to decrease of exercise price	-	-	60,092	-	-	-	60,092
Value of warrants issued in August, 2008 pursuant to convertible debt agreement	-	-	286,846	-	-	-	286,846
Value of warrants issued in August, 2008 pursuant to convertible debt agreement	-	-	427,628	-	-	-	427,628
Value of warrants issued in August, 2008 pursuant to convertible debt agreement	-	-	9,946	-	-	-	9,946
Value of warrants issued in August, 2008 pursuant to convertible debt agreement	-	-	556,949	-	-	-	556,949
Loss for the three months ended September 30, 2008	-	-	-	-	-	(2,013,763)	(2,013,763)
Balance at September 30, 2008	12,264,191	$ 12,265	$ 20,012,432	$ -	$ 250,000	$ (22,878,795)	$ (2,604,098)

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 Nine Months Ended September 30, 2008 and 2007,
And For the Period of Inception (October 30, 2002) to September 30, 2008
(Unaudited)

	For the Nine Months Ended September 30,		For the Period October 30, 2002 to September 30, 2008
	2008	2007	
Net loss	$ (4,129,657)	$ (4,415,230)	$ (22,878,795)
Adjustments to reconcile net loss to net cash used in operating activities:			
Non-cash compensation	313,383	2,292,390	7,121,742
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	113,766	-	1,120,701
Depreciation and amortization	12,227	9,303	64,742
Changes in operating assets and liabilities:			
Amortization of cash held in escrow	78,125	-	78,125
Deposits	-	-	(4,868)
Prepaid services and other assets	(86,570)	43,978	(128,520)
Accounts payable and accrued expenses	(37,791)	248,557	1,140,572
Salary advance	1,420	(1,500)	(606)
Net cash used in operating activities	(3,735,098)	(1,822,502)	(12,185,078)
Cash flows from investing activities:			
Acquisition of property and equipment	(15,048)	(7,614)	(80,477)
Net cash used in investing activities	(15,048)	(7,614)	(80,477)
Cash flows from financing activities:			
Proceeds from notes payable	7,818,889	-	9,772,264
Principal payments on notes payable and demand loans	-	(50,000)	(1,094,747)
Shares of stock sold for cash	-	-	7,873,451
Proceeds from exercise of warrant	11,250	-	15,700
Officer repayment of amounts paid on his behalf	-	-	19,880
Cash paid on behalf of officer	-	-	(19,880)

Net cash provided by (used in) financing activities	7,830,139	(50,000)	16,566,668
Net increase (decrease) in cash and cash equivalents	4,079,993	(1,880,116)	4,301,113
Cash and cash equivalents at beginning of period	221,120	2,752,103	-
Cash and cash equivalents at end of period	$ 4,301,113	$ 871,987	$ 4,301,113

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 Nine Months Ended September 30, 2008 and 2007,
And For the Period of Inception (October 30, 2002) to September 30, 2008
(Unaudited)
(continued)

	For the Nine Months Ended September 30, 2008	For the Nine Months Ended September 30, 2007	For the Period October 30, 2002 to September 30, 2008
Supplemental disclosures of cash flow information:			
Cash paid during the period for:			
Interest	$ 40,998	$ 9,737	$ 127,051
Taxes	$ -	$ -	$ 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	$ -	$ 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	$ 114,585	$ -	$ 150,585
Amortization of beneficial conversion feature	$ -	$ -	$ 223,269
Stock options and warrants issued in exchange for services rendered	$ 63,383	$ 2,215,390	$ 3,441,875
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

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 warrants issued for financing	$	1,568,215	$	-	$	1,568,215
Common stock issued for prepaid interest payment	$	125,000	$	-	$	125,000
Shares to be issued to an officer	$	250,000	$	-	$	250,000

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
SEPTEMBER 30, 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-Q, 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- and nine-month periods ended September 30, 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 and as amended on September 25, 2008.

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.

In July 2003, the Company effected a 1-for-20 reverse stock split of its common stock. In April 2004, the Company effected a 2-for-1 forward split of its common stock. On July 10, 2008, the Company effected a 1-for-10 reverse stock split of its common stock and simultaneously reduced its total authorized shares of common stock to 100,000,000. Par value remained unchanged as a result of the July 2008 stock split and reduction of authorized shares. Accordingly, the effect of the reverse-split has been presented in the accompanying financial statement and footnote disclosures.

Reclassification

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

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IR BIOSCIENCES HOLDINGS, INC.
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(Unaudited)

Note 1 - Summary Of Accounting Policies (continued)

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.

A summary of option activity under the Company's stock option plan as of September 30, 2008, and changes during the period ended are presented below:

	Options	Weighted Average Exercise Price
Outstanding at December 31, 2007	1,601,421	$ 2.92
Issued	39,747	1.21
Exercised	-	-
Forfeited or expired	-	-
Outstanding at September 30, 2008	1,641,168	$ 2.88
Non-vested at September 30, 2008	2,000	$ 1.09
Exercisable at September 30, 2008	1,639,168	$ 2.88

Aggregate intrinsic value of options outstanding and exercisable at September 30, 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 $0.60 as of September 30, 2008, and the exercise price multiplied by the number of options outstanding. As of September 30, 2008, total unrecognized stock-based compensation expense related to stock options was $1,845. The total fair value of options vested during the three and nine months ended September 30, 2008 was $1,601 and $35,881, respectively.

Interim financial statements

The accompanying balance sheet as of September 30, 2008, the statements of operations for the three and nine months ended September 30, 2008 and 2007, and for the period of inception (October 30, 2002) to September 30, 2008, and the statements of cash flows for nine months ended September 30, 2008 and 2007, and from the period of inception (October 30, 2002) to September 30, 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.

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IR BIOSCIENCES HOLDINGS, INC.
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(Unaudited)

Note 1 - Summary Of Accounting Policies (continued)

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.

Prepaid services and other current assets

Prepaid services and other current assets consist of the following:

	September 30, 2008	December 31, 2007
Prepaid insurance	$ 2,421	$ 29,502
Prepaid expenses	15,820	55,189
	$ 18,241	$ 84,691

Salary Advance

The Company has made an advance of salary to one employee in the amount of $606 and $2,025 as of September 30, 2008 and December 31, 2007, respectively.

Deposits and other assets

Deposits consist of a deposit on leased office space in the amount of $7,648 and $7,128 as of September 30, 2008 and December 31, 2007, respectively.

Other assets as of September 30, 2008 consist of the prepayment of interest in the amount of $125,000 for the last quarter of the term of three convertible notes sold in the period. An aggregate of 378,421 shares (post reverse-split) of common stock was issued to the note holders for the prepayment of interest.

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IR BIOSCIENCES HOLDINGS, INC.
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(Unaudited)

Note 1 - Summary Of Accounting Policies (continued)

Restricted Cash

The Company has cash in the amount of $250,000 held in escrow pursuant to the Securities Purchase Agreement that was entered into in January 2008, $175,000 was placed into escrow on January 3, 2008 and an additional $75,000 was placed into escrow on June 12, 2008. These funds are amortized on a straight-line basis over a 24 month period. From January 2008 until May 2008, the monthly amortization expense was $7,292. With the addition of the additional $75,000 into escrow, monthly amortization expense increased to $10,417 until January 2010 when it decreases to $3,125 until May 2010. As of September 30, 2008, a total of $78,125 of amortization expense was recognized, resulting in a balance in the restricted cash escrow account of $171,875.

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 nine months ended September 30, 2008 and 2007 was $12,227 and $9,303, respectively. The amount depreciated from the date of inception (October 30, 2002) through September 30, 2008 was $64,742. The Company's furniture and equipment consists of the following:

	September 30, 2008	December 31, 2007
Office Equipment	$ 49,907	$ 59,282
Office furniture and fixtures	30,568	6,147
	80,476	65,429
Accumulated depreciation	(39,385)	(27,158)
Total	$ 41,091	$ 38,271

Note 3 - Related Party Transactions

Credit Cards

The Company has a line of credit with Bank of America for $35,000. Our Chief Executive Officer co-signs this line of credit. At September 30, 2008 the Company had an outstanding balance on the line of credit of $27,428.

The Company has an additional line of credit with Bank of America for $25,000. Our Chief Executive Officer co-signs this line of credit. At September 30, 2008 the Company had an outstanding balance on the line of credit of $22,969.

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IR BIOSCIENCES HOLDINGS, INC.
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(Unaudited)

Note 3 - Related Party Transactions (continued)

Common Stock

In August 2008, per the term of his employment agreement, the Company agreed to issue 833,334 shares (post reverse-split) of common stock to Michael K. Wilhelm, the Company's President and Chief Executive Officer. These shares were not issued as of September 30, 2008 and the fair value of these shares of $250,000 has been recorded as common stock subscribed at September 30, 2008.

Note 4 - Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consisted of the following:

	September 30, 2008	December 31, 2007
Accounts payable and accrued liabilities	$ 563,498	$ 852, 411
Accounts payable - shell company	34,926	34,926
Credit cards payable	50,397	36,765
Interest payable	3,215	3,215
Accrued payroll	-	2,092
State income tax payable	3,200	3,200
	$ 655,232	$ 932,609

Note 5 - Notes Payable

Restructure With Regard to Debentures Held by YA Global Investments, L.P.

On July 18, 2008 YA Global Investments, L.P. agreed to waive application of the provisions of debentures it holds pursuant to the amendment to the Company's Certificate of Incorporation. Further, the Company has agreed to increase the share reserve as defined in the debenture. In addition, the Company and YA Global have agreed to amend the debentures to reduce the conversion price of the debenture from $2.00 to $1.70.

Purchase Agreement with Funds Managed by Brencourt Advisors, LLC

On August 8, 2008, the Company entered into a Securities Purchase Agreement (the "Purchase Agreement") with certain funds for which Brencourt Advisors, LLC is the investment manager (the "Buyers"), pursuant to which the Buyers agreed to purchase from the Company (i) up to $5 million of 10% subordinated secured convertible debentures (the "Convertible Debentures"), which shall be convertible into shares of the Company's common stock, par value $0.001 per share (the "Common Stock") and (ii) warrants to acquire up to 2,500,000 additional shares of Common Stock (the "Warrants") (the "Financing"). The Warrants are exercisable after the six month and one day anniversary from the date of issuance and have a term of exercise equal to five years.

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IR BIOSCIENCES HOLDINGS, INC.
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(Unaudited)

Note 5 - Notes Payable (continued)

Purchase Agreement with Funds Managed by Brencourt Advisors, LLC (continued)

The closing of the Financing occurred on August 8, 2008, at which time the Company sold to the Buyers $5 million of the Convertible Debentures and the Warrants. 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 by and between the Company and the Guarantor in favor of the Buyers; and (ii) by Patent Collateral of the Company and the Guarantor in accordance with a Patent Security Agreement by and among the Company, the Buyers and the Guarantor. The security interests granted to the Buyers are subject to and subordinated to the senior security interests granted by the Company and Guarantor to YA Global Investments, L.P. Notwithstanding the subordinated security interests granted to the Buyers, the Company is permitted to pay and the Buyers may receive any regularly scheduled payment of principal, interest, liquidated damages, buy-in compensation or other amounts due and payable on the Financing.

The Convertible Debentures mature on August 8, 2013, unless extended by the holders, and accrue interest at the rate of 10% per annum. Interest is payable in cash quarterly on the last day of each calendar quarter beginning on September 30, 2008, or at the Company's option (i) if "Equity Conditions" (as defined in the Convertible Debentures) are satisfied, it may be paid by the issuance of Common Stock or (ii) by issuance of a 0% interest convertible debenture with a five year term of exercise and a minimum conversion price of $0.30 per share. The Company was required to prepay interest for the first and last quarters of the term of the Convertible Debentures. The Convertible Debentures are convertible at any time at the option of the holders into shares of the Company's Common Stock at a price equal to $1.55 per share.

At any time after the six-month anniversary of the issuance of the Convertible Debentures, the Company may redeem a portion or all amounts outstanding under the Convertible Debentures prior to August 8, 2013 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 9.98% 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 at the "Mandatory Default Amount" as defined in the Convertible Debentures.

In the event the Company effects any "Fundamental Transaction" as defined in the Convertible Debentures, including a merger or consolidation of the Company, completion of a tender offer or exchange offer, or sale of substantially all of its assets, the holder has the right to receive, upon any subsequent conversion of the Convertible Debentures, the same kind and amount of securities, cash and/or property that the holder would have been entitled to receive upon the occurrence of the Fundamental Transaction if it held one share of Common Stock for each conversion share of Common Stock (the "Alternate Consideration"). In addition, any successor to the Company or surviving entity shall 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 including the right to convert into the Alternate Consideration.

IR BIOSCIENCES HOLDINGS, INC.
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(Unaudited)

Note 5 - Notes Payable (continued)

Purchase Agreement with Funds Managed by Brencourt Advisors, LLC (continued)

The Warrants have an exercise price, subject to adjustments, of $2.00 per share and are exercisable at any time on or after February 8, 2009 and prior to February 8, 2014. 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. To the extent not previously exercised, the Warrants will automatically be exercised via cashless exercise on February 8, 2014. 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 4.99% of the Company's then outstanding Common Stock.

If, at anytime beginning from the 6 month anniversary date of the Purchase Agreement, the Company fails to satisfy the current public information requirements under Rule 144, the Company is required to pay to the Buyers an amount in cash equal to 2% of the aggregate subscription amount of the Buyers' securities on the day of such failure and on every 30th day, bearing interest at the rate of 1.5% per month, until it is cured or such information is not required. Subject to any prior rights granted to YA Global Investments, L.P., the Buyers have a right to participate in up to an amount equal to 50% of any subsequent financing that involves the issuance of the Company's capital stock or indebtedness for so long as the Convertible Debentures are outstanding. The Buyers also have registration rights in that it may include the shares issued and issuable pursuant to the Convertible Debentures and Warrants in certain registration statements filed by the Company.

Waiver and Amendment of YA Global Investments, L.P. Debentures and Warrants and Issuance of Additional Warrants

The Company previously issued to YA Global a Secured Convertible Debenture dated January 3, 2008 in the principal sum of $2 million and a Secured Convertible Debenture dated June 12, 2008 in the principal sum of $1 million (collectively, the "YA Convertible Debentures") pursuant to a Securities Purchase Agreement dated January 3, 2008 (the "YA Agreement") , which are previously reported in the Company's Form 8-K Current Reports filed with the SEC on January 9, 2008 and June 12, 2008, respectively. The YA Convertible Debentures are convertible into shares of the Company's Common Stock (the "YA Conversion Shares"). Pursuant to the YA Agreement, the Company also issued to YA Global warrants (the "YA Warrants") to purchase 7,500,000 shares of Common Stock (the "YA Warrant Shares"). On August 8, 2008, in consideration for YA Global's consent to the Company conducting and closing the Financing, the Company and YA Global agreed to amend the YA Convertible Debentures to increase the annual interest rate from 8% to 10% and adjust the Conversion Price to $1.50 (the "Amended Debentures"). Additionally, under the Amended Debentures, YA Global may elect on or after December 31, 2009 to have the Company redeem up to $1.5 million of the YA Global Debentures as well as the payment of a redemption premium of 20% of the principal amount redeemed. The Company may also pay the interest on the Amended Debentures, at the Company's option, in cash, 0% interest convertible debentures with a five year term of exercise and a minimum conversion price of $0.30 per share, or, subject to the satisfaction of certain specified equity conditions, in shares of the Company's Common Stock. All overdue accrued and unpaid interest to be paid on the Amended Debentures shall be subject to a late fee at an interest rate equal to the lesser of 18% per annum or the maximum rate permitted by applicable law that accrues daily until all overdue amounts are paid in full.

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Note 5 - Notes Payable (continued)

Waiver and Amendment of YA Global Investments, L.P. Debentures and Warrants and Issuance of Additional Warrants (continued)

In addition, the Company and YA Global agreed to amend the YA Warrants to adjust the exercise price of the warrants to $2.00 (the “YA Warrant Amendment”) and to reduce the YA Warrant Shares to 750,000 pursuant to the terms of the YA Warrants as a result of the Company’s 1 for 10 reverse stock split. The Company also agreed to issue to YA Global additional warrants to purchase an additional 750,000 shares of Common Stock on or before December 31, 2012 (the “Expiration Date”) at an exercise price of $2.00, subject to adjustment (the “YA Additional Warrants”). Holders of the YA Additional Warrants are limited in their right to exercise the YA Additional Warrants if, upon giving effect to such exercise, it would cause the aggregate number of shares of Common Stock beneficially owned by the holder and its affiliates to exceed 9.99% of the outstanding shares of the Common Stock following such exercise, except within 60 days of the Expiration Date. The YA Additional 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.

Note Issued To YA Global Investments, L.P. For Accrued Interest

On September 30, 2008, per the terms of the amended Securities Purchase Agreement with YA Global Investments, L.P. the Company issued a 0% interest convertible debenture with a five year term of exercise and a minimum conversion price of $0.30 per share as payment of $70,424.66 in interest accrued during the three months ended September 30, 2008, net of a credit of $1,536.12 to adjust interest payments that were made through June 30, 2008.

Note 6 - Equity

Common stock

In July 2003, the Company effected a 1-for-20 reverse stock split of its common stock. In April 2004, the Company effected a 2-for-1 forward split of its common stock. On July 10, 2008, the Company effected a 1-for-10 reverse stock split of its common stock and simultaneously reduced its authorized shares of common stock to 100,000,000; par value remained unchanged. Accordingly, the effect of the reverse-split has been presented in the accompanying financial statement and footnote disclosures.

In March 2008, the Company agreed to issue 39,500 shares (post reverse-split) of common stock to a note holder for accrued interest in the amount of $19,276.

In June 2008, the Company agreed to issue 28,220 shares (post reverse-split) of common stock to a note holder for accrued interest in the amount of $19,726. These shares were not issued as of June 30, 2008 and the fair value of these shares of $19,726 has been recorded as common stock subscribed at June 30, 2008. During the three months ended September 30, 2008, the Company issued the 28,220 shares (post reverse-split) of common stock.

In June 2008, the Company agreed to issue 2,822 shares (post reverse-split) of common stock to a note holder for accrued interest in the amount of $1,972. These shares were not issued as of June 30, 2008 and the fair value of these shares of $1,972 has been recorded as common stock subscribed at June 30, 2008. During the three months ended September 30, 2008, the Company issued the 2,822 shares (post reverse-split) of common stock.

In July 2008, the Company issued an aggregate of 30,000 (post reverse-split) shares of common stock at $0.375 per share for the exercise of warrants by five investors.

In August 2008, the Company issued an aggregate of 222,848 shares (post reverse-split) of common stock to note holders for prepayment of interest for the for the period ended September 30, 2008 in the amount of $73,611.

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Note 6 – Equity (continued)

Common stock (continued)

In August 2008, the Company issued an aggregate of 378,421 shares (post reverse-split) of common stock to note holders for prepayment of interest for the last quarter of the term of the notes in the amount of $125,000.

In August 2008, the Company issued 126 shares (post reverse-split) of common stock to investors for rounding associated with the 1-for-10 reverse stock split of its common stock on July 10, 2008.

In August 2008, per the term of his employment agreement, the Company agreed to issue 833,334 shares (post reverse-split) of common stock to Michael K. Wilhelm, the Company's President and Chief Executive Officer. These shares were not issued as of September 30, 2008 and the fair value of these shares of $250,000 has been recorded as common stock subscribed at September 30, 2008.

Warrants

In January 2008, the Company issued warrants to purchase 750,000 shares (post reverse-split) 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. In August 2008, the Company and YA Global agreed to amend the YA Warrants to adjust the exercise price of the warrants to $2.00 and to reduce the YA Warrant Shares to 750,000 pursuant to the terms of the YA Warrants as a result of the Company's 1 for 10 reverse stock split, thereby increasing the value of the warrants by $60,092. 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 September 30, 2008, the remaining discount to the convertible notes payable is $226,013.

In August 2008, the Company and YA Global agreed to issue to YA Global warrants to purchase an additional 750,000 shares (post reverse-split) of Common Stock on or before December 31, 2012 at an exercise price of $2.00, subject to adjustment. Holders of the YA Additional Warrants are limited in their right to exercise the YA Additional Warrants if, upon giving effect to such exercise, it would cause the aggregate number of shares of Common Stock beneficially owned by the holder and its affiliates to exceed 9.99% of the outstanding shares of the Common Stock following such exercise, except within 60 days of the expiration date. These 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. These warrants were valued using the guidance of EITF 00-27, resulting in a value of $286,846. 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 September 30, 2008, the remaining discount to the convertible notes payable is $267,064.

In August 2008, the Company issued warrants to purchase 1,075,000 shares (post reverse-split) of common stock pursuant to a financing agreement. The warrants have an exercise price, subject to adjustments, of $2.00 per share and are exercisable at any time on or after February 8, 2009 and prior to February 8, 2014. 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. To the extent not previously exercised, the warrants will automatically be exercised via cashless exercise on February 8, 2014. 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 4.99% of the Company's then outstanding common stock. These warrants were valued using the guidance of EITF 00-27, resulting in a value of $427,628. The value of these warrants was taken as a discount to the convertible note, and will be amortized over the five year life of the note. As of September 30, 2008, the remaining discount to the convertible notes payable is $413,374.

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Note 6 – Equity (continued)

Warrants (continued)

In August 2008, the Company issued warrants to purchase 25,000 shares (post reverse-split) of common stock pursuant to a financing agreement. The warrants have an exercise price, subject to adjustments, of $2.00 per share and are exercisable at any time on or after February 8, 2009 and prior to February 8, 2014. 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. To the extent not previously exercised, the warrants will automatically be exercised via cashless exercise on February 8, 2014. 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 4.99% of the Company’s then outstanding common stock. These warrants were valued using the guidance of EITF 00-27, resulting in a value of $9,946. The value of these warrants was taken as a discount to the convertible note, and will be amortized over the five year life of the note. As of September 30, 2008, the remaining discount to the convertible notes payable is $9,614.

In August 2008, the Company issued warrants to purchase 1,400,000 shares (post reverse-split) of common stock pursuant to a financing agreement. The warrants have an exercise price, subject to adjustments, of $2.00 per share and are exercisable at any time on or after February 8, 2009 and prior to February 8, 2014. 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. To the extent not previously exercised, the warrants will automatically be exercised via cashless exercise on February 8, 2014. 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 4.99% of the Company’s then outstanding common stock. These warrants were valued using the guidance of EITF 00-27, resulting in a value of $556,949. The value of these warrants was taken as a discount to the convertible note, and will be amortized over the five year life of the note. As of September 30, 2008, the remaining discount to the convertible notes payable is $538,384.

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)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Remaining Contractual Life (years)
$ 0.50-1.00	19,080	0.82	$ 0.50-1.00	19,080	0.82
1.25-2.20	4,160,573	4.84	1.25-2.20	4,160,573	4.84
2.30-5.60	2,836,118	2.39	2.30-5.60	2,836,118	2.39
10.00	58,811	0.24	10.00	58,811	0.24

20.00	655	0.82	20.00	655	0.82
	7,075,237	3.81		7,075,237	3.81

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Note 6 – Equity (continued)

Warrants (continued)

Transactions involving warrants are summarized as follows:

	Number of Shares (post-split)	Weighted Average Price Per Share (post-split)
Outstanding at December 31, 2007	3,516,064	$ 3.60
Granted	750,000	2.50
Exercised	-	-
Cancelled or expired	(33,268)	4.27
Outstanding at March 31, 2008	4,232,796	$ 3.43
Granted	-	-
Exercised	(20,000)	0.38
Cancelled or expired	(343,959)	3.12
Outstanding at June 30, 2008	3,868,837	$ 3.75
Granted	3,250,000	2.00
Exercised	(10,000)	0.38
Cancelled or expired	(33,600)	2.06
Outstanding at September 30, 2008	7,075,237	2.71

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	2.50 to 4.25%	4.75%
Expected stock price volatility	82.54 to 122.88%	87.71%
Expected dividend payout	-	-
Expected warrant life-years	3 to 5.5	3 to 5

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Note 6 – Equity (continued)

Options

In January 2007, per the terms of an employment agreement the Company issued options to purchase 10,000 shares (post reverse-split) of common stock to an employee. The options vest over the two-year term of the contract. The Company valued these options at $10,852. The amount will be charged to operations as the options vest.

In March 2008, the Company issued options to purchase 1,500 shares (post reverse-split) of common stock to an employee. Options to purchase 50% or 750 shares (post reverse-split) vest in 30 days and options to purchase the remaining 50% or 750 (post reverse-split) 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 1,500 shares (post reverse-split) of common stock to an employee. Options to purchase 50% or 750 shares (post reverse-split) vest in 30 days and options to purchase the remaining 50% or 750 shares (post reverse-split) vest twelve months. The Company valued these options at $976. The amount will be charged to operations as the options vest.

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

Options Outstanding			Options Exercisable		
Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Remaining Contractual Life (years)
$ 0.60-2.20	1,408,000	7.01	$ 0.60-2.20	1,406,000	7.01
2.30-2.50	201,444	2.77	2.30-2.50	201,444	2.77
3.10	100	2.20	3.10	100	2.20
3.30	10,303	1.89	3.30	10,303	1.89
4.40	15,000	1.75	4.40	15,000	1.75
250.00	6,321	1.50	250.00	6,321	1.50
	1,641,168			1,639,168	

Options not vested are not exercisable.

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Note 6 – Equity (continued)

Options (continued)

Transactions involving stock options issued are summarized as follows:

	Number of Shares	Weighted Average Price Per Share
Outstanding at December 31, 2007	1,601,421	$ 2.92
Granted	39,747	1.21
Exercised	-	-
Expired	-	-
Outstanding at March 31, 2008	1,641,168	$ 2.88
Granted	-	-
Exercised	-	-
Expired	-	-
Outstanding at June 30, 2008	1,641,168	$ 2.88
Granted	-	-
Exercised	-	-
Expired	-	-
Outstanding at September 31, 2008	1,641,168	$ 2.88
Non-vested at September 30, 2008	2,000	$ 1.09
Exercisable September 30, 2008	1,639,168	$ 2.88

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

Special Note Regarding Forward-looking Statements

Some of the statements under "Risk Factors," "Business" and elsewhere in this Quarterly Report on Form 10-Q constitute forward-looking statements. All statements other than historical facts contained in this report, including statements regarding our future financial position and revenues, capital expenditures, cash flows, business strategy and plans and objectives of management for future operations, are forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance, or achievements expressed or implied by such forward-looking statements. Such factors include, among other things, those described under "Risk Factors" and elsewhere in this Quarterly Report on Form 10-Q and in the "Risk Factors" section of our annual report on SEC Form 10-KSB filed with the Securities and Exchange Commission on March 31, 2008 and as amended on September 25, 2008.

In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "could," "expects," "plans," "intends," "anticipates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of such terms or other comparable terminology.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of such statements. We are under no duty to update any of the forward-looking statements after the date of this report.

The following information should be read in conjunction with the financial statements and the notes thereto. The analysis set forth below is provided pursuant to applicable Securities and Exchange Commission regulations and is not intended to serve as a basis for projections of future events.

Overview

IR BioSciences Holdings, Inc. is a development-stage biotechnology company. Through our wholly-owned subsidiary ImmuneRegen BioSciences, Inc., we are engaged in the research and development of potential drug candidates, Homspera® and its derivatives, Radilex® and Viprovex®. Although containing the identical active ingredient Homspera, we defined Radilex and Viprovex as derivatives of Homspera due to the potential difference in formulations and indications for use. Our goals include developing these potential drug candidates to be used as possible countermeasures for homeland security threats, including radiological, chemical and biological agents, and to meet the commercial need for similar beneficial effects in conditions such as radiation therapy, influenza, anthrax and potentially other microbial ailments. We have discovered activities of Homspera that may potentially open additional commercialization opportunities in areas such as human adult stem cell stimulation, vaccine adjuvants, which stimulate the immune system above that of a stand-alone vaccine, and wound healing.

Our patents, patent applications and continued research are partially derived from discoveries made during research studies related to the function of Substance P, which is found in the body and has a large number of actions. These studies were funded by the Air Force Office of Scientific Research (AFOSR) in the early 1990s and were conducted by research scientists, including our co-founders Drs. Mark Witten and David Harris. In the course of research on Substance P, scientists created a number of synthetic analogues, structural derivatives with slight chemical differences, for study. One of these, which we have named Homspera, is the basis for our drug development efforts and our intellectual property. All of our research and development efforts are at the pre-clinical stage and Homspera has only undergone exploratory studies to evaluate its biological activity in small animals. There can be no assurance that our interpretation of study results will prove to be accurate after further testing, and our beliefs regarding the potential uses of our drug candidates may never materialize.

Our current focus is to develop Homspera for regenerating or strengthening the human immune system, in part, through stimulating human adult stem cells. It is the belief of our management that the stem cell activity exhibited by Homspera underlies some of the effects previously reported in potential applications like treatment for radiation exposure and infectious disease using Homspera derivatives Radilex and Viprovex, respectively, which are described below. Recent studies have evaluated the effects of Homspera on human adult stem cell activity. Additionally, ongoing studies are being performed to evaluate the efficacy of Homspera as a potential product to increase the healing rate of wounds.

We are researching Radilex for use as a potential treatment for acute exposure to radiation. We believe that Radilex, if developed, may be an acceptable candidate to be marketed to governmental agencies for procurement. Further, we believe that a commercial market may exist for the use of Radilex as it relates to the treatment of radiation-induced side effects of cancer treatments, either as a stand-alone treatment or as a co-therapeutic agent to be used with other therapies.

Viprovex is being researched by us for use in potential treatments of exposure to biological agents, such as infectious disease, which include influenza and anthrax. We believe that Viprovex, if developed, can be used in potential applications for sale to governments for the treatment of exposure to anthrax and pandemic influenza. In addition, we believe that potential commercial opportunities may exist for the treatment of seasonal influenza and other viral or bacterial infections, either as a stand-alone drug or as an adjuvant to other existing drugs. Ongoing studies are being performed to evaluate the efficacy of Viprovex as a vaccine adjuvant to enhance immune response to a given dose of vaccine. Based on early studies on Homspera and existing literature on Substance P, we are also researching the efficacy of Viprovex as a potential treatment for exposure to chemical agents, such as formalin.

To date we have submitted preliminary study data to the U.S. Food and Drug Administration (FDA) and have been issued two Pre-Investigational New Drug (PIND) numbers, one for the potential use of Radilex in the treatment of acute radiation syndrome and the other for the potential use of Viprovex in the treatment of avian influenza. We have contracted with an FDA regulatory consultant to assist us in our preparation and submission of an Investigational New Drug application (IND), a necessary prerequisite to human clinical studies, which can only follow after the FDA's allowance of our IND.

We have filed patent applications directed to various methods of using and compositions comprising Substance P analogues. We presently own at least five issued patents, including at least two issued U.S. patents and at least three issued foreign patents, one of which has been registered in nine countries in the European Union. We also have at least 61 pending patent applications, including at least 10 pending U.S. utility patent applications, at least 10 pending U.S. provisional applications, at least 4 pending international patent applications, and at least 37 pending foreign patent applications. All inventions embodied in these applications and issued patents have been assigned to the company by the inventors.

Our potential drug candidates, Homspera, Radilex and Viprovex, are at pre-clinical stages of development and may not be shown to be safe or effective and may never receive regulatory approval. Neither Homspera, nor Radilex nor Viprovex have been tested in large animals or humans. There is no guarantee that regulatory authorities will ever permit human testing of Homspera, Radilex, Viprovex or any other potential products derived from Homspera. Even if such testing is permitted, none of Homspera, Radilex, Viprovex or any other potential drug candidates, if any, derived from Homspera may be successfully developed or shown to be safe or effective in humans.

The results of our pre-clinical studies and clinical trials may not be indicative of future clinical trial results. A commitment of substantial resources to conduct time-consuming research, pre-clinical studies and clinical trials will be required if we are to develop any commercial applications using Homspera or any derivatives thereof. It is possible that partnerships and/or licensing agreements will not develop during the preclinical and/or clinical stages of development, if at all. Delays in planned patient enrollment in our future clinical trials may result in increased costs, program delays or both. None of our potential technologies may prove to be safe or effective in clinical trials. Approval of the FDA, or other regulatory approvals, including export license permissions, may not be obtained and even if successfully developed and approved, our potential applications may not achieve market acceptance. Any potential applications resulting from our programs may not be successfully developed or commercially available for a number of years, if at all.

To date, we have not obtained regulatory approval for, or commercialized any applications, using Homspera or any of its derivatives. We have incurred significant losses since our inception and we expect to incur annual losses for at least the next three years as we continue with our drug research and development efforts.

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Results of Operations for the Three Month Periods Ended September 30, 2008 and September 30, 2007

Revenue

We have not generated any revenues from operations from our inception. We believe we will begin earning revenues from operations during calendar year 2010 as we transition from a development stage company.

Sales, General, and Administrative Expenses

SG&A expenses were $1,776,708 for the three months ended September 30, 2008, a decrease of $671,074 or approximately 27% compared to SG&A expenses of $2,447,782 during the three months ended September 30, 2007. Higher costs for research and development, legal and accounting and, payroll and related expenses and were offset by lower costs for non-cash compensation. For the three months ended September 30, 2008, SG&A expenses consisted primarily of research and development costs of $361,773, payroll and related expenses of $479,299, inclusive of an incentive bonus of $209,250 in cash for Michael K. Wilhelm, our Chief Executive Officer per the terms of his employment agreement, legal and accounting fees of $326,560, non-cash compensation costs of $251,601, consulting and professional fees of $128,710, and travel and entertainment expenses of $57,496.

The Company expects SG&A to increase during the coming twelve months as we continue to build out the Company's infrastructure and to develop the Company's potential drugs and therapeutics.

Financing Cost

Financing costs were $31,250 for the three months ended September 30, 2008, a 100% increase compared to financing costs of $0 during the three months ended September 30, 2007. The Company deposited cash in the amount of $250,000 held in escrow pursuant to the Securities Purchase Agreements with YA Global Advisors, L.P. that were entered into in January 2008 and June 2008, $175,000 was placed into escrow on January 3, 2008 and an additional $75,000 was placed into escrow on June 12, 2008. These funds are amortized on a straight-line basis over a 24 month period.

The Company expects no significant increase to financing costs in the fourth quarter of 2008.

Interest Expense (net)

Interest expense (net) was $205,805 for the three months ended September 30, 2008; an increase of $216,026 or approximately 2,114% compared to interest income of $10,221 for the three months ended September 30, 2007. Interest expense increased during the three months ended September 30, 2008 due to interest costs relating to the securities purchase agreement with YA Global Investments, L.P. on June 12, 2008, and, interest costs relating to the securities purchase agreement with Brencourt Advisors, LLC on August 8, 2008.

The Company expects no significant increase to interest expense in the fourth quarter of 2008.

Net Loss

For the reasons stated above our net loss for the three months ended September 30, 2008 was $2,013,763 or $0.17 per share (post reverse-split), a decrease of $425,012 or approximately 17% compared to a net loss of $2,438,775 for the three months ended September 30, 2007.

Results of Operations for the Nine Month Periods Ended September 30, 2008 and September 30, 2007

Revenue

We have not generated any revenues from operations from our inception.

Sales, General, and Administrative Expenses

SG&A expenses were $3,671,252 for the nine months ended September 30, 2008, a decrease of $723,836 or approximately 18% compared to SG&A expenses of $4,463,800 during the nine months ended September 30, 2007. Higher costs for research and development, payroll and related expenses and legal and accounting fees were offset by lower costs for non-cash compensation. For the nine months ended September 30, 2008, SG&A expenses consisted primarily of research and development costs of $788,145, payroll and related expenses of $1,097,209, inclusive of an incentive bonus of $304,200 in cash for Michael K. Wilhelm, our Chief Executive Officer. per the terms of his employment agreement, legal and accounting fees of $671,463, consulting and professional fees of $302,065, non-cash compensation costs of $313,383, travel and entertainment expenses of $149,457 inclusive of costs relating to the annual shareholders' meeting and facilities expenses of $96,919.

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Financing Cost

Financing costs were $148,125 for the nine months ended September 30, 2008, a 100% increase compared to financing costs of $0 during the nine months ended September 30, 2007. The Company deposited cash in the amount of $250,000 held in escrow pursuant to the Securities Purchase Agreements with YA Global Advisors, L.P. that were entered into in January 2008 and June 2008, $175,000 was placed into escrow on January 3, 2008 and an additional $75,000 was placed into escrow on June 12, 2008. These funds are amortized on a straight-line basis over a 24 month period.

The Company expects no significant increase to financing costs in the fourth quarter of 2008.

Interest Expense (net)

Interest expense (net) was $310,280 for the nine months ended September 30, 2008, an increase of $368,179 or approximately 636% compared to interest income of $57,899 for the nine months ended September 30, 2007. Interest expense increased during the nine months ended September 30, 2008 due to interest costs relating to the securities purchase agreement with YA Global Investments, L.P. in first quarter of 2008 and a subsequent securities purchase agreement with YA Global Investments on June 12, 2008 and, interest costs relating to the securities purchase agreement with Brencourt Advisors, LLC on August 8, 2008.

Net Loss

For the reasons stated above our net loss for the nine months ended September 30, 2008 was $4,129,657 or $0.35 per share, a decrease of $285,573 or approximately 6% compared to a net loss of $4,415,230 for the nine months ended September 30, 2007.

Going Concern

Our independent certified public accountants have stated in their report included in our annual report on SEC Form 10-KSB filed with the Securities and Exchange Commission on March 31, 2008 that we have incurred a net loss and negative cash flows from operations of $5,463,958 and $2,456,038, respectively, for the year ended December 31, 2007. This loss, in addition to a lack of operational history, raises substantial doubt about our ability to continue as a going concern. In the absence of significant revenue and profits, and since we do not expect to generate significant revenues in the foreseeable future, we, in order to fund operations, will be completely dependent on additional debt and equity financing arrangements. There is no assurance that any financing will be sufficient to fund our capital expenditures, working capital and other cash requirements for the fiscal year ending December 31, 2008. No assurance can be given that any such additional funding will be available or that, if available, can be obtained on terms favorable to us. If we are unable to raise needed funds on acceptable terms, we will not be able to develop or enhance our products, take advantage of future opportunities or respond to competitive pressures or unanticipated requirements. A material shortage of capital will require us to take drastic steps such as reducing our level of operations, disposing of selected assets or seeking an acquisition partner. If cash is insufficient, we will not be able to continue operations.

The Company expects losses to increase during the coming twelve months. The Company does not expect to begin to generate revenue in the coming twelve months, and our costs are likely to increase as continue our research and development efforts on our early, pre-clinical stage products and build out our corporate infrastructure.

Plan of Operations

We expect to continue to incur increasing operating losses for the foreseeable future, primarily due to our continued research and development activities attributable to Homspera, Radilex, Viprovex or any other proposed product, if any, derived from Homspera and general and administrative activities.

The preliminary results of our pre-clinical studies using Homspera, Radilex or Viprovex may not be indicative of results that will be obtained from subsequent studies or from more extensive trials. Further, our pre-clinical or clinical trials may not be successful, and we may not be able to obtain the required regulatory approvals in a timely fashion, or at all.

Product Research and Development

We incurred expenses of $788,145 for the nine months ended September 30, 2008 in research and development activities related to the development of Homspera, Radilex and Viprovex versus expenses of $322,544 for the nine months ended September 30, 2007. From our inception in October 2002, we have spent $2,356,331 on research and development activities. These costs only include the manufacture and delivery of our drug by third party manufacturers and payments to contract research organizations and consultants for consulting related to our studies and costs of performing such studies. Significant costs relating to research and development, such as compensation for Dr. Siegel, have been classified in officers' salaries for consistency of financial reporting.

We anticipate that during the next 12 months we will increase our research and development spending to a total of approximately $3,000,000 in an effort to further develop Homspera, Radilex and Viprovex. This research and development cost estimate includes additional animal pharmacology studies, formulation and animal safety/toxicity studies. If we receive additional funds, through investment funding, licensing agreements or grants, we expect we will further increase our research and development spending.

We believe that initial revenues, if any, will likely be generated through partnerships, alliances and/or licensing agreements with pharmaceutical or biotechnology companies. Our focus during the next 12 months will be to identify those companies which we believe may have an interest in our proposed products and attempt to negotiate arrangements for potential partnerships, alliances and/or licensing arrangements. Alliances between pharmaceutical and biotechnology companies can take a variety of organizational forms and involve many different payment structures such as upfront payments, milestone payments, equity injections and royalty payments. To date, we have not entered into discussions with and have no agreements or arrangements with any such companies. Even if we are successful in entering into such a partnership or alliance or licensing our technology, we anticipate that the earliest we may begin to generate revenues from operations would be calendar year 2009. There is no assurance that we will ever be successful in reaching such agreements or ever generate revenues from operations.

We will need to generate significant revenues from product sales and or related royalties and license agreements to achieve and maintain profitability. Through September 30, 2008, we had no revenues from any product sales, royalties or licensing fees, and have not achieved profitability on a quarterly or annual basis. Our ability to achieve profitability depends upon, among other things, our ability to develop products, obtain regulatory approval for products under development and enter into agreements for product development, manufacturing and commercialization. Moreover, we may never achieve significant revenues or profitable operations from the sale of any of our potential products or technologies.

If product development or approval does not occur as scheduled, our time to reach market will be lengthened and our costs will substantially increase. Additionally, we may be requested to expand our findings to gather additional data or we may not achieve the desired results. If so, we may have to design new protocols and conduct additional studies. This will increase our costs and delay the time to market for our potential products, if any. Any of these occurrences would have a material negative impact on our business and our liquidity as it may cause us to seek additional capital sooner than expected and allow our competitors to successfully enter the market ahead of us.

If we are successful in achieving desirable results for these applications, we intend to design the protocols and begin further studies for this and other applications, when capital is available. As we have only collected preliminary data and additional studies are required, we cannot predict when, if ever, a viable treatments for these indications can be commercialized. If we do not observe significant results or we lack the capital to further the development, we may abandon such research and development efforts; thereby limiting our future potential revenues.

If we are successful in completing our studies and the results are as we anticipate, we intend to prepare and submit the necessary documentation to the FDA and other regulatory agencies for approval. If approval for Homspera, Radilex and/or Viprovex is granted, we expect to begin efforts to commercialize our product, if any, immediately thereafter, however, since we are currently in the pre-clinical stage of development, it will take an indeterminate amount of time in development before we have a marketable drug, if ever.

Off-Balance Sheet Arrangements

There were no off-balance sheet arrangements as of September 30, 2008.

Liquidity and Capital Resources

At September 30, 2008, we had current assets of $4,491,835 consisting of cash of $4,301,113 and other current assets of $190,722. At September 30, 2008, we also had current liabilities of $655,232, consisting of accounts payable of $627,436 and accrued liabilities of $27,796. This resulted in net working capital at September 30, 2008 of $3,836,603. During the nine months ended September 30, 2008, the Company used cash in operating activities of $3,735,098. From the date of inception (October 30, 2002) to September 30, 2008, the Company has had a net loss of $22,878,795 and has used cash of $12,185,078 in operating activities. These expenses were associated principally with equity-based compensation to employees and consultants, product development costs and professional services, and equity based compensation to stockholders for the penalty incurred for the late registration of shares.

We currently have no revenue. There is no guarantee that our business model will be successful, or that we will be able to generate sufficient revenue to fund future operations. As a result, we expect our operations to continue to use net cash, and that we will be required to seek additional debt or equity financings during the coming quarters. Since inception, we have financed our operations through debt and equity financing. While we have raised capital to meet our working capital and financing needs in the past, additional financing is required in order to meet our current and projected cash flow deficits from operations and development of our product line. We met our cash requirements from our inception through September, 2008 via the private placement of $7,873,451 of our common stock and $8,677,517 from the issuance of notes payable, net of repayments.

On January 3, 2008, we entered into a securities purchase agreement with YA Global Investments, L.P. ("YA Global"), pursuant to which YA Global agreed to purchase from us (i) up to $3 million of secured convertible debentures, which shall be convertible into shares of our common stock and (ii) warrants to acquire up to 750,000 additional shares of our common stock. The initial closing occurred on January 3, 2008, at which time we sold to YA Global $2 million of the convertible debentures and the warrants. On June 12, 2008 we sold an additional $1,000,000 of convertible debentures to YA Global.

On August 8, 2008, the Company entered into a Securities Purchase Agreement (the "Purchase Agreement") with certain funds for which Brencourt Advisors, LLC is the investment manager (the "Buyers"), pursuant to which the Buyers agreed to purchase from the Company (i) up to $5 million of 10% subordinated secured convertible debentures (the "Convertible Debentures"), which shall be convertible into shares of the Company's common stock, par value $0.001 per share (the "Common Stock") and (ii) warrants to acquire up to 2,500,000 additional shares of Common Stock (the "Warrants") (the "Financing"). The closing of the Financing occurred on August 8, 2008, at which time the Company sold to the Buyers $5 million of the Convertible Debentures and the Warrants.

Pursuant to an employment agreement with Michael Wilhelm, our President and Chief Executive Officer, dated December 16, 2002, we paid Mr. Wilhelm an annual salary of $125,000 and $175,000 during the first and second years of his employment, respectively. Thereafter we paid Mr. Wilhelm an annual salary of $250,000 through August 10, 2005, when we entered into a new employment agreement with Mr. Wilhelm. The new employment agreement calls for a salary at the rate of $275,000 per annum and provides for bonus incentives. Pursuant to the agreement, Mr. Wilhelm's salary is reviewed quarterly for possible increases and is subject to adjustment pursuant to the Company's employee compensation policies in effect from time to time but, in any event will be increased by at least 10% per year at the end of each year of Mr. Wilhelm's employment. Mr. Wilhelm's salary is payable in regular installments in accordance with the customary payroll practices of our company. Further, pursuant to the terms of the change of control agreement between Mr. Wilhelm and us, we agreed to pay Mr. Wilhelm his salary for a period of 18 months from the date of an involuntary termination, payable in accordance with the Company's compensation practice. Involuntary termination is defined as the termination of Mr. Wilhelm's employment by Company without cause or due to constructive termination at any time within one-year from a change of control event, as defined in the agreement.

We executed a new two-year employment agreement with Mr. Fermanis on January 1, 2008, pursuant to which we will pay Mr. Fermanis an annual base salary of $130,000 for the first year and $140,000 for the second year of the agreement. Mr. Fermanis will also be eligible for discretionary bonuses under the Company's stock option plan during his employment. The two-year employment agreement is subject to early termination provisions. The Company may terminate the employment agreement at any time for cause, as defined in the employment agreement, and upon 15 days written notice without cause. Mr. Fermanis may terminate the employment agreement for any reason with 30 days written notice. Upon termination of Mr. Fermanis' employment by the Company without cause or by constructive termination, as defined in the employment agreement, the Company agrees to pay to Mr. Fermanis the remainder of his salary for the year in which he is terminated or six months salary, whichever is greater, and any accrued vacation.

Pursuant to our two-year employment agreement with Hal N. Siegel, our Vice President and Chief Scientific Officer, dated October 23, 2006, we will pay Dr. Siegel an annual base salary of $200,000 for the first year and $210,000 for the second year of the agreement. Dr. Siegel is also eligible for discretionary bonuses under our stock option plan during his employment. In addition, Dr. Siegel received options with a term of five years to purchase 20,000 shares of our Common Stock. The options are exercisable at $2.00 per share. The two-year employment agreement is subject to early termination provisions. Upon termination of Dr. Siegel's employment by us without cause or constructive termination, as defined in the agreement, we agreed to pay to Dr. Siegel the remainder of his salary for the year in which he is terminated or six months salary, whichever is greater, and any accrued vacation. In addition, we entered into a change of control agreement with Dr. Siegel. Pursuant to the terms of the change of control agreement, we agreed to pay Dr. Siegel his salary for a period of 18 months from the date of an involuntary termination, payable in accordance with our compensation practice. Involuntary termination is defined as the termination of Dr. Siegel's employment by us without cause or due to constructive termination at any time within one-year of a change of control event, as defined in the agreement. A new employment agreement with Dr. Siegel is currently being negotiated and is expected to be finalized in the forth quarter of 2008.

Since our inception, we have been seeking additional third-party funding. During such time, we have retained a number of different investment banking firms to assist us in locating available funding; however, we have not yet been successful in obtaining any of the long-term funding needed to make us into a commercially viable entity. During the period from October 2004 to September 30, 2008, we were able to obtain financing of $16,566,668, including a series of private placements of our securities which resulted in net proceeds to us of $7,873,451 and $8,677,517 from the sale of notes payable, net of repayments. The notes payable include a transaction in January 2008 where we sold $2 million in secured convertible debentures which resulted in net proceeds to us of $1,825,000; a transaction in June 2008 where we sold $1 million in secured convertible debentures which resulted in net proceeds to us of $925,000; and, on August 8, 2008 we sold $5 million in secured convertible debentures which resulted in net proceeds to us of $4,975,000. Based on our current plan of operations all of our current funding is expected to be depleted by the end of August 2009. If we are not successful in generating sufficient liquidity from operations or in raising sufficient capital resources, it would have a material adverse effect on our business, results of operations, liquidity and financial condition.

Our registered independent certified public accountants have stated in their report, dated March 28, 2008, that the Company's recurring losses and negative cash flow raise substantial doubt about the Company's ability to continue as a going concern.

While we have raised capital to meet our working capital and financing needs in the past through debt and equity financings, additional financing will be required in order to implement our business plan and to meet our current and projected cash flow deficits from operations and development. There can be no assurance that we will be able to consummate future debt or equity financings in a timely manner on a basis favorable to us, or at all. If we are unable to raise needed funds, we will not be able to develop or enhance our potential products, take advantage of future opportunities or respond to competitive pressures or unanticipated requirements. A material shortage of capital will require us to take drastic steps such as reducing our level of operations, disposing of selected assets or seeking an acquisition partner.

Until such time, if at all, as we receive adequate funding, we intend to continue to defer payment of all of our obligations which are capable of being deferred, which actions have resulted in some vendors demanding cash payment for their goods and services in advance, and other vendors refusing to continue to do business with us. We do not expect to generate a positive cash flow from our operations for at least several years, if at all, due to anticipated expenditures for research and development activities, administrative and marketing activities, and working capital requirements and expect to continue to attempt to raise further capital through one or more further private placements. Based on our operating expenses and anticipated research and development activities we believe we have sufficient capital to meet our operating needs through August 2009. Thereafter, we believe that we will require an additional $3,500,000 to meet our expenses over the next 12 months.

Acquisition or Disposition of Plant and Equipment

We did not dispose or acquire any significant property, plant or equipment during the quarters ended September 30, 2008 and 2007. We do not anticipate the sale of any significant property, plant or equipment during the next twelve months.

Number of Employees

From our inception through the period ended September 30, 2008, we have relied primarily on the services of outside consultants for services. As of September 30, 2008 we had ten total employees: seven full-time employees, two part-time employees and one contract employee. Our full-time employees are Michael K. Wilhelm, our Chief Executive Officer; John N. Fermanis, our Chief Financial Officer; Hal N. Siegel, Ph.D., Vice President and Chief Scientific Officer, a Science Director, two scientific program managers; and two employees who serve in administrative roles. In order for us to attract and retain quality personnel, we anticipate we will have to offer competitive salaries to future employees. We do not anticipate our employment base will significantly change during the next twelve months.

Critical Accounting Policies and Estimates

The preparation of consolidated 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, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues, expenses and allocated charges during the reporting period. Actual results could differ from those estimates.

We describe our significant accounting policies in the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-KSB for the year ended December 31, 2007. We discuss our critical accounting policies and estimates in Management's Discussion and Analysis of Financial Condition and or Plan of Operation in the Form 10-KSB. Other than as indicated in this quarterly report, there have been no material revisions to the critical accounting policies as filed in our Annual Report on Form 10-KSB as of and for the year ended December 31, 2007 with the SEC on March 31, 2008 and as amended on September 25, 2008.

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ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable to smaller reporting companies.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934, as amended (the "Exchange Act") is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file under the Exchange Act is accumulated and communicated to our management, including our principal executive and financial officers, as appropriate to allow timely decisions regarding required disclosure.

As of the end of the period covered by this Quarterly Report, our management, under the supervision and with the participation of the Company's Chief Executive Officer and Chief Financial (and principal accounting) Officer, carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) of the Exchange Act). Based upon that evaluation and due to the material weakness existing in our internal controls as of December 31, 2007 (described below) which has not been fully remediated as of September 30, 2008, we have concluded that as of September 30, 2008, our disclosure controls and procedures were ineffective.

Changes in internal controls.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. Material weaknesses would permit information required to be disclosed by the Company in the reports that it files or submits to not be recorded, processed, summarized and reported, within the time periods specified in the Securities Exchange Commission's rules and forms. In our Amendment No. 1 to our Annual Report on Form 10-KSB/A for the year ended December 31, 2007, we identified a material weakness consisting of limited resources and a limited number of employees, namely the lack of an audit committee, an understaffed financial and accounting function, and the need for additional personnel to prepare and analyze financial information in a timely manner and to allow review and on-going monitoring and enhancement of our controls.

In first nine months of 2008 we took various steps to remediate the deficiencies that gave rise to this material weakness. We formed an audit committee in June 2008. Additionally, in the quarter ended June 30, 2008, we restructured our existing personnel in order to create a full-time equivalent position in our accounting and analysis processes. We also took other measures, including evaluating and improving our existing internal control documentation and procedures to develop clear identification of key financial and reporting controls and using an external consultant to review our control procedures to assure compliance and enhancement, as needed, to existing controls, to remediate the material weakness. During the third quarter we continued to evaluate our internal control documentation. Although we made progress towards remediation of the deficiencies giving rise to the material weakness, we are unable to conclude that the material weakness described above was remediated as of September 30, 2008.

There were no other changes in our internal controls over financial reporting during the quarter ended September 30, 2008 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on Effectiveness of Controls and Procedures

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or our internal controls will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include, but are not limited to, the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are not currently a party to any material legal proceedings.

ITEM 1A. RISK FACTORS

Any investment in our common stock involves a high degree of risk. Investors should carefully consider the risks described below and all of the information contained in this report before deciding whether to purchase our common stock. Our business, financial condition or results of operations could be materially adversely affected by these risks if any of them actually occur. The trading price of our common stock could decline due to any of these risks, and an investor may lose all or part of his or her investment. Some of these factors have affected our financial condition and operating results in the past or are currently affecting us. This report also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks described below and elsewhere in this report.

Except as set forth below, there have been no material revisions to the "Risk factors" as filed in our Annual Report on Form 10-KSB as of and for the year ended December 31, 2007 with the SEC on March 31, 2008.

Adverse capital and credit market conditions may significantly affect our ability to meet liquidity needs, access to capital and cost of capital.

The capital and credit markets have been experiencing extreme volatility and disruption in recent months, including, among other things, extreme volatility in securities prices, severely diminished liquidity and credit availability, ratings downgrades of certain investments and declining valuations of others. Governments have taken unprecedented actions intended to address extreme market conditions that have included severely restricted credit and declines in real estate values. In some cases, the markets have exerted downward pressure on availability of liquidity and credit capacity for certain issuers. While currently these conditions have not impaired our ability to finance our operations, there can be no assurance that there will not be a further deterioration in financial markets and confidence in major economies such that our ability to access credit markets and finance our operations, including our research and development activities. Without sufficient liquidity, we may be forced to curtail our operations and research and development activities thus potentially lengthening our timeline for regulatory submissions and potential revenues. Adverse market conditions may limit our ability to replace, in a timely manner, maturing liabilities and access the capital necessary to operate and grow our business. As such, we may be forced to delay raising capital or bear an unattractive cost of capital which could decrease our profitability and significantly reduce our financial flexibility. Our results of operations, financial condition, cash flows and capital position could be materially adversely affected by disruptions in the financial markets.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Issuances of Restricted Shares of Common Stock for Accrued Interest

On July 2, 2008 we issued 28,220 shares (post reverse split) of common stock to YA Global Investments, L.P. ("YA Global"), who is an accredited investor, for accrued interest on a $2 million convertible debenture through June 30, 2008 of $19,726. The securities were issued in reliance upon exemptions from registration pursuant to Section 4(2) under the Securities Act of 1933, as amended, and Rule 506 promulgated thereunder.

On July 2, 2008 we issued 2,822 shares (post reverse split) of common stock to YA Global, who is an accredited investor, for accrued interest on a $1 million convertible debenture through June 30, 2008 of $1,973. The securities were issued in reliance upon exemptions from registration pursuant to Section 4(2) under the Securities Act of 1933, as amended, and Rule 506 promulgated thereunder.

Convertible Debentures Sold For Accrued Interest

On September 30, 2008, we sold a 0% interest convertible debenture to YA Global, who is an accredited investor, per the terms of a securities purchase agreement. The debentures have a five year term of exercise and a minimum conversion price of $0.30 per share as payment of $70,424.66 in interest accrued during the three months ended September 30, 2008, net of a credit of $1,536.12 to adjust interest payments that were made through June 30, 2008. The securities were issued in reliance upon exemptions from registration pursuant to Section 4(2) under the Securities Act of 1933, as amended, and Rule 506 promulgated thereunder.

Issuances to Certain Funds Managed by Brencourt Advisors, LLC

In August 2008, the Company issued an aggregate of 222,847 shares (post reverse-split) of common stock to three note holders, who are accredited investors, for prepayment of interest for the for the period ended September 30, 2008 in the amount of $73,611. The securities were issued in reliance upon exemptions from registration pursuant to Section 4(2) under the Securities Act of 1933, as amended, and Rule 506 promulgated thereunder.

In August 2008, the Company issued an aggregate of 378,421 shares (post reverse-split) of common stock to three note holders, who are accredited investors, for prepayment of interest for the last quarter of the term of the notes in the amount of $125,000. The securities were issued in reliance upon exemptions from registration pursuant to Section 4(2) under the Securities Act of 1933, as amended, and Rule 506 promulgated thereunder.

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Exercise of Warrants

In July 2008, the Company issued an aggregate of 30,000 shares (post reverse-split) of common stock at $0.375 per share for the exercise of warrants by five investors, who are all accredited investors. The securities were issued in reliance upon exemptions from registration pursuant to Section 4(2) under the Securities Act of 1933, as amended, and Rule 506 promulgated thereunder.

Issuance of Restricted Common Shares to CEO

In August 2008, per the term of his employment agreement, the Company agreed to issue 833,334 shares (post reverse-split) of common stock to Michael K. Wilhelm, the Company's President and Chief Executive Officer. These shares have not been issued as of September 30, 2008.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4: SUBMISSION OF MATTERS TO A VOTE OF SECURITIES HOLDERS

None.

ITEM 5: OTHER INFORMATION

None.

ITEM 6. EXHIBITS

31.1 Certification of Chief Executive Officer pursuant to Item 601(b)(31) of Regulation S-B, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2 Certification of Chief Financial Officer pursuant to Item 601(b)(31) of Regulation S-B, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1 Certifications of Chief Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
32.2 Certifications of Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*

* This exhibit shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, whether made before or after the date hereof and irrespective of any general incorporation language in any filings.

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Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on November 13, 2008.

IR BioSciences Holdings, Inc.

By:	/s/ Michael K. Wilhelm Michael K. Wilhelm President, Chief Executive Officer
	/s/ John N. Fermanis John N. Fermanis Chief Financial Officer

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