As filed with the Securities and Exchange Commission on December 21, 2010

Registration No. 333-

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

FORM S-1

REGISTRATION STATEMENT
Under
THE SECURITIES ACT OF 1933

IBIO, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	2834	26-2797813
(State of Other Jurisdiction of Incorporation or Organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification Number)**

9 Innovation Way, Suite 100, Newark, Delaware 19711
(Address of Principal Executive Offices, including Zip Code)

Robert B. Kay
Chief Executive Officer
9 Innovation Way, Suite 100
Newark, Delaware 19711
(302) 355-0650
(Name, Address and Telephone Number of Agent for Service)

with copies to:

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Approximate date of commencement of proposed sale to the public: From time to time after this registration statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ☒

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

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 definition of "accelerated filer," "large accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☒

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered (1)	Proposed Maximum Offering Per Price Share	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Stock, Par Value $0.001	4,000,000	$ 3.29(2)	$13,160,000.00	$ 938.31
Common Stock, Par Value $0.001	4,000,000(3)	$ 2.20(4)	$ 8,800,000.00	$ 627.44
Common Stock, Par Value $0.001	500,000(5)	$ 1.10(4)	$ 550,000.00	$ 39.22
Common Stock, Par Value $0.001	196,551(5)	$ 2.16(4)	$ 424,550.16	$ 30.27
Common Stock, Par Value $0.001	30,435(5)	$ 2.30(4)	$ 70,000.50	$ 4.99
Common Stock, Par Value $0.001	22,338(5)	$ 2.93(4)	$ 65,450.34	$ 4.67
Common Stock, Par Value $0.001	75,000(5)	$ 1.38(4)	$ 103,500.00	$ 7.38
Common Stock, Par Value $0.001	5,848,696(6)	(6)	(6)	(6)

(1) In addition to the shares set forth in the table, pursuant to Rule 416(a) under the Securities Act of 1933, as amended, this registration statement also covers an indeterminable number of shares of common stock that may be issuable as a result of stock splits, stock dividends and anti-dilution provisions.

(2) Estimated pursuant to Rule 457(c) solely for the purposes of calculating amount of the registration fee; computed, pursuant to Rule 457(c), upon the basis of the average of the high and low prices of the common stock as quoted on the OTC Bulletin Board on December 15, 2010.

(3) Represents shares of common stock issuable upon the exercise of warrants issued to investors in 2010.

(4) Calculated pursuant to Rule 457(g) based upon the price at which the warrants may be exercised.

(5) Represents shares of common stock issuable upon the exercise of warrants issued to service providers in 2010.

(6) Represents shares of common stock issuable upon the exercise of warrants issued to investors in August 2008 and shares of common stock underlying stock options held by private investors to purchase shares currently held by two of our significant stockholders, previously included in Registration Statement Nos. 333-162424 and 333-167361, for which all filing fees were previously paid.

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

EXPLANATORY STATEMENT

This registration statement contains a prospectus to be used in connection with the potential resale by certain selling stockholders of:

1. 4,000,000 shares of common stock sold to investors in a private offering in October and November, 2010;
2. 4,000,000 shares of common stock issuable upon exercise of warrants issued to investors in the above offering;
3. 824,324 shares of common stock issuable upon exercise of warrants issued to service providers in 2010;
4. 2,848,696 shares of common stock issuable upon exercise of warrants issued to investors in a private offering in August 2008 (as adjusted to reflect anti-dilution adjustments made following our 2009 and 2010 offerings); and
5. 3,000,000 shares of common stock underlying stock options held by private investors to purchase shares currently held by E. Gerald Kay and Carl DeSantis, two of our significant stockholders.

Pursuant to Rule 429 of the Securities Act of 1933, the prospectus which is a part of this registration statement is a combined prospectus and includes all of the information currently required in a prospectus relating to the securities described in item 4 above, which were included in Registration Statement No. 333-162424, as well as the securities described in item 5 above, which were included in Registration Statement No. 333-167361, which was withdrawn before effectiveness. This registration statement also constitutes a Post-Effective Amendment to Registration Statement No. 333-162424.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED DECEMBER 21, 2010

PROSPECTUS

14,673,020 Shares

COMMON STOCK

This prospectus relates to the offer for sale of 14,673,020 shares of common stock, par value $0.001 per share, by the existing holders of the securities named in this prospectus, referred to as selling stockholders throughout this prospectus. Of these shares, 7,673,020 are issuable upon the exercise of outstanding warrants. We will receive none of the proceeds from the sale, except upon exercise of the warrants.

The selling stockholders may sell the common stock from time to time on any stock exchange or automated interdealer quotation system on which the securities are listed, in the over-the-counter market, in privately negotiated transactions or otherwise, at fixed prices that may be changed, at market prices prevailing at the time of sale, at prices related to the prevailing market prices or at prices otherwise negotiated.

Our common stock is presently quoted on the OTC Bulletin Board, under the symbol "IBPM." On December 15, 2010, the last reported sale price of our common stock on the OTC Bulletin Board was $3.34.

The selling stockholders and intermediaries through whom the common stock is sold may be deemed "underwriters" within the meaning of the Securities Act of 1933 or the Securities Act with respect to the securities offered hereby, and any profits realized or commissions received may be deemed underwriting compensation. We have agreed to indemnify the selling stockholders against certain liabilities, including liabilities under the Securities Act.

Investing in the offered securities involves risks, including those set forth in the "Risk Factors" section of this prospectus beginning on page 2 **as well as those set forth in any prospectus supplement.**

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is , 2010.

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You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with different information. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information contained in this prospectus is accurate as of any date other than the date on the front of this prospectus. In this prospectus, the "Company," "iBio", "we," "us" and "our" refer to iBio, Inc.

SUMMARY PROSPECTUS

This summary highlights selected information contained elsewhere in this prospectus and may not contain all the information that you need to consider in making your investment decision. Before making a decision to purchase our common stock, you should read the entire prospectus carefully, including the "Risk Factors" and "Forward-Looking Statements" sections and our consolidated financial statements and the notes to those financial statements.

Our Company

iBio, Inc. is a biotechnology company focused on commercializing its proprietary technology, the iBioLaunch™ platform, for the production of biologics including vaccines and therapeutic proteins. Our strategy is to utilize our technology for development and manufacture of our own product candidates and to work with both corporate and government clients to reduce their costs during product development and meet their needs for low cost, high quality biologics manufacturing systems. Our near-term focus is to establish business arrangements for use of our technology by licensees for the development and production of products for both therapeutic and vaccine uses. Vaccine candidates presently being advanced on our proprietary platform are applicable to newly emerging strains of H1N1 swine-like influenza and H5N1 for avian influenza.

In order to attract appropriate licensees and increase the value of our share of such intended contractual arrangements, we engaged the Center for Molecular Biology of Fraunhofer USA, Inc. ("FhCMB") in 2003 to perform research and development activities to apply the platform to create our first product candidate. We selected a plant-based influenza vaccine for human use as the product candidate to exemplify the value of the platform. Based on research conducted by FhCMB, our proprietary technology is applicable to the production of vaccines for any strain of influenza including the newly-emerged strains of H1N1 swine-like influenza.

In connection with its research and development activities, FhCMB agreed to use its best efforts to obtain grants from governmental and non-governmental entities to fund additional development of our proprietary plant-based technology. Consequently, in addition to the funding we have provided, FhCMB has received funding from the Bill & Melinda Gates Foundation for development of various vaccines based upon our proprietary technology including an experimental vaccine for H5N1 avian influenza. Two of these vaccine candidates began a Phase 1 clinical trial during late calendar year 2010.

Our Corporate Information

We are a Delaware corporation. Our principal executive/administrative offices are located at 9 Innovation Way, Suite 100, Newark, Delaware 19711, and our telephone number is (302) 355-0650. Our website address is http://www.ibioinc.com. Information on or accessed through our website is not incorporated into this prospectus and is not a part of this prospectus. Our common stock is quoted on the OTC Bulletin Board under the symbol "IBPM."

The Offering

Common stock offered by selling stockholders	14,673,020 shares, consisting of 7,000,000 outstanding shares owned by selling stockholders and 7,673,020 shares issuable upon the exercise of certain warrants held by the selling stockholders.
Common stock outstanding before the offering	32,292,254 shares.
Common stock outstanding after the offering	39,965,274 shares. (1)
Proceeds to us	We will not receive any of the proceeds from the sale of the shares of common stock because they are being offered by the selling stockholders. We are not offering any shares for sale under this prospectus. However, we will receive the proceeds from any exercise of the warrants, which would be used for general corporate and working capital purposes.
Risk factors	See "Risk Factors" beginning on page 2 and the other information in this prospectus for a discussion of the factors you should consider before you decide to invest in the common stock.

1 Assumes the exercise of warrants to purchase 7,673,020 shares held by selling stockholders.

RISK FACTORS

Our past experience may not be indicative of future performance, and as noted elsewhere in this prospectus, we have included forward-looking statements about our business, plans and prospects that are subject to change. Forward-looking statements are particularly located in, but not limited to, the sections "Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations." In addition to the other risks or uncertainties contained in this prospectus, the following risks may affect our operating results, financial condition and cash flows. If any of these risks occur, either alone or in combination with other factors, our business, financial condition or operating results could be adversely affected. Moreover, readers should note this is not an exhaustive list of the risks we face; some risks are unknown or not quantifiable, and other risks that we currently perceive as immaterial may ultimately prove more significant than expected. Statements about plans, predictions or expectations should not be construed to be assurances of performance or promises to take a given course of action.

Risks Relating to our Business

Our plant-based technology platform has not previously been used by others to successfully develop commercial products, and if we are not able to establish licenses of the platform, we may not generate sufficient license revenues to fulfill our business plan.

If we are unable to convince others to adopt the use of the platform in addition to or instead of other methods to produce vaccines and therapeutic proteins, we will not generate the revenues presently contemplated by our business plan to support our continuing operations.

The majority of our product candidates are in the preclinical stage of development, and if we or our licensees are not able to successfully develop and commercialize them, we may not generate sufficient revenues to fulfill our business plan.

We have internal product candidates and believe our technology to be applicable to the product candidates of other companies. Our success in establishing licenses to our platform will substantially depend on our or our clients' successful completion of clinical trials, and obtaining required regulatory approvals for our product candidates alone or with other persons. If the studies described above or any further studies fail, if we do not obtain required regulatory approvals, or if we fail to commercialize any of our product candidates alone or with licensees, we may be unable to generate sufficient revenues to attain profitability or continue our business operations, and our reputation in the industry and in the investment community would likely be significantly damaged, each of which would cause our stock price to decline and your holdings of our stock to lose most, if not all, of their value.

Our licensees will not be able to commercialize product candidates based on our platform technology if preclinical studies do not produce successful results or clinical trials do not demonstrate safety and efficacy in humans.

Preclinical and clinical testing is expensive, difficult to design and implement, can take many years to complete and has an uncertain outcome. Success in preclinical testing and early clinical trials does not ensure that later clinical trials will be successful, and interim results of a clinical trial do not necessarily predict final results. Our licensees may experience numerous unforeseen events during, or as a result of, preclinical testing and the clinical trial process that could delay or prevent the commercialization of product candidates based on our technology, including the following:

- Our licensees' preclinical or clinical trials may produce negative or inconclusive results, which may require additional preclinical testing or clinical trials or the abandonment of projects that we expect to be promising. For example, promising animal data may be obtained about the immunogenicity of a vaccine candidate and then human tests may result in no or inadequate immune responses. In addition, unexpected safety concerns may be encountered that would require further testing even if the vaccine candidate produced a very significant immune response in human subjects.

- Initial clinical results may not be supported by further or more extensive clinical trials. For example, a licensee may obtain data that suggest a desirable immune response from a vaccine candidate in a small human study, but when tests are conducted on larger numbers of people, the same extent of immune response may not occur. If the immune response generated by a vaccine is too low or occurs in too few treated individuals, then the vaccine will have no commercial value.

- Enrollment in our licensee's clinical trials may be slower than projected, resulting in significant delays. The cost of conducting a clinical trial increases as the time required to enroll adequate numbers of human subjects to obtain meaningful results increases. Enrollment in a clinical trial can be a slower-than-anticipated process because of competition from other clinical trials, because the study is not of interest to qualified subjects, or because the stringency of requirements for enrollment limits the number of people who are eligible to participate in the clinical trial.
- Our licensee might have to suspend or terminate clinical trials if the participating patients are being exposed to unacceptable health risks. Animal tests do not always adequately predict potential safety risks to human subjects. The risk of any candidate product is unknown until it is tested in human subjects, and if subjects experience adverse events during the clinical trial, the trial may have to be suspended and modified or terminated entirely.
- Regulators or institutional review boards may suspend or terminate clinical research for various reasons, including noncompliance with regulatory requirements.
- Any regulatory approval ultimately obtained may be limited or subject to restrictions or post-approval commitments that render the product not commercially viable.
- The effects of our licensee's product candidates may not be the desired effects or may include undesirable side effects.

Significant clinical trial delays could allow our competitors to bring products to market before our licensees do and impair our ability to commercialize our technology platform or products or product candidates based on our technology platform. Poor clinical trial results or delays may make it impossible to license a product or so reduce its attractiveness to a licensing partner that we will be unable to successfully commercialize a product.

We will need substantial additional funding to execute our business plan and may be unable to raise capital when needed, which would force us to delay, reduce or eliminate our commercialization efforts.

We will need substantial additional funding and may be unable to raise capital when needed or may be unable to raise capital on attractive terms, which would force us to delay, reduce or eliminate our technology development programs or commercialization efforts.

We believe that our existing cash resources, which includes our $8.0 million private placement of common stock that closed in November 2010, as described herein, will be sufficient to meet our projected operating requirements through the balance of calendar 2011. Our future funding requirements will depend on many factors, including:

- Our ability to advance product candidates based on our technology into development with licensees;
- The success of our anticipated commercial agreements with licensees;
- Our ability to establish and maintain additional development agreements or other alternative arrangements;
- The timing of, and the costs involved in, obtaining regulatory approvals;
- The cost of manufacturing activities;
- The cost of commercialization activities, including marketing, sales and distribution;
- The costs involved in preparing, filing, prosecuting, maintaining and enforcing patent claims and other patent-related costs, including, if necessary, litigation costs and the results of such litigation; and
- Potential acquisition or in-licensing of other products or technologies.

If we are unsuccessful in raising additional capital or other alternative financing, we might have to defer or abandon our efforts to commercialize the intellectual property and cease operations.

Our product development and commercialization involve a number of uncertainties, and we may never generate sufficient revenues from the sale of potential products to become profitable; therefore, we may raise funds which may be dilutive of our shareholders in the future.

We have generated no significant revenues to date. To generate revenue and to achieve profitability, we must successfully develop licenses for our platform and/or clinically test, market and sell our potential products. Even if we generate revenue and

successfully achieve profitability, we cannot predict the level of that profitability or whether it will be sustainable. We expect that our operating results will fluctuate from period to period as a result of differences in when we incur expenses and receive revenues from sales of our potential products, business arrangements and other sources. Some of these fluctuations may be significant.

Until we can generate a sufficient amount of license and/or product revenue, if ever, we expect to finance future cash needs through public or private equity offerings, debt financings and corporate product or technology development agreements and licensing arrangements. If we raise additional funds by issuing equity securities, our stockholders may experience dilution. Debt financing, if available, may involve restrictive covenants. Any debt financing or additional equity that we raise may contain terms, such as liquidation and other preferences that are not favorable to us or our stockholders. If we raise additional funds through development and licensing arrangements with third parties, it will be necessary to relinquish valuable rights to our technologies, research programs or product candidates or grant licenses on terms that may not be favorable to us.

Even if we or our potential licensees successfully complete clinical trials for our product candidates, there are no assurances that we will be able to submit, or obtain FDA approval of, a new drug application or biologics license application.

There can be no assurance that, if clinical trials for any product candidates are successfully completed, either we or our licensees will be able to submit a biologics license application (BLA), to the FDA or that any BLA submited will be approved by the FDA in a timely manner, if at all. After completing clinical trials for a product candidate in humans, a dossier is prepared and submitted to the FDA as a BLA, and includes all preclinical and clinical trial data that clearly establish both short-term and long-term safety for a product candidate, and data that establishes the statistically significant efficacy of a product candidate, in order to allow the FDA to review such dossier and to consider a product candidate for approval for commercialization in the United States. If we are unable to submit a BLA with respect to any of our product candidates, or if any BLA we submit is not approved by the FDA, we will be unable to commercialize that product. The FDA can and does reject BLAs and requires additional clinical trials, even when product candidates perform well or achieve favorable results in large-scale Phase 3 clinical trials. If we or our licensees fail to commercialize any product candidates based on our technology, we may be unable to generate sufficient revenues to continue operations or attain profitability and our reputation in the industry and in the investment community would likely be damaged, each of which would cause our stock price to significantly decrease.

We face competition from many different sources, including pharmaceutical and biotechnology enterprises, academic institutions, government agencies and private and public research institutions, and such competition may adversely affect our ability to generate revenue from our products.

Many of our competitors have significantly greater financial resources and expertise in research and development, manufacturing, preclinical testing, clinical trials, regulatory approvals and marketing approved products than we do.

Other companies may also prove to be significant competitors, particularly through arrangements with large and established companies, and this may reduce the value of our platform technology for the purposes of establishing license agreements. For example, Novavax is developing vaccines for influenza, based on the use of cultured insect cells. Its candidate products are more advanced in development than ours are and have already demonstrated positive results in human clinical trials. Similarly, Medicago has announced preclinical experiments to produce influenza vaccines in green plants. Other companies, such as Vical, are attempting to develop vaccines based on the use of nucleic acids rather than proteins. If these efforts are successful in clinical trials, nucleic acid based vaccine technology may compete effectively against our technology platform and may potentially prevent us from being able to obtain commercial agreements or partnerships.

There are currently approved therapies for the diseases and conditions addressed by our vaccine and antibody candidates that are undergoing clinical trials and for the diseases and conditions that are subjects of our preclinical development program. Our commercial opportunities will be reduced or eliminated if our competitors develop and commercialize products based on other technology platforms that are safer, more effective, have fewer side effects or are less expensive than any products that we or our licensees may develop.

Finally, these third parties compete with us in recruiting and retaining qualified scientific and management personnel, establishing clinical trial sites and patient registration for clinical trials, as well as in acquiring technologies and technology licenses complementary to our programs or advantageous to our business.

We will depend significantly on arrangements with third parties to develop and commercialize our product candidates.

A key element of our business strategy is to establish arrangements with licensees to develop and commercialize product candidates. We and FhCMB currently are working within our business structure, which includes non-commercial arrangements as described above, to apply further our plant-based platform technology. Delays, withdrawals or other adverse changes to the current participants in our business structure might adversely affect our ability to develop and commercialize our product candidates.

We expect to rely upon our future business arrangements for support in advancing certain of our drug candidates and intend to rely on additional work under current and future arrangements during our efforts to commercialize our product candidates. Our contractors may be conducting multiple product development efforts within the same disease areas that are the subjects of their agreements with us. Our agreements might not preclude them from pursuing development efforts using a different approach from that which is the subject of our agreement with them. Any of our drug candidates, therefore, may be subject to competition with a drug candidate under development by a contractor.

The success of our business arrangements will depend heavily on the efforts and activities of the organizations which are party to these arrangements. Our future contractual arrangements may provide significant discretion in determining the efforts and resources available to these programs. The risks that we face in connection with these arrangements, and that we anticipate being subject to in future arrangements, include the following:

- Future agreements may be for fixed terms and subject to termination under various circumstances, including, in some cases, on short notice without cause.
- Our future licensees may develop and commercialize, either alone or with others, products and services that are similar to or competitive with the products that are the subject of the agreement with us.
- Our future licensees may underfund or not commit sufficient resources to the testing, marketing, distribution or other development of our products.
- Our future licensees may not properly maintain or defend our intellectual property rights, or they may utilize our proprietary information in such a way as to invite litigation that could jeopardize or invalidate our proprietary information or expose us to potential liability.
- Our future licensees may change the focus of their development and commercialization efforts. Pharmaceutical and biotechnology companies historically have re-evaluated their priorities from time to time, including following mergers and consolidations, which have been common in recent years in these industries. The ability of our product candidates and products to reach their potential could be limited if our licensees or customers decrease or fail to increase spending relating to such products.

Business arrangements with pharmaceutical companies and other third parties often are terminated or allowed to expire by the other party. Such terminations or expirations would adversely affect us financially and could harm our business reputation.

We have no experience in the sales, marketing and distribution of pharmaceutical products or in commercial technology transfer operations.

If we fail to establish commercial licenses for our platform technology or fail to enter into arrangements with partners with respect to the sales and marketing of any of our future potential product candidates, we would need to develop a sales and marketing organization with supporting distribution capability in order to directly market our technology and/or related products. Significant additional expenditures would be required for us to develop such an in-house sales and marketing organization.

We may not be successful in establishing additional arrangements with third parties, which could adversely affect our ability to discover, develop and commercialize products.

We engaged FhCMB to perform research and development activities to apply our platform technology to create product candidates. We currently do not have other similar agreements with third parties. If we are able to obtain such agreements, however, these arrangements may not be scientifically or commercially successful. If we are unable to reach new agreements with suitable third parties, we may fail to meet our business objectives for the affected product or program. We face significant

competition in seeking appropriate companies with which to create additional similar business structures. Moreover, these arrangements are complex to negotiate and time-consuming to document. We may not be successful in our efforts to establish additional alternative arrangements. The terms of any additional arrangements that we establish may not be favorable to us. Moreover, these arrangements may not be successful.

If third parties on whom we or our licensees will rely for clinical trials do not perform as contractually required or as we expect, we may not be able to obtain regulatory approval for or commercialize our product candidates, and our business may suffer.

We do not have the ability to independently conduct the clinical trials required to obtain regulatory approval for our products. We have not yet contracted with any third parties to conduct our clinical trials. We will depend on licensees or on independent clinical investigators, contract research organizations and other third party service providers to conduct the clinical trials of our product candidates and expect to continue to do so. We will rely heavily on these parties for successful execution of our clinical trials but will not control many aspects of their activities. For example, the investigators may not be our employees. However, we will be responsible for ensuring that each of our clinical trials is conducted in accordance with the general investigational plan and protocols for the trial. Third parties may not complete activities on schedule, or may not conduct our clinical trials in accordance with regulatory requirements or our stated protocols. The failure of these third parties to carry out their obligations could delay or prevent the development, approval and commercialization of our product candidates.

We face substantial uncertainty in our ability to protect our patents and proprietary technology.

Our ability to commercialize our products will depend, in part, on our ability to obtain patents, to enforce those patents and preserve trade secrets, and to operate without infringing on the proprietary rights of others.

The patent positions of biotechnology companies like us are highly uncertain and involve complex legal and factual questions.

We currently hold four U.S. patents and one international patent. Additionally, we have twelve U.S. and seventy-one international patent applications pending. The latter includes numerous foreign countries including Australia, Brazil Canada, China, Hong Kong, India, Japan, New Zealand, and several countries in Europe. We continue to prepare patent applications relating to our expanding technology in the U.S. and abroad.

There can be no assurance that:

- Patent applications owned by or licensed to us will result in issued patents;
- Patent protection will be secured for any particular technology;
- Any patents that have been or may be issued to us will be valid or enforceable;
- Any patents will provide meaningful protection to us;
- Others will not be able to design around the patents; or
- Our patents will provide a competitive advantage or have commercial application.

The failure to obtain and maintain adequate patent protection would have a material adverse effect on us and may adversely affect our ability to enter into, or affect the terms of, any arrangement for the marketing of any product. Please see “Business – Intellectual Property” for more information.

We cannot assure you that our patents will not be challenged by others.

There can be no assurance that patents owned by or licensed to us will not be challenged by others. We currently hold one issued U.S. patent for methods of inducing gene silencing in plants and one U.S. patent application for which we have received a notice of allowance, describing systems for expression of vaccine antigens in plants. Please see “Business – Intellectual Property” for more information on our current patents and patent applications. We could incur substantial costs in proceedings, including interference proceedings before the United States Patent and Trademark Office and comparable proceedings before similar agencies in other countries in connection with any claims that may arise in the future. These proceedings could result in adverse decisions about the patentability of our or our licensors’ inventions and products, as well as about the enforceability,

validity or scope of protection afforded by the patents. Any adverse decisions about the patentability of our product candidates could cause us to either lose rights to develop and commercialize our product candidates or to license such rights at substantial cost to us. In addition, even if we were successful in such proceedings, the cost and delay of such proceedings would most likely have a material adverse effect on our business.

Confidentiality agreements with employees and others may not adequately prevent disclosure of trade secrets and other proprietary information, may not adequately protect our intellectual property, and will not prevent third parties from independently discovering technology similar to or in competition with our intellectual property.

We rely on trade secrets and other unpatented proprietary information in our product development activities. To the extent we rely on trade secrets and unpatented know-how to maintain our competitive technological position, there can be no assurance that others may not independently develop the same or similar technologies. We seek to protect trade secrets and proprietary knowledge, in part, through confidentiality agreements with our employees, consultants, advisors, collaborators and contractors. Nevertheless, these agreements may not effectively prevent disclosure of our confidential information and may not provide us with an adequate remedy in the event of unauthorized disclosure of such information. If our employees, scientific consultants, advisors, collaborators or contractors develop inventions or processes independently that may be applicable to our technologies, product candidates or products, disputes may arise about ownership of proprietary rights to those inventions and processes. Such inventions and processes will not necessarily become our property, but may remain the property of those persons or their employers. Protracted and costly litigation could be necessary to enforce and determine the scope of our proprietary rights. If we fail to obtain or maintain trade secret protection for any reason, the competition we face could increase, reducing our potential revenues and adversely affecting our ability to attain or maintain profitability.

If we infringe or are alleged to infringe intellectual property rights of third parties, it will adversely affect our business.

Our research, development and commercialization activities, as well as any product candidates or products resulting from these activities, may infringe or be claimed to infringe patents or patent applications under which we do not hold licenses or other rights. Third parties may own or control these patents and patent applications in the United States and abroad. These third parties could bring claims against us or our customers, collaborators or licensees that would cause us to incur substantial expenses and, if successful against us, could cause us to pay substantial damages. Further, if a patent infringement suit were brought against us or our collaborators, we or they could be forced to stop or delay research, development, manufacturing or sales of the product or product candidate that is the subject of the suit.

As a result of patent infringement claims, or in order to avoid potential claims, we or our customers, collaborators or licensees may choose to seek, or be required to seek, a license from the third party and would most likely be required to pay license fees or royalties or both. These licenses may not be available on acceptable terms, or at all. Even if we or our customers, collaborators or licensees were able to obtain a license, the rights may be nonexclusive, which would give our competitors access to the same intellectual property. Ultimately, we could be prevented from commercializing a product, or be forced to cease some aspect of our business operations if, as a result of actual or threatened patent infringement claims, we or our customers, collaborators or licensees are unable to enter into licenses on acceptable terms. This could harm our business significantly.

There have been substantial litigation and other proceedings regarding patent and other intellectual property rights in the pharmaceutical and biotechnology industries. In addition to infringement claims against us, we may become a party to other patent litigation and other proceedings, including interference proceedings declared by the United States Patent and Trademark Office and opposition proceedings in the European Patent Office, regarding intellectual property rights with respect to our products and technology. The cost to us of any patent litigation or other proceeding, even if resolved in our favor, could be substantial. Some of our competitors may be able to sustain the costs of such litigation or proceedings more effectively than we can because of their substantially greater financial resources. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could have a material adverse effect on our ability to compete in the marketplace. Patent litigation and other proceedings may also absorb significant management time.

There is a substantial risk of product liability claims in our business. If we are unable to obtain sufficient insurance, a product liability claim against us could adversely affect our business.

Clinical trial and product liability insurance is volatile and may become increasingly expensive. As a result, we may be unable to obtain sufficient insurance or increase our existing coverage at a reasonable cost to protect us against losses that could have

a material adverse effect on our business. An individual may bring a product liability claim against us if one of our products or product candidates causes, or is claimed to have caused, an injury or is found to be unsuitable for consumer use. Any product liability claim brought against us, with or without merit, could result in:

- Liabilities that substantially exceed our product liability insurance, which we would then be required to pay from other sources, if available;
- An increase of our product liability insurance rates or the inability to maintain insurance coverage in the future on acceptable terms, or at all;
- Withdrawal of clinical trial volunteers or patients;
- Damage to our reputation and the reputation of our products, resulting in lower sales of any future commercialized product which we may have;
- Regulatory investigations that could require costly recalls or product modifications;
- Litigation costs; or
- The diversion of management’s attention from managing our business.

Our inability to obtain adequate insurance coverage at an acceptable cost could prevent or inhibit the commercialization of our products. If third parties were to bring a successful product liability claim or series of claims against us for uninsured liabilities or in excess of insured liability limits, our business, financial condition and results of operations could be materially harmed.

The agreements we entered into with Integrated BioPharma in connection with the distribution could restrict our operations.

In connection with the August 2008 spin-off transaction that resulted in our becoming a separate, publicly-traded company, we and our former parent, Integrated BioPharma, entered into a number of agreements that govern the spin-off and our future relationship. Each of these agreements were entered into in the context of our relationship to Integrated BioPharma as a subsidiary and our spin-off from Integrated BioPharma and, accordingly, the terms and provisions of these agreements may be less favorable to us than terms and provisions we could have obtained in arm’s-length negotiations with unaffiliated third parties. These agreements commit us to take actions, observe commitments and accept terms and conditions that are or may be advantageous to Integrated BioPharma but are or may be disadvantageous to us.

The terms of these agreements include obligations and restrictive provisions include, but are not limited to, agreement to indemnify Integrated BioPharma, its affiliates, and each of their respective directors, officers, employees, agents and representatives from certain liabilities arising out of any litigation we are involved in and all liabilities that arise from our breach of, or performance under, the agreements we are entered into with Integrated BioPharma in connection with the distribution and for any of our liabilities.

Current economic conditions may cause a decline in business spending which could adversely affect our business and financial performance.

Our operating results are impacted by the health of the North American economies. Our business and financial performance, including collection of our accounts receivable, recoverability of assets including investments, may be adversely affected by current and future economic conditions, such as a reduction in the availability of credit, financial market volatility and recession. Additionally, we may experience difficulties in scaling our operations to react to economic pressures in the U.S.

Our independent registered public accounting firm identified a material weakness in our internal control over financial reporting.

Our independent registered public accounting firm, J.H. Cohn LLP (“JHC”), communicated to our audit committee on February 10, 2010 that a material weakness existed in our internal control over financial reporting. This weakness was comprised of financial accounting and disclosure deficiencies and financial reporting deficiencies for non-routine, complex transactions. This weakness resulted in us not implementing the guidance in ASC 815-40, “Derivative and Hedging – Contracts in an Entity’s Own Equity” in a timely manner, which required the restatement of our financial statements as of and for the quarter ended September 30, 2009, and additions and corrections to disclosures in our Form 10-Q. If we fail in the remediation of future material weaknesses, if any, it could diminish our future ability to meet our financial reporting obligations in an accurate and timely manner.

Risks Relating to our Common Stock

We have a history of losses and may not be able to generate sufficient revenue and/or obtain adequate amounts of financing in the future to support operations and/or achieve profitability.

We have incurred losses since inception. To date, our expenses have primarily consisted of research and development and general and administrative expenses related to the development and commercialization of our proprietary technology. Our financial statements have been prepared assuming that we will continue as a going concern.

We intend to continue to finance the development and commercialization of our proprietary technology through revenue generated from licensing fees and services provided to our clients and collaborators and/or raise additional funds.

If we are unable to generate revenues and/or raise funds when required or on acceptable terms, we may have to: a) Significantly delay, scale back, or discontinue the development and/or commercialization of one or more product candidates; b) Seek collaborators for product candidates at an earlier stage than would otherwise be desirable and/or on terms that are less favorable than might otherwise be available; or c) Relinquish or otherwise dispose of rights to technologies, product candidates, or products that we would otherwise seek to develop or commercialize ourselves and/or cease operations.

Our operating results may vary significantly in the future which may adversely affect the price of our common stock.

It is possible that our operating results may vary significantly in the future and that period-to-period comparisons of our operating results are not necessarily meaningful indicators of the future. You should not rely on the results of one quarter as an indication of our future performance. It is also possible that in some future quarters, our operating results will fall below our expectations or the expectations of market analysts and investors. If we do not meet these expectations, the price of our common stock may decline significantly.

Our common stock is considered "a penny stock" and may be difficult to sell.

The SEC has adopted regulations which generally define "penny stock" to be an equity security that has a market price of less than $5.00 per share or an exercise price of less than $5.00 per share, subject to specific exemptions. As the market price of our common stock has been less than $5.00 per share, our common stock is considered a "penny stock" according to SEC rules.

This designation requires any broker or dealer selling these securities to disclose certain information concerning the transaction, obtain a written agreement from the purchaser and determine that the purchaser is reasonably suitable to purchase the securities. These rules may restrict the ability of brokers or dealers to sell our common stock and may affect the ability of investors to sell their shares. In addition, since our common stock is currently traded on the OTC Bulletin Board, investors may find it difficult to obtain accurate quotations for our common stock and may experience a lack of buyers to purchase such stock or a lack of market makers to support the stock price.

Provisions in our charter documents and under Delaware law could discourage a takeover that stockholders may consider favorable.

Provisions of our certificate of incorporation, bylaws and provisions of applicable Delaware law may discourage, delay or prevent a merger or other change in control that a stockholder may consider favorable. Pursuant to our certificate of incorporation, our board of directors may issue additional shares of common or preferred stock. Any additional issuance of common stock could have the effect of impeding or discouraging the acquisition of control of us by means of a merger, tender offer, proxy contest or otherwise, including a transaction in which our stockholders would receive a premium over the market price for their shares, and thereby protects the continuity of our management. Specifically, if in the due exercise of his/her or its fiduciary obligations, the board of directors were to determine that a takeover proposal was not in our best interest, shares could be issued by our board of directors without stockholder approval in one or more transactions that might prevent or render more difficult or costly the completion of the takeover by:

- Diluting the voting or other rights of the proposed acquirer or insurgent stockholder group,
- Putting a substantial voting block in institutional or other hands that might undertake to support the incumbent board of directors, or
- Effecting an acquisition that might complicate or preclude the takeover.

Our certificate of incorporation also allows our board of directors to fix the number of directors in the by-laws. Cumulative voting in the election of directors is specifically denied in our certificate of incorporation. The effect of these provisions may be to delay or prevent a tender offer or takeover attempt that a stockholder may determine to be in his, her or its best interest, including attempts that might result in a premium over the market price for the shares held by the stockholders.

We also are subject to Section 203 of the Delaware General Corporation Law. In general, these provisions prohibit a Delaware corporation from engaging in any business combination with any interested stockholder for a period of three years following the date that the stockholder became an interested stockholder, unless the transaction in which the person became an interested stockholder is approved in a manner presented in Section 203 of the Delaware General Corporation Law. Generally, a "business combination" is defined to include mergers, asset sales and other transactions resulting in financial benefit to a stockholder. In general, an "interested stockholder" is a person who, together with affiliates and associates, owns, or within three years, did own, 15% or more of a corporation's voting stock. This statute could prohibit or delay mergers or other takeover or change in control attempts and, accordingly, may discourage attempts to acquire us.

We do not anticipate paying cash dividends for the foreseeable future, and therefore investors should not buy our stock if they wish to receive cash dividends.

We have never declared or paid any cash dividends or distributions on our capital stock. We currently intend to retain our future earnings to support operations and to finance expansion and therefore we do not anticipate paying any cash dividends on our common stock in the foreseeable future.

A significant number of our shares will be eligible for sale and their sale or potential sale may depress the market price of our common stock.

Sales of a significant number of shares of our common stock in the public market could harm the market price of our common stock. This prospectus covers 14,673,020 shares of our common stock, including shares of our common stock underlying currently outstanding warrants, representing (assuming exercise of such warrants) approximately 36.7% of our outstanding shares of our common stock. As additional shares of our common stock become available for resale in the public market pursuant to this offering, and otherwise, the supply of our common stock will increase, which could decrease its price. Some or all of the shares of common stock may be offered from time to time in the open market pursuant to Rule 144, and these sales may have a depressive effect on the market for our shares of common stock. Subject to certain restrictions, a person who has held restricted shares for a period of six months may sell common stock into the market.

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that involve risks and uncertainties. These forward-looking statements are not historical facts but rather are plans and predictions based on current expectations, estimates and projections about our industry, our beliefs and assumptions. We use words such as "anticipate," "expect," "intend," "plan," "believe," "seek," "estimate" and variations of these words and similar expressions to identify forward-looking statements. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and other factors, some of which are beyond our control, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. These risks and uncertainties include those described in the section above entitled "Risk Factors." You should not place undue reliance on these forward-looking statements, which reflect our view only as of the date of this prospectus.

USE OF PROCEEDS

We will not receive any of the proceeds from the sale of the common stock by the selling stockholders named in this prospectus. All proceeds from the sale of the common stock will be paid directly to the selling stockholders. We may receive

proceeds from the exercise of the warrants. The holders of the warrants are not obligated to exercise the warrants and we cannot assure that the holders of the warrants will choose to exercise all or any of the warrants.

We intend to use the estimated net proceeds received upon exercise of the warrants, if any, for working capital and general corporate purposes.

SHARES REGISTERED FOR RESALE

This prospectus covers the following securities registered for resale:

- 4,000,000 shares of our common stock, plus an additional 4,000,000 shares of common stock issuable upon exercise of warrants, sold to investors in a private offering in October and November 2010;
- 824,324 shares of common stock issuable upon exercise of warrants issued to service providers in 2010;
- 2,848,696 shares of common stock issuable upon exercise of warrants issued to investors in a private offering in August 2008 (as adjusted to reflect anti-dilution adjustments made following our 2009 and 2010 offerings); and
- 3,000,000 shares of common stock underlying stock options held by private investors to purchase shares currently held by E. Gerald Kay and Carl DeSantis, two of our significant stockholders. See "Selling Stockholders."

SELLING STOCKHOLDERS

The following table sets forth the name of each of the selling stockholders, the number of shares beneficially owned by each of the selling stockholders as of December 15, 2010, the number of shares that may be offered under this prospectus and the number of shares of our common stock owned by each of the selling stockholders after the offering is completed. The information concerning the selling stockholders may change from time to time, which changed information will be set forth in supplements to this prospectus if and when necessary. Because the selling stockholders may offer all or some of the common stock held, we can only give an estimate as to the amount of common stock that will be held by the selling stockholders upon the termination of this offering.

Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting and investment power with respect to securities. To our knowledge, except as set forth in the footnotes to this table and subject to applicable community property laws, each person named in this table has sole voting and investment power with respect to the shares shown as beneficially owned by him or her.

As of December 15, 2010, 32,292,254 shares of our common stock were outstanding. In computing the number of shares beneficially owned by a person and the percentage of ownership of that person, shares of common stock issuable upon the exercise of warrants and options that are currently exercisable or exercisable within 60 days of December 15, 2010, are deemed to be outstanding and beneficially owned by the person holding the options, but are not treated as outstanding for the purpose of computing the percentage ownership of any other person. Under this prospectus, the selling stockholders and any of their respective transferees, assignees, donees, distributees, pledgees or other successors in interest to the common stock covered by this prospectus may offer and sell from time to time an aggregate of up to 14,673,020 shares of common stock.

On May 21, 2010, two of our significant stockholders, E. Gerald Kay and Carl DeSantis, entered into agreements with two private investors, Kobus Investments, LLC and BioMed Investments, LLC, pursuant to which such investors obtained an option to purchase up to 3,000,000 shares of our common stock from such stockholders, with the shares purchased upon each exercise to be sold in equal amounts by Mr. Kay and Mr. DeSantis (or an affiliate of Mr. DeSantis). Such shares may be purchased at certain times during the 270-day period commencing with the effective date of the registration statement of which this prospectus is part. For each of the two agreements, the exercise price at which these LLCs may purchase such shares ranges from $0.50 per share for the first 250,000 shares purchased by each investor to $1.75 per share for the last 250,000 shares subject to the option, with an average exercise price of $1.125 per share. The right to purchase the lowest-priced shares ($0.50 and $0.75) subject to the option expires 180 days after the effective date of the registration statement, followed by the mid-priced shares ($1.00 and $1.25), for which the right expires 210 days after the effective date of the registration statement, followed by the highest-priced shares ($1.50 and $1.75), for which the right expires 270 days after the effective date of the registration statement.

In a private placement conducted in October and November of 2010, we sold 4,000,000 shares of common stock at a purchase price of $2.00 per share, and issued to the investors warrants to purchase an additional 4,000,000 shares of common stock with an exercise price of $2.20, for gross proceeds of $8,000,000. We are registering the shares of common stock sold to investors,

along with the shares of common stock issuable upon exercise of the warrants, for the 2010 private placement investors identified in the selling stockholder table pursuant to a Registration Rights Agreement with the investors to (i) file a registration statement with respect to the resale of shares of the common stock sold to the investors with the Securities and Exchange Commission within 30 days after the final closing date of November 22, 2010; (ii) use our reasonable best efforts to have the registration statement declared effective by the SEC as soon as possible after the initial filing; and (iii) use our reasonable best efforts to keep the registration statement effective until the earlier of the time when all shares registered thereunder have been sold or the shares covered by the registration statement may be sold without volume restrictions pursuant to Rule 144.

Certain selling stockholders including Nico Pronk, Wayne Horne and and Shawn Titcomb are affiliates of Noble International Investments, Inc., a FINRA registered broker-dealer that served as the Placement Agent in the 2010 private placement. We paid Noble International approximately $530,000 and issued it five-year cashless exercise warrants to purchase 249,324 shares of common stock at exercise prices ranging from $2.16 to $2.93 per share, based on our closing stock price on the date of each closing of the private placement, pursuant to a Placement Agent Agreement, dated October 27, 2010, between us and Noble International. The warrants are transferable to Noble International's employees and affiliates. Noble International received one time piggyback registration rights with respect to the common stock underlying the warrants.

Noble International also entered into a two-year Advisory Agreement with us effective July 13, 2010. Under the Advisory Agreement, we pay Noble International a $15,000 per month financial advisory fee. Also we issued it five-year warrants to purchase 500,000 shares of our common stock, exercisable at $1.10 per share, subject to vesting at a rate of 20,000 shares per month. The warrants are transferable to Noble International's employees and affiliates and carry one-time piggyback registration rights for the common stock underlying such warrants.

There are currently no agreements, arrangements or understandings with respect to the sale of any of the resale shares held by the selling stockholders, except for that certain Registration Rights Agreement, between the Company and certain of the selling stockholders enumerated below, the Placement Agent Agreement and the Advisory Agreement.

Name	Shares of Common Stock Beneficially Owned Before the Offering	Shares of Common Stock Registered in this Offering	Shares of Common Stock Owned After Offering	Percentage of Outstanding Common Stock Beneficially Owned After the Offering
Ethel and Philip Adelman Charitable Foundation, Inc. (1)	500,000	500,000	0	*
Ayer Capital Partners Kestrel Fund, LP (2)	45,634	45,634	0	*
Ayer Capital Partners Master Fund, L.P. (3)	1,329,312	1,329,312	0	*
Arron Banks	200,000	200,000	0	*
Jeffrey Benison	147,000	50,000	97,000	*
Vernon Ross Biggers	25,000	25,000	0	*
BioMed Investments, LLC (4)	1,500,000	1,500,000	0	*
Alberta Bove	25,000	25,000	0	*
Joseph D. Bove Jr.	25,000	25,000	0	*
Brio Capital L.P. (5)	100,000	100,000	0	*
CD Financial, LLC (6)	5,551,419	500,000	5,051,419	15.6%
Michael Cerisano	40,000	20,000	20,000	*
Michael and Patricia Cerisano (as Tenants in Common)	30,000	20,000	10,000	*

Name	Shares of Common Stock Beneficially Owned Before the Offering	Shares of Common Stock Registered in this Offering	Shares of Common Stock Owned After Offering	Percentage of Outstanding Common Stock Beneficially Owned After the Offering
Patricia Cerisano	44,000	28,000	16,000	*
Cranshire Capital, LP (7)	95,000	95,000	0	*
T. Wayne Davis	143,360	74,066	69,294	*
Tine W. Davis Foundation (8)	100,000	100,000	0	*
Robert W. Doherty	380,000	80,000	300,000	*
Epworth-Ayer Capital (9)	125,054	125,054	0	*
John Brent Evans	25,000	25,000	0	*
Christopher E. Fay	300,000	300,000	0	*
Martin J. Ferkin	50,000	50,000	0	*
Tony D. Fiest	25,000	25,000	0	*
John Joseph Flanagan, Jr.	801,378	384,868	416,510	1.2%
Louis Fohn	50,000	50,000	0	*
Larry J. Fox	226,722	113,948	112,774	*
Freestone Advantage Partners, LP (10)	5,000	5,000	0	*
The Richard S. Friedman 2008 Revocable Trust	200,000	200,000	0	*
Thomas and Kathleen Fuchs	100,000	100,000	0	*
Patrick A. Gerschel Living Trust DTD 9/23/1997	100,000	100,000	0	*
Growth Ventures, Inc. (11)	345,000	100,000	245,000	*
Growth Ventures, Inc. Roth 401(k) (12)	345,000	100,000	245,000	*
High Speed Aggregate, Inc. (13)	200,000	200,000	0	*
James T. Hill (14)	80,000	30,000	50,000	*
Robert K. Hoecker	110,275	56,973	53,302	*
Mark Horan	55,136	28,486	26,650	*
IRA FBO Lynn Horne	100,000	50,000	50,000	*
Wayne Horne (4)	587,904	100,000	487,904	1.5%
David H. Hughes	210,278	56,976	153,302	*
Jaguar-Portland Holdings LLC (15)	500,000	500,000	0	*
Samuel Jonas	50,000	50,000	0	*
Steven and Carisa Jones Defined Benefit Plan & Trust, UAD 1/1/06	40,000	40,000	0	*
Steven and Carisa Jones 401K Plan & Trust, UAD 1/1/06	35,000	35,000	0	*
Norman W. Joslyn	25,000	25,000	0	*
Kearney Holdings, LLC (16)	100,000	100,000	0	*
Michael Kelly	25,000	25,000	0	*
Howard Kent	25,000	25,000	0	*
SEP FBO Howard Kent	75,000	75,000	0	*
Kirby Enterprise Fund LLC (17)	200,000	200,000	0	*
Kobus Investments, LLC (4)	1,500,000	1,500,000	0	*
Cheryl A.G. Kozloff Revocable Trust (18)	686,898	213,948	472,950	1.5%

Name	Shares of Common Stock Beneficially Owned Before the Offering	Shares of Common Stock Registered in this Offering	Shares of Common Stock Owned After Offering	Percentage of Outstanding Common Stock Beneficially Owned After the Offering
Zarko Kraljevic	1,112,781	569,734	543,047	1.7%
Lincoln Park Capital Fund, LLC (19)	100,000	100,000	0	*
Robert Lombardi	25,000	25,000	0	*
Michael R. Malec	50,000	50,000	0	*
Market Development Consulting Group, Inc. (20)	75,000	75,000	0	*
Candace McKey	427,916	185,460	242,456	*
John D. McKey, Jr. (14) (21)	769,299	199,408	569,891	1.8%
McNamara of New Smyrna LP (22)	260,278	56,976	203,302	*
McNamara of Orlando LP (23)	210,278	56,976	153,302	*
Dennis C. McNamara, Sr., F.L.P.	260,278	56,976	203,302	*
Barry Moores	50,000	50,000	0	*
Natalie Moores	25,000	25,000	0	*
W. Douglas Moreland	100,000	100,000	0	*
Noble International Investments, Inc. (24)	1,099,911	749,324	350,587	1.1%
OPB Limited Partnership (25)	992,479	512,761	479,718	1.5%
Francisco Penafiel	15,000	15,000	0	*
George H. Patten Pettway, Jr.	12,671	11,394	1,277	*
George H. Pettway	285,075	142,436	142,639	*
Thomas Prasil Trustee UTD	125,000	100,000	25,000	*
Dirk Pronk	94,000	67,000	27,000	*
Nico Pronk (4)	574,854	100,000	474,854	1.5%
John L. Quinn	50,000	50,000	0	*
John R. Raphael Revocable Trust UAD 7/6/07	50,000	50,000	0	*
Michael Raphael 2008 Trust	25,000	25,000	0	*
Tara Raphael 2005 Trust	25,000	25,000	0	*
Patrick M. Reidy	20,000	20,000	0	*
Rheney Living Trust	110,278	56,976	53,302	*
Bruce C. Rosetto and Roxanne S. Rosetto (as Tenants by the Entirety)	25,000	25,000	0	*
Dan Rudden	100,000	100,000	0	*
Pierre Schoenheimer	50,000	50,000	0	*
Seaway Two Corp. (26)	100,000	100,000	0	*
Charles Seergy, Jr.	71,707	71,217	490	*
F. Treadway Shurling	235,278	81,976	153,302	*
Kevin Smith	237,845	171,217	66,628	*
Stephenson Partners LLC (27)	907,692	600,000	307,692	*
J. Yancey Stribling, Jr.	210,278	56,976	153,302	*
Ted Tedesco	25,000	25,000	0	*
TH Capital Holdings, LLC (28)	220,552	113,948	106,604	*
Shawn M. Titcomb (4)	93,614	20,000	73,614	*
John Williams	25,000	25,000	0	*

Name	Shares of Common Stock Beneficially Owned Before the Offering	Shares of Common Stock Registered in this Offering	Shares of Common Stock Owned After Offering	Percentage of Outstanding Common Stock Beneficially Owned After the Offering
Ivan L. Wolff	25,000	25,000	0	*
World Ventures, LLC (29)	25,000	25,000	0	*

* less than 1%

(1) Seymour Flug is the director of Ethel and Philip Adelman Charitable Foundation, Inc., which is the registered holder of the shares of common stock. Seymour Flug, as director of Ethel and Philip Adelman Charitable Foundation, Inc, has voting and disposition power over the shares owned by Ethel and Philip Adelman Charitable Foundation Inc.

(2) Jay Venkatesan is the managing member of Ayer Capital Partners Kestrel Fund, LP, which is the registered holder of the shares of common stock. Jay Venkatesan, as managing member of Ayer Capital Partners Kestrel Fund LP, has voting and disposition power over the shares owned by Ayer Capital Partners Kestrel Fund, LP.

(3) Jay Venkatesan is the managing member of Ayer Capital Partners Master Fund, LP, which is the registered holder of the shares of common stock. Jay Venkatesan, as managing member of Ayer Capital Partners Master Fund LP, has voting and disposition power over the shares owned by Ayer Capital Partners Master Fund, LP.

(4) A principal or affiliate of the Placement Agent (see note 24 below). BioMed is controlled by Wayne Horne and Kobus is controlled by Nico Pronk.

(5) Shaye Hirsch is the managing partner of Brio Capital, LP, which is the registered holder of the shares of common stock. Shaye Hirsch, as the managing partner of Brio Capital, L.P, has voting and disposition power over the shares owned by Brio Capital, LP.

(6) Carl DeSantis is the manager of CD Financial, LLC, which is the registered holder of the shares of common stock. Carl DeSantis, as the manager of CD Financial, LLC, has voting and disposition power over the shares owned by CD Financial, LLC. The shares listed as beneficially owned by the stockholder includes shares held by affiliates of the stockholder and of Mr. DeSantis.

(7) Downsview Capital, Inc. (“Downsview”) is the general partner of Cranshire Capital, L.P. (“Cranshire”) and consequently has voting control and investment discretion over securities held by Cranshire. Mitchell P. Kopin (“Mr. Kopin”), President of Downsview, has voting control over Downsview. As a result of the foregoing, each of Mr. Kopin and Downsview may be deemed to have beneficial ownership (as determined under Section 13(d) of the Securities Exchange Act of 1934, as amended) of the shares of common stock beneficially owned by Cranshire.

(8) T. Wayne Davis is the Chairman and CEO of Tine W. Davis Family Foundation, which is the registered holder of the shares of common stock. T. Wayne Davis, as Chairman and CEO of Tine W. Davis Family Foundation, has voting and disposition power over the shares owned by Tine W. Davis Family Foundation.

(9) Jay Venkatesan is the managing member of the investment advisor of Epworth-Ayer Capital, which is the registered holder of the shares of common stock. Jay Venkatesan, as managing member of the investment advisor of Epworth-Ayer Capital, has voting and disposition power over the shares owned by Epworth-Ayer Capital.

(10) Downsview Capital, Inc. (“Downsview”) is the investment manager for a managed account of Freestone Advantage Partners, LP and consequently has voting control and investment discretion over securities held in such account. Mitchell P. Kopin (“Mr. Kopin”), President of Downsview, has voting control over Downsview. As a result, each of Mr. Kopin and Downsview may be deemed to have beneficial ownership (as determined under Section 13(d) of the Securities Exchange Act of 1934, as amended) of the shares held in such account which are being registered hereunder.

(11) Gary J. McAdam is the president of Growth Ventures, Inc., which is the registered holder of the shares of common stock. Gary J. McAdam, as the president of Growth Ventures, Inc., has voting and disposition power over the shares owned by Growth Ventures, Inc.
(12) Gary J. McAdam is the trustee of Growth Ventures, Inc Roth 401(k), which is the registered holder of the shares of common stock. Gary J. McAdam, as the trustee of Growth Ventures, Inc Roth 401(k), has voting and disposition power over the shares owned by Growth Ventures, Inc Roth 401(k).
(13) Lance J. Baller is the CFO and vice president of High Speed Aggregate, Inc., which is the registered holder of the shares of common stock. Lance J. Baller, as the CFO and vice president of High Speed Aggregate, Inc., has voting and disposition power over the shares owned by High Speed Aggregate, Inc.
(14) A member of the Company's Board of Directors.
(15) William Natbony is the manager of the managing member of Jaguar-Portland Holdings LLC, which is the registered holder of the shares of common stock. William Natbony, as the manager of the managing member of Jaguar-Portland Holdings LLC, has voting and disposition power over the shares owned by Jaguar-Portland Holdings LLC.
(16) Charles Kirby is the managing member of Kearney Holdings, LLC, which is the registered holder of the shares of common stock. Charles Kirby, as the managing member of Kearney Holdings, LLC, has voting and disposition power over the shares owned by Kearney Holdings, LLC.
(17) Charles Kirby is the managing member of Kirby Enterprise Fund LLC, which is the registered holder of the shares of common stock. Charles Kirby, as the managing member of Kirby Enterprise Fund LLC, has voting and disposition power over the shares owned by Kirby Enterprise Fund LLC.
(18) Shares listed as beneficially owned by the stockholder include shares held by Cheryl A.G. Kozloff in her individual capacity.
(19) Joshua Scheinfeld is the president of Lincoln Park Capital Fund, LLC, which is the registered holder of the shares of common stock. Joshua Scheinfeld, as the president of Lincoln Park Capital Fund, LLC, has voting and disposition power over the shares owned by Lincoln Park Capital Fund, LLC.
(20) David E. Casteneda is the President of Market Development Consulting Group, Inc, which is the registered holder of the shares of common stock. David E. Casteneda, as President of Market Development Consulting Group Inc., has voting and disposition power over the shares owned by Market Development Consulting Group, Inc.
(21) Does not include shares beneficially owned by Candace McKey, Mr. McKey's spouse, which are listed separately.
(22) Dennis C. McNamara, Jr. is the general partner of McNamara of New Smyrna LP, which is the registered holder of the shares of common stock. Dennis C. McNamara, Jr., as general partner of McNamara of New Smyrna LP, has voting and disposition power over the shares owned by McNamara of New Smyrna LP.
(23) Hal McNamara is the general partner of McNamara of Orlando LP, which is the registered holder of the shares of common stock. Hal McNamara, as general partner of McNamara of Orlando LP, has voting and disposition power over the shares owned by McNamara of Orlando LP.
(24) Noble International Investments, Inc., a FINRA registered broker-dealer, served as the Placement Agent in the Private Placement.
(25) Bradley Hoecker is the general partner of OPB Limited Partnership, which is the registered holder of the shares of common stock. Bradley Hoecker, as general partner of OPB Limited Partnership, has voting and disposition power over the shares owned by OPB Limited Partnership.
(26) T. Gene Prescott is the chairman of Seaway Two Corp., which is the registered holder of the shares of common stock. T. Gene Prescott, as chairman of Seaway Two Corp., has voting and disposition power over the shares owned by Seaway Two Corp.
(27) Paul W. Stephenson is the managing member of Stephenson Partners LLC, which is the registered holder of the shares of common stock. Paul W. Stephenson, as managing member of Stephenson Partners LLC, has voting and disposition power over the shares owned by Stephenson Partners LLC.
(28) Michael Cirillo is the vice president of TH Capital Holdings, LLC, which is the registered holder of the shares of common stock. Michael Cirillo, as vice president of TH Capital Holdings, LLC, has voting and disposition power over the shares owned by TH Capital Holdings, LLC.
(29) Robert A. Strahl is the managing partner of World Ventures, LLC, which is the registered holder of the shares of common stock. Robert A. Strahl, as managing partner of World Ventures, LLC, has voting and disposition power over the shares owned by World Ventures, LLC.

BUSINESS

Overview

iBio, Inc. is a biotechnology company focused on commercializing its proprietary technology, the iBioLaunch™ platform, for the production of biologics including vaccines and therapeutic proteins. Our strategy is to utilize our technology for development and manufacture of our own product candidates and to work with both corporate and government clients to reduce their costs during product development and meet their needs for low cost, high quality biologics manufacturing systems. Our near-term focus is to establish business arrangements for use of our technology by licensees for the development and production of products for both therapeutic and vaccine uses. Vaccine candidates presently being advanced on our proprietary platform are applicable to newly emerging strains of H1N1 swine-like influenza and H5N1 for avian influenza.

In order to attract appropriate licensees and increase the value of our share of such intended contractual arrangements, we engaged the Center for Molecular Biotechnology of Fraunhofer USA, Inc., or FhCMB, in 2003 to perform research and development activities to develop the platform and to create our first product candidate. We selected a plant-based influenza vaccine for human use as the product candidate to exemplify the value of the platform. Based on research conducted by FhCMB, our proprietary technology is applicable to the production of vaccines for any strain of influenza including the newly-emerged strains of H1N1 swine-like influenza.

In connection with the research and development agreement, FhCMB agreed to use its best efforts to obtain grants from governmental and non-governmental entities to fund additional development of our proprietary plant-based technology. Consequently, in addition to the funding we have provided, FhCMB has received funding from the Bill & Melinda Gates Foundation for development of various vaccines based upon our proprietary technology including an experimental vaccine for H5N1 avian influenza. Two of these vaccine candidates began a Phase 1 clinical trial during late calendar year 2010.

In addition to the platform and product development engagements, in 2006, we engaged FhCMB to create a prototype production module for products made through the use of the platform. The purpose of this engagement was to demonstrate the ease and economy with which platform-based products could be manufactured in order to attract potential licensees and increase the value of our share of such business arrangements. The prototype design, which encompasses the entire production process from the seeding through pre-infiltration plant growth, infiltration with agrobacteria, harvesting of plant tissue and purification of target proteins, was completed in May 2008. A pilot plant based upon this prototype was subsequently constructed in the FhCMB facility in Newark, Delaware. This pilot plant, and the equipment in it, is owned by FhCMB and has been validated for cGMP production. It will be used for cGMP production of protein targets for clinical trials of product candidates utilizing our platform technology.

We established non-commercial arrangements among our company, certain government entities, a non-governmental organization (which we refer to herein as a NGO) and FhCMB, pursuant to which we grant non-commercial rights to use our platform for the development and production by FhCMB of product candidates selected by the government entities and NGO, in consideration for grants by the government entities and NGO directly to FhCMB to fund such research and development.

Through (i) the iBio/FhCMB contracts and (ii) the non-commercial arrangements described above (which we refer to collectively as the "business structure"), we retain ownership of the intellectual property and exclusive worldwide commercial rights in the fields of human health and veterinary influenza applications of the intellectual property. We license or otherwise grant use rights (a) to government and NGO entities for not-for-profit applications of the intellectual property for the development or application for which they granted or were granted funding, and (b) to FhCMB for research purposes and applications in other fields.

This business structure helps us to enhance the value of commercial rights and the scope of applications of our platform technology. It also helps us demonstrate the validity and apparent value of the platform to parties to whom it will offer licenses or other business opportunities. Outsourcing our research and development work allows us to develop our product candidates, and thereby promote the value of our platform for licensing and product development purposes, without bearing the full risk and expense of establishing and maintaining our own research and development staff and facilities.

Currently, all of our product candidates are in the preclinical development stage. Our platform technology is sometimes referred to as "iBioLaunch™ technology" or the "iBioLaunch™ platform," and the category of this technology is sometimes referred to as "plant-based technology" or as a "plant-based platform."

We have exclusive control over, and the rights to ownership of, the intellectual property related to all human health and veterinary influenza applications of the plant-based technology developed by FhCMB. Current development projects include conducting proof-of-principle preclinical studies and planning clinical studies of proprietary influenza vaccines.

Many biotech drugs have been on the market long enough for patents on them to expire. Emerging opportunities for biosimilars (also known as biogenerics or follow-on biologics) create potential for our platform technology to be used by potential licensees to enter the market utilizing what we expect to be an economical production system. We are seeking commercial partners for this category of products and are unlikely to develop products in this category without the financial and marketing support of a commercial partner.

Historically, in addition to the development of the platform technology described in the preceding paragraphs, we have also generated sales of nutritional supplements utilizing plants as sources of high-quality nutritional minerals. We have a patented process for hydroponic growth of edible plants that causes them to accumulate high levels of important nutritional minerals such as chromium, selenium, iron and zinc. We utilized the services of various wholly-owned subsidiaries of our former parent company, Integrated BioPharma, Inc., or the Former Parent, to support the production, marketing and sales of these phytomineral products.

Effective April 1, 2009, we entered into an agreement with IHT Health Products, Inc. (a wholly owned subsidiary of our Former Parent) wherein it granted an exclusive license to our patented process in consideration for a royalty of five percent (5%) of net sales and the obligation of IHT to maintain in force and good standing our patent and related intellectual property. At the same time, rights under the existing customer agreements were beneficially transferred to IHT.

In November 2007, the Board of Directors of our Former Parent approved a plan to distribute its equity interests in our company to its stockholders in the form of a dividend. The record date of the dividend was August 12, 2008 with a distribution date of August 18, 2008. The stockholders of our Former Parent received one share of our common stock for each share of common stock they owned of the Former Parent as of the record date. Immediately following the spin-off, we became a public company with stock traded on the OTC Bulletin Board under the symbol IBPM.

Our Business Structure

A key element of our business strategy is to establish business arrangements with licensees to use our platform technology for manufacturing vaccines and therapeutic proteins or for development and commercialization of our product candidates. Thus, we may enter into agreements with other parties to provide them with commercial rights to either our product candidates or with commercial rights to our platform technology itself for manufacturing of their own products.

We believe we can achieve our corporate objectives without employing a large staff, and anticipate maintaining our thinly-staffed employment structure with modest increases in staff as required to develop and support new business relationships. As described above, FhCMB and our company are currently working within our business structure to develop product candidates based upon our plant-based platform technology pursuant to an agreement that continues until December 31, 2014.

We have been relying upon FhCMB for support in advancing certain of our drug candidates and intend to rely on additional work with possible collaborators during further development and testing of our product candidates. With FhCMB we have been pursuing and obtaining non-dilutive government and non-governmental organization funding directed through FhCMB to provide supplemental funding for applications of our technology. To date, FhCMB has been awarded a total of approximately $33 million in grants from the Bill & Melinda Gates Foundation for development of product candidates based on the iBioLaunch platform and for research and development of vaccines against influenza, malaria and African sleeping sickness (trypanosomiasis).

In January of 2009, our company and FhCMB agreed to defer further preparation for clinical trials of a seasonal flu vaccine candidate and instead to focus on clinical trials of a pandemic flu vaccine candidate of interest also to the Bill & Melinda Gates Foundation, which agreed to fund clinical trials of the pandemic flu candidate based upon our platform.

To facilitate the grant and continuing support, we agreed to make our platform technology available to various programs to complete development and provide “Global Access” to vaccines against influenza, rabies virus, malaria and trypanosomiasis, provided that if the Gates Foundation and FhCMB do not pursue such programs to completion, the subject rights revert to us. The term “Global Access” means access for people most in need within the developing world in low income and lower-middle-

income countries, as identified by the World Bank. Because we have exclusive commercial rights to the technology and these products for human health applications, this grant and any further similar grants would benefit us by enabling FhCMB to enhance the platform technology and expand the information about the technical performance of product candidates derived from our technology. We may decide to commercially license such technology to collaborators for advancement into human clinical evaluation and eventual commercial development.

The U.S. Department of Defense (“DoD”) has also provided funding to FhCMB for refinement of our technology platform and for preclinical and clinical studies for an anthrax-plague combination vaccine and for an H1N1 influenza vaccine project. To date, FhCMB has received funding and funding commitments for these projects totaling approximately $37 million. This funding is similarly beneficial to us because we have retained the commercial rights to any technology improvements resulting from those projects.

In summary, the advancement of our technology has indirectly benefited from the funding and funding commitments of research and development activities at FhCMB in recent years by U.S. government and non-governmental organizations in amounts aggregating approximately $70 million.

Pursuant to the Technology Transfer Agreement between our company and FhCMB, effective as of January 1, 2004, we paid $3.6 million to FhCMB to acquire the exclusive rights in intellectual property owned by FhCMB and to obtain from FhCMB maintenance and support necessary to protect the intellectual property through the preparation and filing of patent applications in the United States and around the world. We currently hold four U.S. patents and one international patent. Additionally, we have twelve U.S. and seventy-one international patent applications pending. The latter includes numerous foreign countries including Australia, Brazil Canada, China, Hong Kong, India, Japan, New Zealand, and several countries in Europe. We continue to prepare patent applications relating to our expanding technology in the U.S. and abroad.

Our intellectual property comprises the technology platform pursuant to which hydroponically grown green plants can be used for the accelerated development and manufacture of high-value proteins of interest as candidate therapeutic products and vaccines applicable to a broad range of disease agents, such as influenza, sleeping sickness, anthrax, plague, HPV, and veterinary influenza applications.

By certain subsequent agreements, we engaged FhCMB to perform certain research activities for which we made payments when certain milestone tasks were performed; such payments were conditioned only on the performance of the task, not upon the success or value of what was determined or discovered.

At various times since January 2004, we have amended our agreements with FhCMB. These amendments include a commitment by FhCMB to further develop exclusively for and transfer to us rights to proprietary technology and intellectual property rights in the fields defined in the agreements comprising principally plant-based human vaccines, human antibodies, and human therapeutic proteins and veterinary applications of plant-based influenza vaccines. For these activities, we have committed to make non-refundable payments of $2.0 million per year for five years, aggregating to $10.0 million, beginning November 2009. FhCMB is required to expend an additional amount at least equal to the amounts paid by us for the same purposes.

In addition, we are required to make royalty payments to FhCMB equal to 1% of all receipts derived by us from sales of products utilizing the proprietary technology and 15% of all receipts derived by us from licensing the propriety technology to third parties for a period of fifteen years. Minimum annual aggregate payments of $200,000 are required under the agreement beginning in 2010. In turn, FhCMB is required to pay us royalty payments equal to 9% of all receipts, if any, realized by FhCMB from sales, licensing or commercialization of the intellectual property licensed from us.

We participated with FhCMB from May 2007 through June 2009 on a contract from DARPA (Defense Advanced Research Projects Agency) of the United States Department of Defense for an $8.5 million project to further enhance our plant-based technology platform for accelerated manufacture of vaccines and antibodies. We served as a sub-contractor to FhCMB and derived revenues of $1,035,000 during that period. The contract facilitated construction of a pilot manufacturing plant using our platform technology with capacity to provide sufficient materials for clinical trials.

Our Product Candidates

Our short-term focus is to demonstrate the commercial value of our platform technology. A milestone in this process was the scheduling the start of a Phase 1 human clinical trial during late 2010 which will demonstrate the applicability of our platform technology to vaccines for influenza. In addition, in collaboration with FhCMB, we are also developing product candidates for the biodefense market and for infectious diseases important in the developing world such as human papilloma virus.

Seasonal and H1N1 Influenza Vaccines. We believe our technology is applicable to target vaccines directed against seasonal influenza virus strains. Our vaccine candidates have shown significant promise in preclinical efficacy studies in ferrets (the preferred animal model for testing influenza products). In an evaluation of three vaccine candidate formulations in groups of eight ferrets each along with both positive and negative controls, no adverse events were seen in any animals receiving our vaccine candidates. Only one animal receiving one of our vaccine candidates showed any measurable virus shedding which is an important measure of vaccine effectiveness. These results were as good as the results obtained with positive control animals. The immune responses and protective immunity induced by our vaccine candidates in these animal tests are equivalent to results expected from this type of test to indicate the probability of effectiveness in human subjects. More detail on these tests is available in the scientific paper published in 2008 in the journal *Influenza and Other Respiratory Viruses*, Volume 2, pages 33-40.

We believe our technology is applicable to H1N1 swine-like influenza strains and other seasonal strains, and we expect to modify our product development plans to incorporate H1N1 antigens into any new seasonal vaccine formulation we advance to clinical testing.

Unlike the most common method of producing vaccines against influenza, our process does not rely on chicken eggs and does not require work with whole influenza viruses. Rather, we produce subunit vaccines that are composed of only parts of the protein components of the disease-causing viruses. We believe our subunit vaccines are promising for prevention of influenza infection in humans because they have been demonstrated to prevent influenza infections in ferrets. The ferret is the animal species that is typically used to evaluate a candidate influenza vaccine in laboratory tests before it is tested on humans.

Pandemic Avian Influenza Vaccine. Through FhCMB and their funding from the Gates Foundation, we are developing vaccine candidates targeting highly pathogenic avian influenza (H5N1) viruses based upon the iBioLaunch™ platform. These candidates have demonstrated immunogenicity and have been successfully tested in mice and ferrets for protective efficacy. Like our candidate vaccines for seasonal influenza, our candidate vaccines for avian influenza are subunit vaccines. Thus, we do not need to culture the intact avian influenza virus in order to produce our candidate vaccines. The Gates Foundation has committed significant funding to FhCMB for preclinical development and a Phase 1 human clinical trial of this pandemic influenza vaccine candidate using our technology. Our longer term goal is to develop a combined vaccine effective for preventing both seasonal and pandemic influenza infections.

Therapeutic Vaccine for Human Papilloma Virus. We have commercial rights to vaccine candidates developed pursuant to our business structure based on fusing a protein component of HPV called the E7 antigen, to the LicKM protein of the bacterium *Clostridium thermocellum*. Several of these candidate vaccine formulations have demonstrated sufficient immune stimulation and protection from disease in mouse experiments to justify further investment in its development as a potential human therapeutic product. In experimental tests in mice, with each formulation administered to ten mice, some candidates protected all of the mice from the growth of tumors caused by the HPV virus. Additional detail on these experiments was published in 2007 and 2009 in the scientific journal*Vaccine*, 2007; 25(16):3018-3021 and 2009; 27(25-26):3395-3397.

Biodefense Products. We have commercial rights to an oral anthrax booster vaccine candidate developed by FhCMB in collaboration with the Naval Medical Research Center (NMRC). Animal tests have demonstrated safety and efficacy of this product candidate. We also have commercial rights to candidate plague vaccines that FhCMB has demonstrated to be effective in non-human primate tests in which four groups of two monkeys each were inoculated and then challenged with plague infection. Detailed results of these experiments were published in 2007 in the scientific journal *Vaccine*, 2007 Apr 20; 25(16):3014-7.

As previously indicated, the U.S. Department of Defense (“DoD”) has also provided funding to FhCMB for refinement of our technology platform and for preclinical and clinical studies for an anthrax-plague combination vaccine and for an H1N1 influenza vaccine project. Specifically, a study in non-human primates demonstrated 100% protection against challenge with anthrax spores, and dose de-escalation studies are currently underway. To date, FhCMB has received funding and funding commitments for these projects totaling approximately $37 million. This funding is similarly beneficial to us because we have retained the commercial rights to any technology improvements resulting from those projects.

Vaccines for Developing Markets. Funding for developing-world products comes primarily from FhCMB's collaborators, especially the Gates Foundation, and supplements the research and development payments that we make to FhCMB to advance and expand the technology to which we have exclusive commercial rights. This supplemental funding provides significant benefits in technology optimization and is synergistic with our product development programs. Through these developing world programs positive preclinical immunogenicity and efficacy results have been obtained for vaccines for HPV, trypanosomiasis and malaria.

Target Markets

Based on scientific data produced by FhCMB, we believe that our platform technology is well-suited for application to both vaccines and therapeutic proteins. Information on product markets of interest to us is provided in the following paragraphs.

Previously, our business focus was primarily on establishing the data necessary to support commercial licensing of our platform technology for broad protein manufacturing purposes as well as for specific vaccine and therapeutic product candidates. We have long believed that the potential advantages of our technology will enable us to compete effectively against other providers of technology for biotechnology product manufacturing which may be slower, more capital intensive, or more costly to operate. We have initiated a business development program focused on this opportunity as our intellectual property includes proprietary product candidates that may enhance our ability to participate profitably in certain markets.

Vaccine Market. We believe our opportunities to establish commercial collaborations in vaccine markets will arise in two categories: a) Companies interested in tradition vaccine products well established in clinical practice; and b) Governments around the world increasingly committed to achieving autonomy in manufacturing vaccines to protect their citizens from natural outbreaks or deliberate infection. We believe our platform, due to its product flexibility and projected advantages in cost and time of implementation over traditional processes, will be an attractive option for both commercial and government collaborators. The first disease category in which we have focused on demonstrating the applicability of our technology for vaccines is influenza.

Influenza Market. We believe that we can achieve commercial success through establishing commercial collaborations for the use of our iBioLaunch platform technology in the development of vaccines for prevention of influenza infections and to the establishment of validated technology for rapid response to the outbreak of new strains of influenza. We believe that market demand for influenza vaccines and therapeutics is growing quickly, driven by the pandemic threat of H1N1 swine-like influenza and the continuing threat of a potential pandemic outbreak of avian influenza. Vaccine sales in the seven major markets (US, UK, Germany, France, Italy, Spain and Japan) are estimated to more than double to $5 billion by 2016. These estimates are based on a market analysis conducted by Datamonitor. Datamonitor also states that current manufacturing capacity, even prior to the H1N1 outbreak, is not sufficient to provide enough flu vaccine even for high-risk populations. Consequently, one of the most important challenges facing the industry is the development of novel, faster manufacturing methods that offer higher yields.

We believe that, with further clinical testing and development, the iBioLaunch platform, our proprietary technology platform described in the following paragraphs, will be able to address such a critical need. We have demonstrated the efficiencies of this technology at a laboratory level by producing candidate influenza vaccines in weeks versus the months required for commercially-used chicken egg methods. The yields we have obtained in these laboratory experiments are high enough to be competitive with other methods if we can achieve the same yields and the same time efficiencies on a commercial scale. We, however, have not yet tested our technology at the scale that will be required for commercial use, nor at a scale sufficient to conclude what our commercial cost of goods will be.

Biodefense Vaccine Market. In collaboration with FhCMB and future commercial partners, we expect to participate in the introduction of important new prevention and treatment products as potential countermeasures against bioterrorism threats and for use in the developing world. We do not currently have any commercial partners.

Markets for Therapeutic Proteins. Our technology is broadly applicable to the production of proteins ranging in size and complexity from monoclonal antibodies to smaller proteins such as interferons, growth factors, and enzymes. The potential market for application of our platform to therapeutic proteins is large and can be divided into two types of opportunities: a) Proteins for treatment of orphan diseases; and b) Proteins for bio-similar (bio-generic) products.

Treatment of Orphan Diseases. The worldwide market for orphan disease therapy is over $80 billion and approximately half of that is addressed through biologic rather than chemical drugs. Well-known products in this category include human enzymes for treatment of lysosomal storage diseases and products for treatment of less-common types of cancer. The incentives for companies to invest in new treatments for smaller patient populations are substantial, both due to tax incentives and also due to the profit margins that are typically seen for these products. To date, the FDA has granted more than 2,000 orphan designations to products in various stages of development. We expect to attract commercial interest in our platform for manufacturing certain orphan biologic drugs from companies that have not yet committed to the more expensive traditional bioreactor alternatives.

Bio-similar Products. The potential market for bio-similar products is large and growing according to industry analysts. Worldwide sales of the eight highest selling patent-protected products is approximately $26 billion, and as the patents on these and other products are expiring, interest in competing with generic or bio-similar versions of these well-established clinical products is growing. Due to the efficiency of our platform, we believe we will be able to establish commercial collaborations to participate in this growing market segment.

Research and Development

Our iBioLaunch technology is a platform that uses green plants for the accelerated development and manufacture of high value proteins of immediate interest as product candidates. In addition to therapeutics, we believe that our technology is applicable to vaccines for a broad range of disease agents, based on laboratory experiments conducted to date. We believe we can target rapidly evolving disease agents and develop product candidates that will demonstrate high safety, potency and efficacy. We believe that we will be able to license our iBioLaunch technology to corporations that will scale it up to commercial levels to provide a means of effectively manufacturing pharmaceutical proteins and vaccines.

The iBioLaunch technology is used in a series of steps. First, normal green plants are grown for a few weeks, and at the same time, genes of interest are inserted into proprietary target DNA plasmids. A plasmid is a DNA molecule, usually circular, that can replicate inside a cell, such as a bacterial cell. These plasmids include sequences derived from plant viruses to enable easier activation of genes of interest inside living green plant tissue and also sequences derived from the bacterium, *Agrobacterium tumefaciens*, to enable efficient transfer of the entire vehicle into green plant tissue and activation of the genes once inside. Secondly, once both the plants and the plasmids with the new gene or genes of interest are ready, we transfer the engineered plasmids into plants by first putting them into Agrobacteria and then infusing the living Agrobacteria into growing green plants where the protein encoded by the new gene can be produced. After the transfer of bacteria into plants, the plants are grown for approximately an additional week and then the plant tissue is harvested and the desired protein or vaccine molecules are extracted and purified.

Because this entire process uses commonly available materials, we are not dependent on unique sources of raw material, nor are we limited to purchasing from single suppliers. The process is fast enough and inexpensive enough to enable more experiments to be conducted in a given period of time than can usually be conducted with slower or more expensive technology such as cultured animal cells and bioreactor methods. A more technically detailed description of this technology and its use was published in 2007 in the scientific journal *Influenza and Other Respiratory Viruses*, volume 1, pages 19-25. Note that in this publication, the term iBioLaunch is not used to describe the technology because that commercial designation was created after the publication of these scientific data.

Because our iBioLaunch technology has proven useful at a laboratory level in the production of high value proteins of immediate interest as product candidates, we believe it can be applied to commercial product development and biologic pharmaceutical manufacturing. Advantages of our platform technology include its short development time-frame for the harvesting of the applicable protein or vaccine molecules and applicability to a broad range of disease agents. This has enabled us, at a laboratory level, to target rapidly evolving disease agents and develop product candidates which have demonstrated high safety, potency and efficacy in laboratory animal tests.

The table below summarizes the results of tests conducted to date to assess the breadth of applicability of our platform technology. Some, but not all, of the listed targets are currently being pursued as product candidates by us to document the effectiveness of our platform technology. However, this table is presented to illustrate the breadth of applicability of our technology, rather than as a list of products under active development.

Target	Produced via iBioLaunch	*In vitro* characterization complete	Immunogenicity demonstrated in animal model	Efficacy demonstrated in animal model
Influenza (vaccine)	X	X	X	X
Anthrax (vaccine)	X	X	X	X
Plague (vaccine)	X	X	X	X
RSV (vaccine)	X	X	X	X
Malaria (vaccine)	X	X	X	UT
Trypanosomes (vaccine)	X	X	X	X
HPV (vaccine)	X	X	X	X
Measles (vaccine)	X	X	X	UT
Influenza antibody (therapeutic/diagnostic)	X	X	NA	UT
Anthrax antibody (therapeutic)	X	X	NA	X
Tetanus toxin antibody (therapeutic)	X	X	NA	UT
hGH (therapeutic)	X	X	NA	UT
GM-CSF (therapeutic)	X	X	NA	UT
Diabetes autoantigen (diagnostic)	X	X	NA	UT

NA = not applicable UT = untested

We currently are prioritizing H1N1 influenza vaccine candidates for our in-house research and development portfolio.

During the years ended June 30, 2010 and 2009, we incurred research and development expenses of $2,517,000 and $847,000, respectively.

Intellectual Property

We exclusively control intellectual property developed at FhCMB for human health applications of plant-based production and protein expression systems. We also exclusively control the veterinary field for plant-made influenza vaccines. Our success will depend in part on our ability to obtain and maintain patent protection for our technologies and to preserve our trade secrets. Our policy is to seek to protect our proprietary rights, by among other methods, filing patent applications in the U.S. and foreign jurisdictions to cover certain aspects of our technology.

We currently hold four U.S. patents and one international patent. Additionally, we have twelve U.S. and seventy-one international patent applications pending. The latter includes numerous foreign countries including Australia, Brazil Canada, China, Hong Kong, India, Japan, New Zealand, and several countries in Europe. We continue to prepare patent applications relating to our expanding technology in the U.S. and abroad.

The following summarizes the areas covered by our issued and pending patent applications:

Issued Technology Filing (U.S.)

- Virus-induced gene silencing in plants
- Transient expression of foreign genes in plants

Pending Technology Filings (U.S. and International)

- Virus-induced gene silencing in plants (International)
- Activation of transgenes in plants by viral vectors
- Protein production in seedlings
- Agroinfiltration of plants with launch vector
- Transient expression of proteins in plants
- Thermostable carrier molecule
- Protein expression in clonal root cultures

Pending Product Filings (U.S. and International)

- Antibodies
- Influenza vaccines
- Influenza therapeutic antibodies
- Anthrax vaccines
- Plague vaccine
- HPV vaccines
- Trypanosomiasis vaccine

Sales and Marketing

We currently expect to obtain Phase 1 or equivalent human clinical data on the first human test of a product produced with our platform before negotiating license or marketing agreements for that or other product candidates. In some cases, by bearing the initial product development risk ourselves, we expect to be able to negotiate more favorable terms with our partners, and to achieve a higher return on investment than would be possible with commercial agreements negotiated at an earlier stage of development. However, in other cases, especially where clinical characteristics of a candidate product are well known such as for a bio-similar candidate, we anticipate our commercial partner bearing substantially all of the clinical development costs of their product produces using our platform.

We believe our technology platform will be attractive to other parties for vaccine and therapeutic protein manufacturing purposes. We anticipate marketing our technology for such purposes and plan to provide commercial technology transfer services to such third-party licensees if we are successful in negotiating such arrangements.

FhCMB has demonstrated efficacy of an anthrax vaccine candidate and an anthrax-plague combination vaccine candidate in relevant animal model challenge studies. With funding from government sources, we plan to complete preclinical studies required for human safety evaluation. Our strategy for introduction of these products into the market includes partnership with one or more firms experienced in biodefense product commercialization and federal government procurement. We have not yet begun negotiations to obtain such a partnership arrangement.

Competition

The biotechnology and pharmaceutical industries are characterized by rapidly advancing technologies, intense competition and a strong emphasis on proprietary products. We face competition from many different sources, including commercial pharmaceutical and biotechnology enterprises, academic institutions, government agencies and private and public research institutions. Our commercial opportunities will be reduced or eliminated if our competitors develop and commercialize products that are safer, more effective, have fewer side effects or are less expensive than any products that we may develop based on the use of our platform technology.

Many of our competitors have significantly greater financial resources and expertise in research and development, manufacturing, preclinical testing, clinical trials, regulatory approvals and marketing approved products than we do. Several large pharmaceutical companies are currently already in the seasonal influenza vaccine business, and are likely to enter the market with new H1N1 vaccines produced with conventional technology. In addition, Protein Sciences Corporation was awarded a U.S. government contract to develop a new H1N1 vaccine based on its insect virus technology. Five injectable influenza vaccines are approved for use in the U.S. These include Afluria made by CSL Limited, Fluzone made by Sanofi-Pasteur, Fluarix made by GlaxoSmithKline, Flulaval made by ID Biomedical and distributed by GlaxoSmithKline, and Fluvirin made by Novartis. In addition, a nasally-administered influenza vaccine called FluMist is made by MedImmune. If we are successful in obtaining regulatory approval for our influenza vaccine candidate, we would have to compete against these large companies.

Smaller or early stage companies may also prove to be significant competitors, particularly through arrangements with large and established companies, and this may reduce the value of our platform technology for the purposes of establishing license agreements. For example, Novavax is developing vaccines for influenza, based on the use of cultured insect cells. Its candidate

products are more advanced in development than ours are and have already demonstrated positive results in human clinical trials. Similarly, Medicago has conducted a Phase 1 clinical study of an influenza vaccine produced in green plants. Other companies, such as Vical, are attempting to develop vaccines based on the use of nucleic acids rather than proteins. If these efforts are successful in clinical trials, nucleic acid based vaccine products may compete effectively against our products and may potentially prevent us from being able to obtain commercial agreements or partnerships to enter the market.

In addition, these third parties compete with us in recruiting and retaining qualified scientific and management personnel, establishing clinical trial sites and patient registration for clinical trials, as well as in acquiring technologies and technology licenses complementary to our programs or advantageous to our business.

We expect to rely upon licensees, collaborators or customers for support in advancing certain of our drug candidates and intend to rely on additional work with our collaborators during our efforts to commercialize our product candidates. Our licensees, collaborators or customers may be conducting multiple product development efforts within the same disease areas that are the subjects of their agreements with us. Agreements with collaborators may not preclude them from pursuing development efforts using a different approach from that which is the subject of our agreement with them. Any of our drug candidates, therefore, may be subject to competition with a drug candidate under development by a customer.

There are currently approved therapies for the diseases and conditions addressed by our vaccine and therapeutic protein candidates that are undergoing clinical trials and for the diseases and conditions that are subjects of our preclinical development program. There are also a number of companies working to develop new drugs and other therapies for diseases of commercial interest to us that are undergoing various stages of testing including clinical trials. The key competitive factors affecting the success of our platform for commercial product candidates are likely to be efficacy, safety profile, price, and convenience.

Government Regulation and Product Approval

Regulation by governmental authorities in the U.S. and other countries is a significant factor in the development, manufacture and marketing of pharmaceutical drugs and vaccines. All of the vaccine, therapeutic or diagnostic products developed from our platform technology will require regulatory approval by governmental agencies prior to commercialization. In particular, pharmaceutical drugs and vaccines are subject to rigorous preclinical testing and clinical trials and other pre-marketing approval requirements by the Food & Drug Administration (“FDA”) and regulatory authorities in other countries. In the U.S., various federal, and, in some cases, state statutes and regulations, also govern or impact the manufacturing, safety, labeling, storage, record-keeping and marketing of pharmaceutical products. The lengthy process of seeking required approvals and the continuing need for compliance with applicable statutes and regulations require the expenditure of substantial resources. Regulatory approval, if and when obtained for any of our product candidates, may be limited in scope, which may significantly limit the indicated uses for which our product candidates may be marketed. Further, approved drugs and manufacturers are subject to ongoing review and discovery of previously unknown problems that may result in restrictions on their manufacture, sale or use or in their withdrawal from the market. Please see “Risk Factors” for additional information on the regulatory risks we face in attempting to develop products for human use.

Before testing any compounds with potential therapeutic value in human subjects in the U.S., we must satisfy stringent government requirements for preclinical studies. Preclinical testing includes both *in vitro* and *in vivo* laboratory evaluation and characterization of the safety and efficacy of a drug and its formulation. “*In vitro*” refers to tests conducted with cells in culture and “*in vivo*” refers to tests conducted in animals. Preclinical testing results obtained from studies in several animal species, as well as data from *in vitro*studies, are submitted to the FDA as part of an Investigational New Drug application (“IND”) and are reviewed by the FDA prior to the commencement of human clinical trials. These preclinical data must provide an adequate basis for evaluating both the safety and the scientific rationale for the initial trials in human volunteers. In the case of candidate vaccine products, animal immunogenicity and immune protection tests must establish a sound scientific basis to believe that the product candidate may be beneficial when administered to humans.

In order to test a new biologic product or vaccine in humans in the U.S., an IND must be filed with the FDA. The IND will become effective automatically 30 days after receipt by the FDA, unless the FDA raises concern or questions about the conduct of the trials as outlined in the IND prior to that time. In this case, the IND sponsor and the FDA must resolve any outstanding concerns before clinical trials can proceed. For additional information on the most recent FDA regulations and guidance on vaccine and therapeutic product testing and approval, visit its website at http://www.fda.gov.

Any products we or a licensee manufactures or distributes under FDA approvals are subject to pervasive and continuing regulation by the FDA, including record-keeping requirements and reporting of adverse experiences with the products. Drug manufacturers and their subcontractors are required to register with the FDA and, where appropriate, state agencies, and are subject to periodic unannounced inspections by the FDA and state agencies for compliance with cGMPs (current Good Manufacturing Practices), which are the standards the FDA requires be met during the manufacturing of drugs and biologic products, and which impose procedural and documentation requirements upon us and any third party manufacturers we utilize.

We will also be subject to a wide variety of foreign regulations governing the development, manufacture and marketing of our product candidates. Whether or not FDA approval has been obtained, approval of a product by the comparable regulatory authorities of foreign countries must still be obtained prior to manufacturing or marketing the product in those countries. The approval process varies from country to country and the time needed to secure approval may be longer or shorter than that required for FDA approval. We cannot assure you that clinical trials conducted in one country will be accepted by other countries or that approval in one country will result in approval in any other country.

The product testing and clinical trial requirements that must be met before a product candidate can be marketed are substantial, time-consuming, and require investments of millions of dollars per product candidate. We must test our vaccine candidates for safety in Phase 1 clinical trials. Vaccine candidates for use in preventing disease will be administered to healthy people, and, therefore, the standards for safety and the requirement for absence of unwanted side-effects are high. In addition to demonstrating safety, we must also demonstrate that our vaccine candidates are capable of stimulating an immune response in human subjects that convinces knowledgeable scientists and physicians that the vaccine candidate is likely to be beneficial in inducing protective immunity against the disease of interest. We must then demonstrate in humans that subjects receiving our vaccine candidate develop the disease of interest at a lower rate than subjects who do not receive our candidate. In addition, when a product is already available for use in the United States, such as vaccines for prevention of influenza infection, we must demonstrate that our vaccine candidate is not inferior to the available product.

Product Liability

Our business involves exposure to potential product liability risks that are inherent in the development, manufacture, and sale of pharmaceutical products.

Prior to our spin-off from Integrated BioPharma, we maintained product liability insurance for sales of our phytomineral products through Integrated BioPharma's product liability insurance policy at $5.0 million per occurrence with a $5.0 million aggregate. Our sales of phytomineral products continued to be covered under Integrated BioPharma's product liability policy through April 1, 2009 when, as previously discussed, we entered into an agreement with a subsidiary of Integrated BioPharma wherein we granted an exclusive license to that subsidiary to manufacture and sell phytomineral products produced using our patented process in consideration for a royalty of five percent (5%) of net sales. We will need to purchase our own product liability insurance policy to cover any of our clinical trial and product liability risks. We anticipate that our product liability coverage will be at least comparable to our prior coverage. However,

- We may not be able to obtain product liability insurance for future trials;
- We may not be able to obtain product liability insurance for future products;
- We may not be able to maintain product liability insurance on acceptable terms;
- We may not be able to secure increased coverage as the commercialization of our technology proceeds; or
- Our insurance may not provide adequate protection against potential liabilities.

Our inability to obtain adequate insurance coverage at an acceptable cost could prevent or inhibit the commercialization of our products. Defending a lawsuit would be costly and significantly divert management's attention from conducting our business. If third parties were to bring a successful product liability claim or series of claims against us for uninsured liabilities or in excess of insured liability limits, our business, financial condition and results of operations could be materially harmed.

Employees

As of December 15, 2010, we had four full-time and two part-time employees. Our employees are not represented by any union and are not the subject of a collective bargaining agreement. We believe that we have a good relationship with them and

expect their numbers to increase by two or three full-time employees during the next twelve months as we continue to develop the infrastructure necessary to advance our business interests. Since our business strategy is based on outsourcing our development and clinical trial work to third parties, we believe this staffing level will be sufficient to meet our needs.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion in conjunction with the audited financial statements and corresponding notes, and the unaudited pro forma financial statements and corresponding notes, found elsewhere in this prospectus. This section of the prospectus contains forward-looking statements. Please see the section titled "Forward-looking Statements" for a discussion of the uncertainties, risks and assumptions associated with these statements.

Overview

iBio, Inc. (the "Company") is a biotechnology company focused on commercializing its proprietary technology, the iBioLaunch™ platform, for the production of biologics including vaccines and therapeutic proteins. Our strategy is to utilize our technology for development and manufacture of our own product candidates and to work with both corporate and government clients to reduce their costs during product development and meet their needs for low cost, high quality biologics manufacturing systems. Our near-term focus is to establish business arrangements for use of our technology by licensees for the development and production of products for both therapeutic and vaccine uses. Vaccine candidates presently being advanced on our proprietary platform are applicable to newly emerging strains of H1N1 swine-like influenza and H5N1 for avian influenza.

In order to attract appropriate licensees and increase the value of our share of such intended contractual arrangements, we engaged the Center for Molecular Biology of Fraunhofer USA, Inc., or FhCMB, in 2003 to perform research and development activities to develop the platform and to create our first product candidate. We selected a plant-based influenza vaccine for human use as the product candidate to exemplify the value of the platform. Based on research conducted by FhCMB, our proprietary technology is applicable to the production of vaccines for any strain of influenza including the newly-emerged strains of H1N1 swine-like influenza.

In connection with the research and development agreement, FhCMB agreed to use its best efforts to obtain grants from governmental and non-governmental entities to fund additional development of our proprietary plant-based technology. Consequently, in addition to the funding we have provided, FhCMB has received funding from the Bill & Melinda Gates Foundation for development of various vaccines based upon our proprietary technology including an experimental vaccine for H5N1 avian influenza. Two of these vaccine candidates began Phase 1 clinical trials during late calendar year 2010.

In addition to the platform and product development engagements, in 2006, the Company engaged FhCMB to create a prototype production module for products made through the use of the platform. The purpose of this engagement was to demonstrate the ease and economy with which platform-based products could be manufactured in order to attract potential licensees and increase the value of our share of such business arrangements. The prototype design, which encompasses the entire production process from the seeding through pre-infiltration plant growth, infiltration with agrobacteria, harvesting of plant tissue and purification of target proteins, was completed in May 2008. A pilot plant based upon this prototype was subsequently constructed in the FhCMB facility in Newark, Delaware. This pilot plant, and the equipment in it, is owned by FhCMB and has been validated for cGMP production. It will be used for cGMP production of protein targets for clinical trials of product candidates utilizing our platform technology.

The Company established non-commercial arrangements among the Company, certain government entities, a non-governmental organization (which we refer to herein as a NGO) and FhCMB, pursuant to which the Company grants non-commercial rights to use its platform for the development and production by FhCMB of product candidates selected by the government entities and NGO, in consideration for grants by the government entities and NGO directly to FhCMB to fund such research and development.

Through (i) the Company/FhCMB contracts and (ii) the non-commercial arrangements described above (which we refer to collectively as the "business structure"), the Company retains ownership of the intellectual property and exclusive commercial rights in the fields of human health and veterinary influenza applications of the intellectual property. The Company licenses or otherwise grants use rights (a) to government and NGO entities for not-for-profit applications of the intellectual property for the development or application for which they granted or were granted funding, and (b) to FhCMB for research purposes and applications in other fields.

This business structure helps the Company to enhance the value of commercial rights and the scope of applications of its platform technology. It also helps the Company demonstrate the validity and apparent value of the platform to parties to whom it will offer licenses or other business opportunities. Outsourcing our research and development work allows the Company to develop our product candidates, and thereby promote the value of our platform for licensing and product development purposes, without bearing the full risk and expense of establishing and maintaining its own research and development staff and facilities.

Currently, all of the Company's product candidates are in the preclinical development stage. The Company's platform technology is sometimes referred to as "iBioLaunch™ technology" or the "iBioLaunch™ platform," and the category of this technology is sometimes referred to as "plant-based technology" or as a "plant-based platform."

The Company has exclusive control over and the rights to ownership of the intellectual property related to all human health and veterinary influenza applications of the plant-based technology developed by FhCMB. Current development projects include conducting proof-of-principle preclinical studies and planning clinical studies of proprietary influenza vaccines.

Many biotech drugs have been on the market long enough for patents on them to expire. Emerging opportunities for biosimilars (also known as biogenerics or follow-on biologics) create potential for our platform technology to be used by potential licensees to enter the market utilizing what the Company expects to be an economical production system. The Company is seeking commercial partners for this category of products and is unlikely to develop products in this category without the financial and marketing support of a commercial partner.

Historically, in addition to the development of the platform technology described in the preceding paragraphs, the Company has also generated sales of nutritional supplements utilizing plants as sources of high-quality nutritional minerals. The Company has a patented process for hydroponic growth of edible plants that causes them to accumulate high levels of important nutritional minerals such as chromium, selenium, iron and zinc. The Company utilized the services of various wholly-owned subsidiaries of our former parent company, Integrated BioPharma, Inc., ("Integrated BioPharma" or "Former Parent") to support the production, marketing and sales of these phytomineral products.

Effective April 1, 2009, the Company entered into an agreement with IHT Health Products, Inc. (a wholly owned subsidiary of our Former Parent) ("IHT") wherein it granted an exclusive license to the Company's patented process in consideration for a royalty of five percent (5%) of net sales and the obligation of IHT to maintain in force and good standing the Company's patent and related intellectual property. At the same time, rights under the existing customer agreements were beneficially transferred to IHT.

In November 2007, the Board of Directors of our Former Parent approved a plan to distribute its equity interests in the Company to its stockholders in the form of a dividend. The record date of the dividend was August 12, 2008 with a distribution date of August 18, 2008. The stockholders of our Former Parent received one share of the Company's common stock for each share of common stock they owned of the Former Parent as of the record date. Simultaneously, the Company converted $7.9 million in debt due to the Former Parent into common stock and raised $5.0 million through the sale of common stock to fund operations. Immediately following the spin-off: a) The Former Parent owned 5.4% of the Company's common shares and ceased to control the Company; and b) The Company became a public company with stock traded on the OTC Bulletin Board under the symbol IBPM.

These financial statements were prepared under the assumption that we will continue as a going concern for the next twelve months. Our ability to do so is dependent upon our ability to obtain additional equity or debt financing, reduce expenditures, and/or generate revenue. These financial statements do not include any adjustments that might result from the outcome of that uncertainty.

Current cash and working capital resources are expected to support our activities through the balance of calendar 2011. We plan to fund our development and commercialization activities during calendar 2012 and beyond through the sale of equity securities as more fully described in the *Liquidity and Capital Resources* section in the following paragraphs.

Results of Operations

For the three months ended September 30, 2010 versus September 30, 2009

Sales and cost of goods sold for the three months ended September 30, 2010 and 2009 were zero as we have yet to generate revenues from our technology. We are aggressively pursuing our stated business strategy which includes a near-term focus to establish business arrangements for use of our technology by licensees for the development and production of products for both therapeutic and vaccine uses. We believe the infusion of capital in late October/early November of 2010 provides the resources for this endeavor.

Research and development expense for the three months ended September 30, 2010 was $158,000 compared to $104,000 for the comparable period in 2009. This increase of $54,000, or 51%, was due to personnel costs related to the expansion of our research and product development capabilities.

Specifically, we have hired a Chief Scientific Officer and a Senior Vice President of Business Development who are active in the execution of the business strategy described in the preceding paragraph. These individuals have replaced several laboratory employees who are now full time employees of FhCMB. The overall net increase of $54,000 is attributable to an $88,000 increase in stock based compensation expense related to equity incentives for those individuals. Stock based compensation expense does not require the disbursement of cash. Rather, it is an estimate of the value of stock options and other equity incentives provided to employees, directors, and third parties to align their interests with ours. Our actual cash disbursements for all other research and development activities were $35,000 lower compared to the prior period due to reductions in the use of external consultants.

We will be carefully managing our financial resources over the next several quarters and only incur additional research and development expenses when there is a high probability that it will directly benefit of stated business strategy.

General and administrative expense for the three months ended September 30, 2010 was $1,213,000 compared to $468,000 for the comparable period in 2009. This increase of $745,000, or 159%, was primarily due to an increase of $395,000 in stock based compensation expense for management and various vendors providing financial advisory and investor relations services, an increase of $59,000 in invoiced financial advisory and investor relation services, an increase of $26,000 in patent management costs, and $25,000 in public company related costs. All other costs were generally comparable. As previously indicated, stock based compensation expense does not require the disbursement of cash. Rather, it is an estimate of the value of stock options and other equity incentives provided to employees, directors, and third parties to align their interests with ours. Increases in the other areas mentioned above reflect the unavoidable costs of being a publicly-held entity and managing an intellectual property portfolio which is critical to the operations of the Company. However, we expect them to be manageable during the next several quarters and will only selectively increase them to develop necessary infrastructure for the operations of our Company.

Other income (expense) for the three months ended September 30, 2010 was a net expense of $1,447,000 compared to a net expense of $971,000 the comparable period in 2009. This change consisted of the following:

	2010	2009
Interest income	$ 1,000	$ 3,000
Royalty income	6,000	9,000
Interest expense	(13,000)	—
Change in the fair value of derivative instrument liability	(1,441,000)	(983,000)
Total	$(1,447,000)	$ (971,000)

a) Interest income was lower is due to smaller average cash balances on hand during the three months ended September 30, 2010 compared to the prior period.

b) Royalty income is dependent upon net sales of products employing our licensed technology and will vary from quarter to quarter.

c) Interest expense for 2010 is directly attributable to interest charges accrued on balances due to FhCMB during the three

months ended September 30, 2010.

d) The change in the fair value of derivative financial instruments is recorded in accordance with the guidance in ASC 815-40, "Derivatives and Hedging - Contracts in Entity's Own Equity" which became effective for the Company on July 1, 2009.

The accounting guidance applicable to these warrants requires the Company, (assuming all other inputs to the Black-Scholes model remain constant), to record a non-cash expense when the Company's stock price is rising and record non-cash income when the Company's stock price is falling. The estimated fair value of this derivative liability increased from $1,714,000 at June 30, 2010 to $3,155,000 at September 30, 2010 primarily as a result of an increase in our stock price from $1.38 to $2.22 during that same period. The resulting change of $1,441,000 has been reported as non-cash expense in our condensed statement of operations as a component of other income (expense) and has no effect upon our operating cash flow.

Similar circumstances occurred during the three months ended September 30, 2009 which resulted in a non-cash expense of $982,000 relating to that period.

The calculation of this derivative liability is affected by factors which are subject to significant fluctuations and are not under our control. Consequently, this liability and, therefore, the resulting effect upon our net loss is subject to significant fluctuations and will continue to be subject to significant fluctuations until the warrants either expire in August 2013 or are exercised prior to that date.

Income tax expense for the three months ended September 30, 2010 and 2009 reflects estimates for the minimum amounts of state income taxes due in states where we are required to file income tax returns. Our deferred tax assets resulting from our net operating losses are fully reserved in a valuation allowance account since it is more likely than not that such assets will not be realized.

For the years ended June 30, 2010 versus June 30, 2009

Sales and cost of goods sold for the year ended June 30, 2010 were both zero as compared to $1,177,000 and $501,000, respectively, for the comparable period in 2009. The decreases in sales of $612,000 and cost of goods sold of $501,000 were attributable to the discontinuance of sales of nutritional supplements effective April 1, 2009. Effective on that date, the Company licensed that technology and transferred all such customer relationships to a subsidiary of its former parent in consideration for a royalty on future sales. That transaction relieved the Company of the prospective expenses associated with the sales, customer relations, and administrative burden of managing that business, financing its operations, and maintaining the related intellectual property. The remaining decrease in sales of $565,000 related to the conclusion of an advisory service project with FhCMB in connection with the pilot plant.

Research and development expense for the year ended June 30, 2010 was $2,517,000 compared to $847,000 for the comparable period in 2009. This increase of $1,670,000, or 197%, was primarily due to: a) An increase of $1,750,000 in services provided by FhCMB; b) A decrease of $232,000 in personnel costs as those individuals became full-time employees of FhCMB in early fiscal 2009; c) An increase of $96,000 in costs related to the hiring of a Chief Scientific Officer; and d) An increase of $56,000 consisting primarily of expense related to the preparation of an Investigational New Drug application (IND) filing with the United States Food and Drug Administration.

General and administrative expense for the year ended June 30, 2010 was $2,070,000 compared to $1,755,000 for the comparable period in 2009. This increase of $315,000, or 18%, was primarily due to increases of $146,000 in financial advisory fees, $121,000 in stock-based compensation, $115,000 in investor relations expenses, $100,000 in royalties, $60,000 in patent related expenses, and $53,000 in depreciation and amortization expenses offset by decreases of $246,000 in legal expenses and $34,000 in other expenses. Such changes are generally associated with the Company now being a stand-alone public entity for the entirety of year ended June 30, 2010 after the spin-off from its former parent during the prior year.

Other income (expense) for the year ended June 30, 2010 was an expense of $1,488,000 compared to income of $20,000 the comparable period in 2009. This change consisted of the following:

	2010	2009
Interest income	$ 13,000	$ 20,000
Interest expense	(13,000)	—
Royalty income	27,000	—
Change in the fair value of derivative instrument liability	(1,515,000)	—
Total	$(1,488,000)	$ 20,000

a) Interest income decreased by $7,000 reflecting the lower average balance of cash on hand during the comparable periods and lower interest rates.

b) Interest expense increased by $13,000 related to interest charges on balances due to FhCMB.

c) The presence of royalty income in 2010 when there was no comparable amount in 2009 relates to an agreement with a subsidiary of the Company's former parent which commenced in April 2009 (see the discussion in the "sales and cost of goods sold" paragraph above).

d) The $1,515,000 expense related to the change in the fair value of derivative financial instruments is recorded in accordance with the guidance in ASC 815-40, "Derivatives and Hedging - Contracts in Entity's Own Equity" which became effective for the Company on July 1, 2009.

The accounting guidance applicable to these warrants requires the Company (assuming all other inputs to the Black-Scholes model remain constant) to record a non-cash expense when the Company's stock price is rising and recording non-cash income when the Company's stock price is falling. The estimated fair value of this derivative liability increased from $199,000 at July 1, 2009 to $1,714,000 at June 30, 2010 primarily as a result of an increase in our stock price during that same period.

The calculation of this derivative liability is affected by factors which are subject to significant fluctuations and are not under our control. Consequently, this liability and, therefore, the resulting effect upon our net loss is subject to significant fluctuations and will continue to be subject to significant fluctuations until the warrants either expire in August 2013 or are exercised prior to that date.

Income tax expense for the years ended June 30, 2010 and 2009 reflects estimates for the minimum amounts of state income taxes due in states where we are required to file income tax returns. Our deferred tax assets resulting from our net operating losses are fully reserved in a valuation allowance account since it is more likely than not that such assets will not be realized.

Liquidity and Capital Resources

We had cash of $314,000 at September 30, 2010 compared to $910,000 at June 30, 2010. This decrease of $596,000 was due to the use of $526,000 and $70,000 related to operating activities and investing activities, respectively, during that period. We had negative working capital of $4,726,000 at September 30, 2010. The calculation of this working capital amount is net of the derivative instrument liability of $3,155,000 as of that date.

In November 2010, we completed a private offering of our securities wherein investors purchased 4,000,000 shares of our common stock at a purchase price of $2.00 per share for total gross proceeds of $8,000,000. Net proceeds from that offering plus cash as of September 30, 2010 are expected to support our activities through the end of calendar 2011.

We plan to fund our development and commercialization activities during calendar 2012 and beyond through licensing arrangements and/or the sale of equity securities. We cannot be certain that such funding will be available on acceptable terms, or available at all. To the extent that we raise additional funds by issuing equity securities, our stockholders may experience significant dilution. If we are unable to raise funds when required or on acceptable terms, we may have to: a) Significantly delay, scale back, or discontinue the development and/or commercialization of one or more product candidates; b) Seek collaborators for product candidates at an earlier stage than would otherwise be desirable and/or on terms that are less favorable than might otherwise be available; or c) Relinquish or otherwise dispose of rights to technologies, product candidates, or products that we would otherwise seek to develop or commercialize ourselves.

Off-Balance Sheet Arrangements

We had no off-balance sheet arrangements as of June 30, 2010 or 2009 or September 30, 2010.

Capital Expenditures

The Company's capital expenditures, other than intellectual property, were not material during the years ended June 30, 2010 and 2009.

Critical Accounting Policies and Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("US GAAP") 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 reporting period. Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. On a continual basis, management reviews its estimates utilizing currently available information, changes in facts and circumstances, historical experience and reasonable assumptions. After such reviews, and if deemed appropriate, those estimates are adjusted accordingly. Actual results could differ from those estimates.

Our critical accounting policies are as follows:

- Research and development;
- Valuation and recoverability of intangible assets;
- Stock-based compensation; and
- Valuation of derivative instruments.

Research and Development. We expense research and development costs as incurred. Such costs include expenditures made to FhCMB for research and development services, fees paid to regulatory and scientific consultants, and salaries and related costs.

Intangible Assets. Intangible assets consist of intellectual property and patents. Amortization is being recorded on the straight-line basis over periods ranging from 10 years to 15 years based on contractual or estimated lives. The carrying value of intangible assets is evaluated whenever events or circumstances indicate that the carrying value may not be recoverable. Tests for impairment or recoverability require significant management judgment, and future events affecting cash flows and market conditions could result in impairment losses. During the fiscal years ended June 30, 2010 and 2009, no impairment losses were indicated or recorded.

Stock-Based Compensation. The Company accounts for stock-based compensation by estimating the fair value of such awards as of the date of grant utilizing the Black-Sholes option pricing model and then amortizing the fair value of each award over the applicable vesting period.

Derivative Instruments. The Company accounts for warrants issued in connection with the August 2008 financing as derivative instruments in accordance with certain US GAAP which became effective July 1, 2009. Accordingly, the Company: a) estimated the fair value of such warrants as of July 1, 2009 and established a liability on the balance sheet through a reduction to Stockholders' Equity; and b) has recorded subsequent changes to that liability as of each subsequent balance sheet date as non-cash income or expense in the statement of operations for the related reporting period.

Recently Issued Accounting Pronouncements

In June 2009, the Financial Accounting Standards Board ("FASB") issued the FASB Accounting Standards Codification ("Codification" or "ASC") as the single source of authoritative US GAAP except for additional authoritative rules and interpretive releases issued by the SEC. The Codification is effective for financial statements issued for interim and annual periods ended after September 15, 2009. The Company adopted the Codification effective September 30, 2009 and such adoption did not have an impact upon the Company's financial statements.

Effective July 1, 2009, the Company adopted guidance in ASC 815-40, “Derivatives and Hedging - Contracts in Entity’s Own Equity”. This guidance was effective for fiscal years beginning after December 15, 2008 and the adoption by the Company effective July 1, 2009 had a material impact upon the Company’s financial statements.

Impact of Inflation

The Company does not believe that inflation has significantly affected its results of operations.

Seasonality

Our operations are not impacted by seasonality.

CHANGE IN INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

On October 12, 2009, Amper, Politziner & Mattia, LLP (“Amper”) was dismissed as our independent registered public accounting firm based upon a decision of the Audit Committee of our Board of Directors.

The audit reports of Amper on our consolidated financial statements as of and for the years ended June 30, 2009 and 2008, did not contain any adverse opinion or disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope or accounting principles.

During our two most recent fiscal years and through the date of Amper’s dismissal, there were no disagreements (as defined in Item 304 of Regulation S-K) with Amper on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of Amper, would have caused it to make reference in connection with its opinion to the subject matter of the disagreement.

During our two most recent fiscal years and through the date of Amper’s dismissal, there were no reportable events (as defined in Item 304(a)(1)(v) of Regulation S-K).

Effective October 12, 2009, the Audit Committee of our Board of Directors approved the appointment of J.H. Cohn LLP (“J.H. Cohn”) as our independent registered public accounting firm for the year ending June 30, 2010.

During our two most recent fiscal years and through the date of J.H. Cohn’s engagement, neither our company nor anyone on its behalf consulted J.H. Cohn regarding either (1) the application of accounting principles to a specified transaction regarding our company, either completed or proposed, or the type of audit opinion that might be rendered on our financial statements; or (2) any matter regarding us that was either the subject of a disagreement (as defined in Item 304(a)(1)(iv) of Regulation S-K and related instructions to Item 304 of Regulation S-K) or a reportable event (as defined in Item 304(a)(1)(v) of Regulation S-K).

MANAGEMENT

The following table sets forth the names and ages (as of December 15, 2010) of our directors and our executive officers:

Name	Age	Position Held With Us
Robert B. Kay	70	Executive Chairman and Chief Executive Officer
Robert L. Erwin	57	President
Frederick Larcombe	54	Chief Financial Officer
Vidadi Yusibov, Ph.D.	49	Chief Scientific Officer
General James T. Hill (ret.)	64	Director
Glenn Chang	63	Director
John D. McKey, Jr.	67	Director
Philip K. Russell, M.D.	78	Director
Pamela Bassett, D.M.D.	58	Director
Arthur Y. Elliott, Ph.D.	74	Director

The following are brief biographies of each director and executive officer:

Robert B. Kay has been a director since we became a publicly traded company in August 2008. Mr. Kay was a founder and senior partner of the New York law firm of Kay Collyer & Boose LLP, with a particular focus on mergers and acquisitions and joint ventures. He is also a principal and Chairman of Seaway Biltmore, Inc., a hotel ownership and management company. Mr. Kay received his B.A. from Cornell University's College of Arts & Sciences and his J.D. from New York University Law School.

Robert L. Erwin has been our President since we became a publicly traded company in August 2008. Mr. Erwin led Large Scale Biology Corporation from its founding in 1988 through 2003, including a successful initial public offering in 2000, and continued as non-executive Chairman until 2006. He served as Chairman of Icon Genetics AG from 1999 until its acquisition by a subsidiary of Bayer AG in 2006. Mr. Erwin recently served as Managing Director of Bio-Strategic Directors LLC, providing consulting services to the life sciences industry. He is currently Chairman of Novici Biotech, a private biotechnology company and a Director of Resolve Therapeutics. Mr. Erwin's non-profit work focuses on applying scientific advances to clinical medicine, especially in the field of oncology. He is co-founder, President and Director of the Marti Nelson Cancer Foundation, Oncology. Mr. Erwin received his BS degree with Honors in Zoology and an MS degree in Genetics from Louisiana State University.

Frederick Larcombe has been our Chief Financial Officer since September 2009. From early 2008 to the present, Mr. Larcombe, as a principal with Crimson Partners, a group of seasoned financial professionals, has served clients in the life sciences in the areas of pharmaceutical development and women's health. From 2005 to 2007, he was simultaneously the Chief Financial Officer of Xenomics Inc., a publicly-held developer of DNA-based diagnostic technologies, and FermaVir Pharmaceuticals, Inc., a publicly-held pharmaceutical development company. From 2004 to 2005, he was a consultant with Kroll Zolfo Cooper, a professional services firm providing interim management and turn-around services, and from 2000 to 2004, he was Chief Financial Officer of MicroDose Therapeutics, a privately-owned drug delivery company focused upon pulmonary and novel oral dosage delivery technologies. Prior to 2000, Mr. Larcombe held various positions with ProTeam.com, Cambrex, and PriceWaterhouseCoopers. Mr. Larcombe's received his B.S. in Accounting from Seton Hall University, was designated a Certified Public Accountant in New Jersey, and is an alumnus of the Management Development Program at Harvard Business School.

Vidadi Yusibov, Ph.D. has been our Chief Scientific Officer since February 2010. He is the Executive Director of the Center for Molecular Biology of Fraunhofer USA, Inc., or FhCMB, a position he continues to hold. Prior to joining FhCMB, Dr. Yusibov served as Assistant Professor in the Department of Microbiology and Immunology at Thomas Jefferson University in Philadelphia, PA. Dr. Yusibov received his Ph.D. in molecular biology from the Academy of Sciences in Moscow, Russia and conducted post-doctoral research at Purdue University. He is currently a Senior Research Fellow at the Delaware Biotechnology Institute.

General James T. Hill has been a director since we became a publicly traded company in August 2008. At the time of his retirement from active duty, General Hill was the Commander of the 4-Star United States Southern Command, reporting directly to the President and Secretary of Defense. As such he led all U.S. military forces and operations in Central America,

South America and the Caribbean, worked directly with U.S. Ambassadors, foreign heads of state, key Washington decision-makers, foreign senior military and civilian leaders, developing and executing United States policy. His responsibilities included management, development and execution of plans and policy within the organization including programming, communications, manpower, operations, logistics and intelligence.

Glenn Chang has been a director since we became a publicly traded company in August 2008. Since 1999 he has been Director, Executive Vice President and Chief Financial Officer of the First American International Bank, Brooklyn, N.Y. Prior to the founding of the Bank he spent almost 20 years at Citibank as Vice President. Mr. Chang is a Certified Public Accountant.

John D. McKey, Jr. has been a director since we became a publicly traded company in August 2008. Since 2003, Mr. McKey has served as of counsel at McCarthy, Summers, Bobko, Wood, Sawyer & Perry, P.A. in Stuart, Florida, and previously was a partner from 1987 through 2003. From 1977 to 1987 Mr. McKey was a partner at Gunster Yoakley in Palm Beach, Florida. Mr. McKey received his B.B.A at the University of Georgia and his J.D. from the University of Florida College of Law.

Philip K. Russell, M.D. has been a director since March 2010. Major General (ret.) Russell served in the U.S. Army Medical Corps from 1959 to 1990, pursuing a career in infectious disease and tropical medicine research. Following his military service, Dr. Russell joined the faculty of Johns Hopkins University's School of Hygiene and Public Health and worked closely with the World Health Organization as special advisor to the Children's Vaccine Initiative. He was founding board member of the International AIDS Vaccine Initiative, and is an advisor to the Bill and Melinda Gates Foundation. He has served on numerous advisory boards of national and international agencies, including the Centers for Disease Control, National Institutes of Health, and the Institute of Medicine. He is the past Chairman of the Albert B. Sabin Vaccine Institute.

Pamela Bassett, M.D. has been a director since April 2010. Dr. Bassett is Managing Director of Life Sciences Research at Cantor Fitzgerald & Company, a leading global financial services provider to the institutional equity and fixed-income markets. Prior to joining Cantor Fitzgerald in 2005, Dr. Bassett was the founder and President of BioTrend Corporation, a strategic advisory company to pharmaceutical and biotechnology companies. She was formerly Director of Business Development for Enzon, and was the founder and President of Stat Systems, Inc., a company that developed integrated clinical and administrative software used in hospitals nationwide, ultimately licensed to Siemens AG. Dr. Bassett received her M.B.A. from Wharton Graduate School, University of Pennsylvania, completed a residency in Anesthesiology at the Medical College of Pennsylvania and Hospital, and received her D.M.D. from Tufts University School of Dental Medicine and a B.A. in Biology from Oakland University.

Arthur Y. Elliott, Ph.D. has been a director since October 2010. Dr. Elliott spent 16 years with Merck & Co., serving ultimately as Executive Director of Biological Operations, Merck Manufacturing Division, responsible for the bulk manufacture, testing, release and registration of all biological products sold. Dr. Elliott also directed the manufacturing, process development, and other operations of North American Vaccine for six years, and most recently served as consultant to Aventis (Sanofi Pasteur) Pharmaceutical Corporation in its design and implementation of new, highly automated manufacturing facilities for influenza vaccines. Dr. Elliott has served with the United States Department of Health and Human Services in the Avian Influenza Pandemic Preparedness Program in Washington, D.C. as Senior Program Manager for the Antigen Sparing Project since 2006. The program involves the cooperation of three pharmaceutical companies and four government groups (NIH, CDC, FDA, and HHS). While at Merck, he worked closely with both Merck Research Laboratories and the Merck Vaccine Division to forecast the timely transfer of technology for new and improved products from the research laboratories through the manufacturing area and into the marketing division for sales introductions. He has served as a biological consultant to the World Health Organization, National Institutes of Health, and The Bill & Melinda Gates Foundation. Dr. Elliott holds a Ph.D. in Virology from Purdue University, and an M.S. in Microbiology and a B.A. in Biology from North Texas State University. He serves as a member of the American Association for Advancement of Science, American Society for Microbiology, and American Tissue Culture Association.

EXECUTIVE COMPENSATION

Summary Compensation Table

The table below summarizes the total compensation paid or earned by Chief Executive Officer and our two other most highly compensated executive officers who were serving as executive officers at the end of the last completed fiscal year.

Name and Principal Position	Fiscal Year	Salary ($)	Bonus ($)	Stock Awards ($)	Option Awards ($)(1)	Non-Equity Incentive Plan Compensation ($)	All Other Compensation ($)	Total ($)
Robert B. Kay,	2010	200,000	$ -0-	$ -0-	28,466	$ -0-	$ -0-	$ 228,466
Executive Chairman and CEO	2009	200,000	-0-	-0-	2,419	-0-	-0-	202,419
Robert Erwin,	2010	200,000	-0-	-0-	28,466	-0-	-0-	228,466
President	2009	200,000	-0-	-0-	2,419	-0-	-0-	202,419
Frederick Larcombe,	2010	120,282(2)	-0-	-0-	-0-	-0-	-0-	120,282
Chief Financial Officer	2009	-0-	-0-	-0-	-0-	-0-	-0-	-0-

(1) The amounts in this column reflect the dollar amount recognized as expense with respect to stock options for financial statement reporting purposes during the twelve months ended June 30, 2010 and 2009 in accordance with ASC 718.

(2) Mr. Larcombe is an independent contractor whose services are provided through a professional services firm. This amount represents the total amount billed by that firm to the Company for Mr. Larcombe's services. Mr. Larcombe shares in the profits of that firm.

Outstanding Equity Awards at Fiscal Year-End

OUTSTANDING EQUITY AWARDS AT JUNE 30, 2010

Name	Option Awards			
	Number of Securities Underlying Unexercised Options (#) (1)	Exercise Price ($)	Expiration Date	Market Value ($)
Robert B. Kay	250,000	$ 0.20	February 12, 2019	$ 475,000
	250,000	$ 0.66	August 9, 2019	$ 475,000
Robert L. Erwin	250,000	$ 0.20	February 12, 2019	$ 475,000
	250,000	$ 0.66	August 9, 2019	$ 475,000
Frederick Larcombe	—	—	—	—

(1) These options vest in five equal annual installments.

Employment Agreements

As of June 30, 2010, we did not have any employment contracts or other similar agreements or arrangements with any of our named executive officers.

Incentive Compensation Plan

We have established an incentive compensation plan and have reserved 10,000,000 shares of common stock to be issued to employees under this plan. As of June 30, 2010, we granted stock options with an aggregate of 2,210,000 underlying shares of common stock.

DIRECTOR COMPENSATION

Compensation for our non-employee directors has historically consisted of a grant of stock options vesting over a three-year period and additional cash compensation. We do not have a fixed policy with respect to this compensation, but the compensation is generally equal for each non-employee director except in cases where a director assumes additional responsibilities above and beyond standard board service. Directors who are also our employees will receive no additional compensation for their services as directors.

Director Compensation Table

The following table sets forth summary information concerning the total compensation paid to our non-employee directors in the fiscal year ended June 30, 2010 for services to us:

Name	Fees Earned or Paid in Cash ($)	Option Awards ($)(1)	Total ($)
General James T. Hill	$ 33,000	$ 11,031	$ 44,031
Glenn Chang	8,000	11,031	19,031
John D. McKey	8,000	18,198	26,198
Philip K. Russell, M.D.	4,167	5,093	9,260
Pamela Bassett, D.M.D.	2,500	3,665	6,165

(1) The amounts in this column reflect the dollar amount recognized as expense with respect to stock options for financial statement reporting purposes during the twelve months ended June 30, 2010 in accordance with ASC 718.

CORPORATE GOVERNANCE

Board Committees and Independence

Our board of directors has the authority to appoint committees to perform certain management and administrative functions. Our board has constituted an audit committee comprised solely of Mr. Chang, whom our board has determined to be an “audit committee financial expert” as that term is defined in the rules and regulations of the SEC. The Board has determined that Mr. Chang, based upon his experience, training and education, qualifies as an audit committee financial expert by virtue of the fact that he has (a) an understanding of generally accepted accounting principles (“GAAP”) and financial statements; (b) the ability to assess the general application of GAAP in connection with accounting for estimates, accruals and reserves; (c) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by our financial statements as well as experience actively supervising one or more persons engaged in such activities; (d) an understanding of internal controls and procedures for financial reporting; and (e) an understanding of audit committee functions.

The audit committee operates pursuant to a written charter, a copy of which can be found on the Company’s website at www.ibioinc.com, “Corporate Governance.”

Our board of directors has determined that Ms. Bassett and Messrs. Chang, Elliott, Hill, McKey and Russell are “independent directors” as such term is defined in Rule 5605(a)(2) of the NASDAQ Marketplace Rules.

Code of Ethics

We have adopted a written code of ethics within the meaning of Item 406 of SEC Regulation S-K, which applies to our principal executive officer and senior financial officers, a copy of which can be found on the Company’s website at www.ibioinc.com, “Corporate Governance.” If we make substantive amendments to the Code of Ethics that are applicable to our principal executive or financial officers, we will disclose the nature of such amendment or waiver in a report on Form 8-K in a timely manner.

Board Leadership Structure and Role in Risk Oversight

Our Chief Executive Officer also serves as Executive Chairman on our board. We do not have a lead independent director. Our Executive Chairman, when present, presides over all meetings of our board. We believe this leadership structure is appropriate for our Company at this time because (1) of our size, (2) of the size of our board, (3) our Chief Executive Officer is responsible

for our day-to-day operation and implementing our strategy, and (4) discussion of developments in our business and financial condition and results of operations are important parts of the discussion at board meetings and it makes sense for our Chief Executive Officer to chair those discussions.

Our board oversees our risk management. This oversight is administered primarily through the following:

- The board's review and approval of our business plans (prepared and presented to the board by the Chief Executive Officer and other management), including the projected opportunities and challenges facing our business;
- At least quarterly review of our business developments, business plan implementation and financial results;
- Our Audit Committee's oversight of our internal controls over financial reporting and its discussions with management and the independent accountants regarding the quality and adequacy of our internal controls and financial reporting; and
- Our board's review and recommendations regarding our executive officer compensation and its relationship to our business plans.

Meetings of the Board of Directors and Audit Committee

During the fiscal year ended June 30, 2010, the Board held two meetings in person or by telephone and acted by unanimous written consent on two occasions. Between meetings, members of the Board are provided with information regarding our operations and are consulted on an informal basis with respect to pending business. Each director attended at least 75% of the total number of meetings of the Board, except for Mr. Chang, who did not attend one of the meetings.

Although we do not have a policy with regard to Board members' attendance at our Annual Meetings of Stockholders, all of the directors are encouraged to attend such meetings.

During the fiscal year ended June 30, 2010, the Audit Committee held five meetings in person or by telephone. The sole member of the Audit Committee attended all the meetings of the Audit Committee.

Nominating Committee Functions

We are not required to have a nominating committee because our common stock is not traded on a national securities exchange. Because our Board believes that it is more appropriate for all of our directors to be involved in the process of nominating persons for election as directors, our Board does not have a nominating committee. Accordingly, our Board as a whole performs the functions of a nominating committee and is responsible for reviewing the requisite skills and characteristics of our directors. Our Board will consider candidates for nomination as a director recommended by stockholders, current directors, officers, third-party search firms and other sources. Our Board considers stockholder recommendations for candidates in the same manner as those received from others.

For new candidates, our Board generally polls the directors and members of management for their recommendations. Our Board may engage a third-party search firm to identify candidates in those situations where particular qualifications are required or where existing contacts are not sufficient to identify an appropriate candidate. Our Board reviews the qualifications, experience, and background of all candidates. Final candidates are typically interviewed by both Board members and executive management.

Our policy is that members of the Board should possess the highest personal and professional ethics, integrity and values, and be committed to serving the long-term interests of the Company's stockholders. In identifying nominees, the Board also takes into consideration all other factors it considers appropriate with the goal of having a Board with backgrounds, skills and experience in business, finance and other areas relevant to the Company's operations. The Board does not have a policy for considering diversity in identifying director nominees, but generally seeks to have a Board consisting of members that have relevant industry background, experience serving on the boards of large companies (whether public or private) or unique perspective from managing companies in other industries with qualities similar to our business, or any combination of the foregoing attributes.

Our Board will consider stockholder suggestions for nominees for directorship. In order for our Board to consider a stockholder nominee, the stockholder must submit a detailed resume of the candidate and an explanation of the reasons why the stockholder believes the candidate is qualified for service on our Board. The stockholder must also provide such other information about the candidate that would be required by the SEC rules to be included in a proxy statement. In addition, the stockholder must include the consent of the candidate and describe any relationships, arrangements, or undertakings between the stockholder and the candidate regarding the nomination or otherwise. The stockholder must submit proof of Company

stockholdings. All communications should be submitted in writing to iBio, Inc., Attention: Corporate Secretary, 9 Innovation Way, Suite 100, Newark, Delaware 19711. Recommendations received after 120 days prior to the date of mailing of this year's proxy (or July 10, 2011) will likely not be considered timely for consideration at next year's Annual Meeting of Stockholders.

Compensation Committee Functions

We are not required to have a compensation committee because our common stock is not traded on a national securities exchange. Because our Board believes that it is more appropriate for all of our directors to be involved in the process determining appropriate compensation policy, our Board does not have a compensation committee. Accordingly, our Board as a whole performs the functions of a compensation committee.

In performing these functions, the Board's responsibilities include the following:

- reviewing and approving corporate goals and objectives relevant to our Chief Executive Officer's compensation, and evaluating our Chief Executive Officer's performance in light of those goals and objectives;
- establishing and reviewing the compensation, including equity awards, bonuses, and all other forms of compensation for our executive officers and such other officers as directed by our Board;
- reviewing general compensation policies, programs, and guidelines for our employees and the criteria by which bonuses to our employees are determined;
- reviewing and approving all employment, severance, and change in control arrangements with our executive officers; and
- acting as administrator of our equity award plans.

Mr. Kay, our Chief Executive Officer, annually reviews the performance of each executive officer and other members of senior management (other than the Chief Executive Officer, whose performance is reviewed by the Board) and makes recommendations regarding the base salary and other compensation payable to these officers. The Board considers the recommendations of Mr. Kay in determining cash compensation and equity awards, if any, for the executive officers and other members of senior management. The Board generally exercises its discretion in modifying any recommended adjustments or awards to executives. The Board has the authority to retain consultants and advisors as it may deem appropriate in its sole discretion, and has the sole authority to approve related fees and other retention terms.

Stockholder Communications with the Board of Directors

Interested parties may communicate with the Board or specific members of the Board, including the independent directors and the members of the audit committee, by submitting a letter addressed to the Board of Directors of iBio, Inc. c/o any specified individual director or directors at the address listed herein. Any such letters are then forwarded to the indicated directors.

Available information about iBio

Previously filed SEC current reports, quarterly reports, annual reports, and reports under Section 16(a) of the Securities Exchange Act of 1934 are available on our website at www.ibioinc.com and in print for any stockholder upon written request to our Secretary.

MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Information

On August 18, 2008 immediately after the spin-off from Integrated BioPharma, the Company's common stock commenced trading on the OTC Bulletin Board under the symbol "IBPM".

The following table shows the reported high and low closing prices per share for our common stock during the fiscal years ended June 30, 2010 and 2009:

	2010		2009	
	High	Low	High	Low
First quarter	$ 1.25	$ 0.38	$ 2.00	$ 1.00
Second quarter	$ 1.44	$ 0.75	$ 1.00	$ 0.11
Third quarter	$ 1.22	$ 0.57	$ 0.31	$ 0.12
Fourth quarter	$ 1.42	$ 0.95	$ 0.69	$ 0.20

Holders

As of December 15, 2010, we had approximately 1,100 holders of record of our common stock.

Dividends

The Company has not declared or paid a dividend with respect to its common stock during the fiscal years ended June 30, 2009 and 2010 nor does the Company anticipate paying dividends in the foreseeable future.

Equity Compensation Plans

The following table provides information regarding the status of our existing equity compensation plans at June 30, 2010:

	Number of Shares of Common Stock to be Issued Upon Exercise of Outstanding Options and Warrants	Weighted Average Exercise Price of Outstanding Options and Warrants	Number of Options Remaining Available for Future Issuance Under Equity Compensation Plans (excluding securities reflected in the previous columns)
Equity compensation plans approved by stockholders	2,210,000	$ 0.58	7,790,000
Equity compensation plans not approved by stockholders	—	—	—
Total	2,210,000	$ 0.58	7,790,000

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information with respect to the beneficial ownership of our outstanding common stock as of December 15, 2010:

- each person who is known by us to be the beneficial owner of 5% or more of our common stock;
- each of our directors and executive officers; and
- all of our directors and executive officers as a group.

Except as otherwise noted in the footnotes below, the entity, individual director or executive officer or their family members or principal stockholder has sole voting and investment power with respect to such securities.

The address of each of the persons listed below is c/o iBio, Inc., 9 Innovation Way, Suite 100, Newark, Delaware 19711.

Name of Beneficial Owner	**Number of Shares Beneficially Owned (1)**	**Percent of Shares Beneficially Owned (2)**
E. Gerald Kay	6,386,595 (3)	19.8 %
Carl DeSantis	5,551,419 (4)	17.1 %
Robert B. Kay	1,190,962 (5)	3.7 %
Riva Sheppard	2,466,864 (6)	7.6 %
Christina Kay	2,466,864 (6)	7.6 %
John McKey, Jr.	769,299 (7)	2.4 %
Glenn Chang	62,150 (8)	*
General James T. Hill	80,000 (9)	*
Philip K. Russell, M.D.	—	*
Pamela Bassett, D.M.D.	—	*
Arthur Y. Elliott, Ph.D.	—	*
Robert L. Erwin	160,000 (10)	*
Vidadi Yusibov, Ph.D.	—	*

Directors and executive officers as a group (9 persons)	2,262,411	6.9 %

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* Represents less than 1% of outstanding shares.

(1) Unless otherwise indicated, includes shares owned by a spouse, minor children, by relatives sharing the same home, and entities owned or controlled by the named person. Also includes shares if the named person has the right to acquire such shares within 60 days after November 1, 2010, by the exercise of warrant, stock option or other right. Unless otherwise noted, shares are owned of record and beneficially by the named person.

(2) Based upon 32,292,254 shares of common stock outstanding on December 15, 2010.

(3) Includes (i) 819,629 shares of common stock held by EGK LLC, of which Mr. Kay is the manager and (ii) 1,266,706 shares of common stock owned by Integrated BioPharma, Inc. of which Mr. Kay is a member of a control group. Shares dispositive power with Christina Kay with respect to 169,358 shares of common stock and with Riva Kay Sheppard with respect to 169,358 shares of common stock.

(4) Includes (i) 6,125 shares of common stock owned directly by Mr. DeSantis, (ii) 1,266,706 shares of common stock held by Integrated BioPharma, Inc., of which Mr. DeSantis is a member of a control group, (iii) 1,719,393 shares of common stock held by CD Financial, LLC, (iv) 250,000 shares of common stock underlying a warrant held by CD Financial, LLC and (v) 2,245,417 shares of common stock held by the DeSantis Revocable Trust.

(5) Includes (i) 819,629 shares of common stock held by EVJ LLC, of which Mr. Kay is the manager, and (ii) 160,000 shares of common stock underlying vested stock options.

(6) Includes 1,266,706 shares of common stock owned by Integrated BioPharma, Inc. of which Ms. Sheppard and Ms. Kay are members of a control group. Shares dispositive power with E. Gerald Kay with respect to 169,358 shares of common stock.

(7) Includes 83,333 shares of common stock underlying vested stock options and 199,408 shares of common stock underlying warrants.

(8) Includes 50,000 shares of common stock underlying vested stock options.

(9) Includes 50,000 shares of common stock underlying vested stock options, and 15,000 shares of common stock underlying warrants.

(10) All shares listed are shares of common stock underlying vested stock options.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Our Board's policy is to review with management and our independent auditor any related party transactions brought to the Board's attention which could reasonably be expected to have a material impact on our financial statements. The Company's practice is for management to present to the Board each proposed related party transaction, including all relevant facts and circumstances relating thereto, and to update the Board as to any material changes to any approved related party transaction. In connection with this requirement, each of the transactions or relationships disclosed below were disclosed to and approved by our Board. In addition, transactions involving our directors and their affiliated entities were disclosed and reviewed by our Board in its assessment of our directors' independence requirements.

Historical Relationship with Integrated BioPharma, Inc.

We were a subsidiary of Integrated BioPharma from February 21, 2003 until August 18, 2008. As a result, in the ordinary course of our business, we received various services provided by Integrated BioPharma, including treasury, tax, legal, investor relations, executive oversight and other services. Integrated BioPharma also provided us with the services of a number of its executives and employees. Our historical financial statements include allocations by Integrated BioPharma of a portion of its overhead costs related to these services. These cost allocations have been determined on a basis that we and Integrated BioPharma considered to be reasonable reflections of the use of these services. Integrated BioPharma's allocations and charges to us aggregated $8,333 and $23,000 in the fiscal years ended June 30, 2010 and 2009, respectively, of expenses it incurred for providing us these services.

Integrated BioPharma's Distribution of Our Stock

As of June 30, 2008, Integrated BioPharma owned all of our common stock until completion of the distribution on August 18, 2008. In connection with the distribution, Integrated BioPharma distributed its equity interest in us to its stockholders in a transaction that was intended to be tax-free to Integrated BioPharma and its U.S. stockholders.

Agreements Between Us and Integrated BioPharma

We entered into the agreements listed below with Integrated BioPharma prior to the completion of the distribution in the context of our relationship as a subsidiary of Integrated BioPharma. The prices and other terms of these agreements may be less favorable to us than those we could have obtained in arm's-length negotiations with unaffiliated third parties for similar services or under similar agreements.

Separation and Distribution Agreement. The separation and distribution agreement contains the key provisions relating to the distribution by Integrated BioPharma to its stockholders of our common stock.

On the distribution date, Integrated BioPharma and we entered into the following ancillary agreements governing various ongoing relationships between Integrated BioPharma and us following the distribution date:

- an indemnification and insurance matters agreement;
- a tax responsibility allocation agreement; and
- a transitional services agreement.

To the extent that the terms of any of these ancillary agreements conflict with the separation and distribution agreement, the terms of these ancillary agreements govern. We describe these agreements more fully below.

Intercompany Payable. As of June 30, 2008, we were indebted to Integrated BioPharma in an amount of approximately $7.9 million, as a result of the prior intercompany financial relationship between our Company as a subsidiary and Integrated BioPharma as the corporate parent. Immediately following the consummation of the distribution, approximately $2.7 million of the then outstanding balance of the intercompany payable was converted into equity as a capital contribution to us, and, Integrated BioPharma owned 5.4% of our outstanding shares of common stock as of the August 12, 2008 when also taking into account the completion of the private placement as described herein. The remaining balance of approximately $5.2 million was contributed to capital and did not result in any new shares issued to Integrated BioPharma of iBio.

Information Exchange. We and Integrated BioPharma agreed to share information with each other for use as long as no law or agreement is violated, it is not commercially detrimental to us or Integrated BioPharma, and no attorney-client privilege is waived:

- to satisfy reporting, disclosure, filing and other obligations;
- in connection with legal proceedings other than claims that we and Integrated BioPharma have against each other;
- to comply with obligations under the agreements between Integrated BioPharma and us; and
- in connection with the ongoing businesses of Integrated BioPharma and our Company as it relates to the conduct of these businesses before the spin-off.

Integrated BioPharma and we also agreed:

- to use reasonable commercial efforts to retain information that may be beneficial to the other;
- and to use reasonable commercial efforts to provide the other with employees, personnel, officers or agents for use as witnesses in legal proceedings and any books, records or other documents that may be required by the other party for the legal proceedings.

Auditing Practices. We agreed:

- to provide Integrated BioPharma with all relevant information that Integrated BioPharma reasonably requires to enable Integrated BioPharma to prepare its quarterly and annual financial statements for quarters or years that include any financial reporting period for which our financial results are consolidated with Integrated BioPharma's financial statements;
- to grant Integrated BioPharma's internal auditors access to the personnel performing our annual audits and quarterly reviews and the related work papers; and
- not to change our accounting principles, or restate or revise our financial statements, if doing so would require Integrated BioPharma to restate or revise its financial statements for periods in which our financial results are included in Integrated BioPharma's consolidated financial statements unless we are required to do so to comply in all material respects with generally accepted accounting principles and SEC requirements.

Expenses. Both we and Integrated BioPharma paid our respective out-of-pocket costs and expenses incurred with respect to the distribution.

Termination and Amendment of the Agreement. Neither we nor Integrated BioPharma may terminate the separation and distribution agreement at any time after the consummation of the distribution, which was August 12, 2008, unless the other agrees.

Indemnification and Insurance Matters Agreement

Indemnification. In general, under the indemnification and insurance matters agreement, we agreed to indemnify Integrated BioPharma, its affiliates and each of its and their respective directors, officers, employees, agents and representatives from all liabilities that arise from:

- any breach by us of the separation and distribution agreement or any ancillary agreement;
- any of our liabilities reflected on our consolidated balance sheets included in the information statement relating to the spin-off;
- our assets or businesses;
- the management or conduct of our assets or businesses;
- the liabilities allocated to or assumed by us under the separation and distribution agreement, the indemnification and insurance matters agreement or any of the other ancillary agreements;
- various on-going litigation matters in which we are named defendant, including any new claims asserted in connection with those litigations, and any other past or future actions or claims based on similar claims, facts, circumstances or events, whether involving the same parties or similar parties, subject to specific exceptions;

- claims that are based on any violations or alleged violations of U.S. or foreign securities laws in connection with transactions arising after the distribution relating to our securities and the disclosure of financial and other information and data by us or the disclosure by Integrated BioPharma as part of the distribution of our financial information or our confidential information; or

- any actions or claims based on violations or alleged violations of securities or other laws by us or our directors, officers, employees, agents or representatives, or breaches or alleged breaches of fiduciary duty by our board of directors, any committee of our board or any of its members, or any of our officers or employees.

Integrated BioPharma agreed to indemnify us and our affiliates and our directors, officers, employees, agents and representatives from all liabilities that arise from:

- any breach by Integrated BioPharma of the separation and distribution agreement or any ancillary agreement;

- any liabilities allocated to or to be retained or assumed by Integrated BioPharma under the separation and distribution agreement, the indemnification and insurance matters agreement or any other ancillary agreement;

- liabilities incurred by Integrated BioPharma in connection with the management or conduct of Integrated BioPharma's businesses; and

- various ongoing litigation matters to which we are not a party.

Integrated BioPharma is not obligated to indemnify us against any liability for which we are also obligated to indemnify Integrated BioPharma. Recoveries by Integrated BioPharma under insurance policies will reduce the amount of indemnification due from us to Integrated BioPharma only if the recoveries are under insurance policies Integrated BioPharma maintains for our benefit. Recoveries by us will in all cases reduce the amount of any indemnification due from Integrated BioPharma to us.

Under the indemnification and insurance matters agreement, a party has the right to control the defense of third-party claims for which it is obligated to provide indemnification, except that Integrated BioPharma has the right to control the defense of any third-party claim or series of related third- party claims in which it is named as a party whether or not it is obligated to provide indemnification in connection with the claim and any third-party claim for which Integrated BioPharma and we may both be obligated to provide indemnification. We may not assume the control of the defense of any claim unless we acknowledge that if the claim is adversely determined, we will indemnify Integrated BioPharma in respect of all liabilities relating to that claim. The indemnification and insurance matters agreement does not apply to taxes covered by the tax responsibility allocation agreement.

Insurance Matters. Under the indemnification and insurance matters agreement, we will be responsible for obtaining and maintaining insurance programs for our risk of loss and our insurance arrangements will be separate from Integrated BioPharma's insurance programs.

Offset. Integrated BioPharma is permitted to reduce amounts it owes us under any of our agreements with Integrated BioPharma, by amounts we may owe to Integrated BioPharma under those agreements.

Assignment. We may not assign or transfer any part of the indemnification and insurance agreement without Integrated BioPharma's prior written consent. Nothing contained in the agreement restricts the transfer of the agreement by Integrated BioPharma.

Tax Responsibility Allocation Agreement. In order to allocate our responsibilities for taxes and certain other tax matters, we and Integrated BioPharma entered into a tax responsibility allocation agreement prior to the date of the distribution. Under the terms of the agreement, with respect to consolidated federal income taxes, and consolidated, combined and unitary state income taxes, Integrated BioPharma will be responsible for, and will indemnify and hold us harmless from, any liability for income taxes with respect to taxable periods or portions of periods ending prior to the date of distribution to the extent these amounts exceed the amounts we have paid to Integrated BioPharma prior to the distribution or in connection with the filing of relevant tax returns. Integrated BioPharma is also be responsible for, and will indemnify and hold us harmless from, any liability for income taxes of Integrated BioPharma or any member of the Integrated BioPharma group (other than us) by reason of our being severally liable for those taxes under U.S. Treasury regulations or analogous state or local provisions. Under the terms of the agreement, with respect to consolidated federal income taxes, and consolidated, combined and unitary state income taxes, we are responsible for, and will indemnify and hold Integrated BioPharma harmless from, any liability for our

income taxes for all taxable periods, whether before or after the distribution date. With respect to separate state income taxes, we are also responsible for, and will indemnify and hold Integrated BioPharma harmless from, any liability for income taxes with respect to taxable periods or portions of periods beginning on or after the distribution date. We are also responsible for, and will indemnify and hold Integrated BioPharma harmless from, any liability for our non-income taxes and our breach of any obligation or covenant under the terms of the tax responsibility allocation agreement, and in certain other circumstances as provided therein. In addition to the allocation of liability for our taxes, the terms of the agreement also provide for other tax matters, including tax refunds, returns and audits.

Limitation of Liability of Officers and Directors and Indemnification

Our Certificate of Incorporation provides for indemnification of our officers and directors to the extent permitted by Delaware law, which generally permits indemnification for actions taken by officers or directors as our representatives if the officer or director acted in good faith and in a manner he or she reasonably believed to be in the best interest of the corporation. We have entered into indemnification agreements with our officers and directors to specify the terms of our indemnification obligations. In general, these indemnification agreements provide that we will:

- indemnify our directors and officers to the fullest extent now permitted under current law and to the extent the law later is amended to increase the scope of permitted indemnification;
- advance payment of expenses to a director or officer incurred in connection with an indemnifiable claim, subject to repayment if it is later determined that the director or officer was not entitled to be indemnified;
- reimburse the director or officer for any expenses incurred by the director or officer in seeking to enforce the indemnification agreement; and
- have the opportunity to participate in the defense of any indemnifiable claims against the director or officer.

As permitted under Delaware law, the By-laws contain a provision indemnifying directors against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by them in connection with an action, suit or proceeding if they acted in good faith and in a manner they reasonably believed to be in or not opposed to the best interests of our Company, and, with respect to any criminal action or proceeding, had no reasonable cause to believe their conduct was unlawful.

The separation and distribution agreement that we have entered into with Integrated BioPharma provides for indemnification by us of Integrated BioPharma and its directors, officers and employees for some liabilities, including liabilities under the Securities Act and the Securities Exchange Act of 1934 in connection with the distribution, and a mutual indemnification of each other for product liability claims arising from their respective businesses, and also requires that we indemnify Integrated BioPharma for various liabilities of iBioPharma, and for any tax that may be imposed with respect to the distribution and which result from our actions or omissions in that regard.

DESCRIPTION OF SECURITIES

Capital Stock

We are authorized to issue 100,000,000 shares of common stock, par value $0.001 per share, following an amendment to our Certificate of Incorporation approved by our stockholders on December 9, 2010, of which 28,272,655 shares were issued and outstanding as of September 30, 2010, and 1,000,000 shares of preferred stock, no par value, of which no shares were issued and outstanding as of September 30, 2010.

Common Stock

Holders of common stock are entitled to one vote per share on all matters to be voted upon by the stockholders and are not entitled to cumulative voting for the election of directors. Holders of common stock are entitled to receive ratably such dividends, if any, as may be declared from time to time by the Board of Directors out of funds legally available therefor subject to the rights of preferred stockholders. We do not intend to pay any cash dividends to the holders of common stock and anticipate reinvesting our earnings. In the event of liquidation, dissolution or winding up of our company, the holders of common stock are entitled to share ratably in all assets remaining after payment of liabilities and the preferences of preferred

stockholders. Shares of common stock have no preemptive, conversion or other subscription rights. There are no redemption or sinking fund provisions applicable to common stock.

Preferred Stock

We are authorized to issue 1,000,000 shares of preferred stock, with no par value, and the Board of Directors is authorized to create one or more series of preferred stock, and to designate the rights, privileges, restrictions, preferences and limitations of any given series of preferred stock. Accordingly, the Board of Directors may, without stockholder approval, issue shares of preferred stock with dividend, liquidation, conversion, voting or other rights that could adversely affect the voting power or other rights of the holders of common stock.

DISCLOSURE OF COMMISSION POSITION ON INDEMNIFICATION FOR SECURITIES ACT LIABILITIES

Our Certificate of Incorporation will provide for indemnification of our officers and directors to the extent permitted by Delaware law, which generally permits indemnification for actions taken by officers or directors as our representatives if the officer or director acted in good faith and in a manner he or she reasonably believed to be in the best interest of the corporation.

As permitted under Delaware law, our By-laws contain a provision indemnifying directors against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by them in connection with an action, suit or proceeding if they acted in good faith and in a manner they reasonably believed to be in or not opposed to the best interests of our company, and, with respect to any criminal action or proceeding, had no reasonable cause to believe their conduct was unlawful.

The separation and distribution agreement that we have entered into with Integrated BioPharma provides for indemnification by us of Integrated BioPharma and its directors, officers and employees for some liabilities, including liabilities under the Securities Act and the Securities Exchange Act of 1934 in connection with the distribution, and a mutual indemnification of each other for product liability claims arising from their respective businesses, and also requires that we indemnify Integrated BioPharma for various liabilities of iBio, and for any tax that may be imposed with respect to the distribution and which result from our actions or omissions in that regard.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling us pursuant to the foregoing provisions, or otherwise, we have been advised that in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

PLAN OF DISTRIBUTION

The selling stockholders and any of their pledgees, donees, transferees, assignees and successors-in-interest may, from time to time, sell any or all of their shares of common stock on any stock exchange, market or trading facility on which the shares are traded or in private transactions. These sales may be at fixed or negotiated prices. The selling stockholders may use any one or more of the following methods when selling shares:

- ordinary brokerage transactions and transactions in which the broker-dealer solicits investors;
- block trades in which the broker-dealer will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- an exchange distribution in accordance with the rules of the applicable exchange;
- an underwritten offering;
- privately negotiated transactions;
- to cover short sales made after the date that this Registration Statement is declared effective by the Commission;
- broker-dealers may agree with the selling stockholders to sell a specified number of such shares at a stipulated price per share;
- a combination of any such methods of sale; and

- any other method permitted pursuant to applicable law.

The selling stockholders may also sell shares under Rule 144 under the Securities Act, if available, rather than under this prospectus.

Broker-dealers engaged by the selling stockholders may arrange for other brokers-dealers to participate in sales. Broker-dealers may receive commissions or discounts from the selling stockholders (or, if any broker-dealer acts as agent for the purchaser of shares, from the purchaser) in amounts to be negotiated. The selling stockholders do not expect these commissions and discounts to exceed what is customary in the types of transactions involved.

The selling stockholders may from time to time pledge or grant a security interest in some or all of the shares owned by them and, if they default in the performance of their secured obligations, the pledgees or secured parties may offer and sell shares of common stock from time to time under this prospectus, or under an amendment to this prospectus under Rule 424(b)(3) or other applicable provision of the Securities Act amending the list of selling stockholders to include the pledgee, transferee or other successors in interest as selling stockholders under this prospectus.

Upon our being notified in writing by a selling stockholder that any material arrangement has been entered into with a broker-dealer for the sale of common stock through a block trade, special offering, exchange distribution or secondary distribution or a purchase by a broker or dealer, a supplement to this prospectus will be filed, if required, pursuant to Rule 424(b) under the Securities Act, disclosing (i) the name of each such selling stockholder and of the participating broker-dealer(s), (ii) the number of shares involved, (iii) the price at which such the shares of common stock were sold, (iv) the commissions paid or discounts or concessions allowed to such broker-dealer(s), where applicable, (v) that such broker-dealer(s) did not conduct any investigation to verify the information set out or incorporated by reference in this prospectus, and (vi) other facts material to the transaction. In addition, upon our being notified in writing by a selling stockholder that a donee or pledgee intends to sell more than 500 shares of common stock, a supplement to this prospectus will be filed if then required in accordance with applicable securities law.

The selling stockholders also may transfer the shares of common stock in other circumstances, in which case the transferees, pledgees or other successors in interest will be the selling beneficial owners for purposes of this prospectus.

The selling stockholders and any broker-dealers or agents that are involved in selling the shares may be deemed to be “underwriters” within the meaning of the Securities Act in connection with such sales. In such event, any commissions received by such broker-dealers or agents and any profit on the resale of the shares purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act. Discounts, concessions, commissions and similar selling expenses, if any, that can be attributed to the sale of Securities will be paid by the selling stockholder and/or the purchasers. Each selling stockholder has represented and warranted to us that it acquired the securities subject to this registration statement in the ordinary course of such selling stockholder’s business and, at the time of its purchase of such securities such selling stockholder had no agreements or understandings, directly or indirectly, with any person to distribute any such securities.

We have advised each selling stockholder that it may not use shares offered by this prospectus to cover short sales of common stock made prior to the date of this prospectus. If a selling stockholder uses this prospectus for any sale of the common stock, it will be subject to the prospectus delivery requirements of the Securities Act. The selling stockholders will be responsible to comply with the applicable provisions of the Securities Act and the Securities Exchange Act of 1934, and the rules and regulations thereunder promulgated, including, without limitation, Regulation M, as applicable to such selling stockholders in connection with resales of their respective shares under this prospectus.

We are required to pay all fees and expenses incident to the registration of the shares, but we will not receive any proceeds from the sale of the common stock. We have agreed to indemnify the selling stockholders against certain losses, claims, damages and liabilities, including liabilities under the Securities Act.

LEGAL MATTERS

The legality of the securities offered hereby has been passed on for us by Andrew Abramowitz, PLLC, New York, New York.

EXPERTS

The financial statements of iBio, Inc. (formerly iBioPharma, Inc.) as of June 30, 2010, and for the year then ended, included in this prospectus and the registration statement of which this prospectus is a part, have been so included in reliance on the audit report of J.H. Cohn LLP, an independent registered public accounting firm, included in this prospectus and the registration statement of which this prospectus is a part, given the authority of that firm as experts in accounting and auditing.

The financial statements of iBio, Inc. (formerly iBioPharma, Inc.) as of June 30, 2009, and for the year then ended, included in this prospectus and the registration statement of which this prospectus is a part, have been so included in reliance on the audit report of Amper, Politziner & Mattia, LLP, an independent registered public accounting firm, included in this prospectus and the registration statement of which this prospectus is a part, given the authority of that firm as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a Registration Statement on Form S-1 under the Securities Act covering the sale of the securities offered by this prospectus. This prospectus, which is a part of the Registration Statement, does not contain all of the information in the Registration Statement and the exhibits filed with it, portions of which have been omitted as permitted by the SEC rules and regulations. For further information concerning us and the securities offered by this prospectus, please refer to the Registration Statement and to the exhibits filed therewith.

The Registration Statement, including all exhibits, may be inspected without charge at the SEC's Public Reference Room at the SEC's principal office at Room 1580, 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of this public reference room by calling 1-800-SEC-0330. The Registration Statement, including all exhibits and schedules and amendments, has been filed with the SEC through the Electronic Data Gathering Analysis and Retrieval system and is available to the public from the SEC's web site at http://www.sec.gov.

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
iBio, Inc.

We have audited the accompanying balance sheet of iBio, Inc. as of June 30, 2010, and the related statements of operations, stockholders' equity (deficiency) and cash flows the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of iBio, Inc. as of June 30, 2010, and its results of operations and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 6 to the financial statements, effective July 1, 2009, the Company adopted guidance in Accounting Standards Codification 815-40, "Derivatives and Hedging – Contracts in Entity's Own Equity".

/s/ J. H. Cohn LLP

Eatontown, New Jersey
October 13, 2010, except for the matters discussed in Note 12b, as to which the date is November 22, 2010.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
iBio, Inc.

We have audited the accompanying balance sheet of iBio, Inc, (formerly BioPharma, Inc.) as of June 30, 2009 and the related statements of operations, stockholders' equity (deficiency), and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of iBio, Inc, (formerly iBioPharma, Inc.) as of June 30, 2009, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ Amper, Politziner & Mattia, LLP

Edison, New Jersey
September 28, 2009

iBio, Inc.
Balance Sheets

	June 30, 2010	June 30, 2009
Assets		
Current assets:		
Cash	$ 909,932	$ 1,039,244
Accounts receivable	47,460	209,795
Prepaid expenses and other current assets	68,150	16,569
Total current assets	1,025,542	1,265,608
Fixed assets, net	11,050	14,878
Intangible assets, net	3,893,653	3,649,878
Total assets	$ 4,930,245	$ 4,930,364
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 2,007,166	$ 112,331
Accrued expenses	132,865	429,809
Derivative instrument liability (see Note 6)	1,714,084	—
Total liabilities	3,854,115	542,140
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, no par value, 5,000,000 shares authorized, no shares outstanding	—	—
Common stock, $0.001 par value, 50,000,000 shares authorized, 28,272,655 and 23,357,519 issued and outstanding as of June 30, 2010 and 2009, respectively	28,273	23,358
Additional paid-in capital	14,567,349	13,049,734
Accumulated deficit	(13,519,492)	(8,684,868)
Total stockholders' equity	1,076,130	4,388,224
Total liabilities and stockholders' equity	$ 4,930,245	$ 4,930,364

The accompanying notes are an integral part of these financial statements

iBio, Inc.
Statements of Operations

	Years ended June 30,	
	2010	2009
Sales	$ —	$ 1,176,604
Cost of goods sold	—	500,835
Gross profit	—	675,769
Operating expenses:		
Research and development	2,517,360	797,400
General and administrative	2,069,979	1,804,561
Total operating expenses	4,587,339	2,601,961
Operating loss	(4,587,339)	(1,926,192)
Other income (expense):		
Interest income	12,731	20,424
Interest expense	(13,109)	
Royalty income	26,792	—
Change in the fair value of derivative instrument liability (see Note 6)	(1,514,695)	—
Other income (expense)	(1,488,281)	20,424
Loss before income taxes	(6,075,620)	(1,905,768)
Income tax expense	2,400	1,528
Net loss	$ (6,078,020)	$ (1,907,296)
Net loss per common share - Basic and diluted	$ (0.22)	$ (0.09)
Weighted average common shares outstanding - Basic and diluted	27,303,094	20,265,667

The accompanying notes are an integral part of these financial statements

iBio, Inc.
Statement of Stockholders' Equity (Deficiency)

	Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount			
Balance, July 1, 2008	—	$ —	100	$ 575,000	$ —	$ (6,777,572)	$(6,202,572)
Shares cancelled	—	—	(100)	(575,000)	575,000	—	—
Shares issued to shareholders of Former parent, Integrated BioPharma, Inc.	—	—	19,845,061	19,845	(19,845)	—	—
Shares forfeited by shareholder of Former parent, Integrated Bio Pharma, Inc.	—	—	(100,000)	(100)	100	—	—
Shares issued in connection with conversion of intercompany debt with Integrated BioPharma, Inc.	—	—	1,266,706	1,267	7,908,227	—	7,909,494
Issuance of common stock and warrants for cash at $2.13 per unit, net of expenses	—	—	2,345,752	2,346	4,577,956	—	4,580,302
Stock-based compensation	—	—	—	—	8,296	—	8,296
Net loss	—	—	—	—	—	(1,907,296)	(1,907,296)
Balance, June 30, 2009	—	—	23,357,519	23,358	13,049,734	(8,684,868)	4,388,224
Cumulative effect of a change in accounting principle - Adoption of ASC 815-40 (see Note 6)	—	—	—	—	(1,442,785)	1,243,396	(199,389)
Issuance of common stock and warrants for cash at $0.65 per unit, net of expenses	—	—	4,615,385	4,615	2,791,272	—	2,795,887
Issuance of common stock in accordance with anti-dilution provisions of the August 2008 financing	—	—	299,751	300	(300)	—	—
Stock-based compensation expense	—	—	—	—	143,828	—	143,828
Issuance of warrants to consultant	—	—	—	—	25,600	—	25,600
Net loss	—	—	—	—	—	(6,078,020)	(6,078,020)
Balance, June 30, 2010	—	$ —	28,272,655	$ 28,273	$14,567,349	$(13,519,492)	$ 1,076,130

The accompanying notes are an integral part of these financial statements

iBio, Inc.
Statements of Cash Flows

	Years ended June 30,	
	2010	2009
Cash flows from operating activities:		
Net loss	$(6,078,020)	$(1,907,296)
Adjustments to reconcile net loss to net cash used in operating activities:		
Change in the fair value of derivative instrument liability (see Note 6)	1,514,695	—
Depreciation and amortization	337,029	283,952
Stock-based compensation	143,828	13,059
Issuance of warrants for services	25,600	—
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	162,335	(104,395)
(Increase) decrease in prepaid expenses and other current assets	(51,581)	27,106
Increase (decrease) in accounts payable	1,894,835	(393,587)
Increase (decrease) in accrued expenses	(296,944)	56,354
Net cash used in operating activities	(2,348,223)	(2,024,807)
Cash flows from investing activities:		
Additions to intangible assets	(576,976)	(562,759)
Payment under terms of agreement to purchase intellectual property	—	(1,050,000)
Purchase of fixed assets	—	(4,580)
Net cash used in investing activities	(576,976)	(1,617,339)
Cash flows from financing activities:		
Proceeds from sale of common stock and warrants, net of expenses	2,795,887	4,580,302
Advances from former parent	—	82,083
Net cash provided by financing activities	2,795,887	4,662,385
Net increase (decrease) in cash	(129,312)	1,020,239
Cash - Beginning of year	1,039,244	19,005
Cash - End of year	$ 909,932	$ 1,039,244
Supplemental disclosures of cash flow information:		
Cash paid for:		
Interest	$ —	$ 898
Income taxes	$ 2,120	$ 1,478
Supplemental disclosures of non-cash operating, investing, and financing activities:		
Cumulative effect of a change in accounting principle - Adoption of ASC 815-40 (see Note 6)	$ 199,389	$ —
Issuance of common stock in accordance with anti-dilution provisions of the August 2008 financing	$ 300	$ —
Cancellation of common stock owned by former parent	$ —	$ 575,000

Issuance of common stock to stockholders of former parent	$ —	$ 19,845
Issuance of common stock upon conversion of intercompany debt due to former parent	$ —	$ 7,909,494

The accompanying notes are an integral part of these financial statements

1) Business

iBio, Inc. ('iBio" or the "Company") is a biotechnology company focused on commercializing its proprietary technology, the iBioLaunch™ platform, for the production of biologics including vaccines and therapeutic proteins. Our strategy is to utilize our technology for development and manufacture of our own product candidates and to work with both corporate and government clients to reduce their costs during product development and meet their needs for low cost, high quality biologics manufacturing systems. Our near-term focus is to establish business arrangements for use of our technology by licensees for the development and production of products for both therapeutic and vaccine uses. Vaccine candidates presently being advanced on our proprietary platform are applicable to newly emerging strains of H1N1 swine-like influenza and H5N1 for avian influenza.

Prior to April 1, 2009, the Company also used plants as a source of novel, high quality nutritional supplements and sold those products to customers located primarily in the United States. Effective that date, the Company licensed that process and transferred all such customer relationships to a subsidiary of its Former Parent (as defined below) in consideration for a royalty on future net sales.

The Company was formerly known as InB:Biotechnologies, Inc. and was a wholly owned subsidiary of Integrated BioPharma, Inc. ("Integrated" or "Former Parent"). Effective August 18, 2008, the Company was spun-off from Integrated in the form of a dividend to Integrated stockholders. Immediately following the spin-off, the Company became a public company known as iBioPharma, Inc. with stock traded on the OTC Bulletin Board under the symbol IBPM. Effective August 10, 2009, the Company changed its name to iBio, Inc. See Note 9 for additional information in connection with these transactions.

The Company is operating in one business segment for both years presented.

2) Liquidity and Basis of Presentation

The Company incurred significant losses and negative cash flows from operations during fiscal 2010 and 2009 and has an accumulated deficit of $13,519,000 and a working capital deficit of $2,829,000 as of June 30, 2010. Cash outflows for operating and investment activities during fiscal 2010 and 2009 totaled $2,925,000 and $3,642,000, respectively. The Company has historically financed its activities through the private placement of its equity securities. To date, the Company has dedicated most of its financial resources to research and development and general and administrative expenses as well as disbursements related to investments in intellectual property. Cash on hand as of June 30, 2010 is expected to support the Company's activities through the balance of calendar 2010.

The Company plans to fund our development and commercialization activities during the balance of 2010 and beyond through licensing arrangements and/or the sale of equity securities. The Company cannot be certain that such funding will be available on acceptable terms, or available at all. To the extent that the Company raises additional funds by issuing equity securities, its stockholders may experience significant dilution. If the Company is unable to raise funds when required or on acceptable terms, it may have to: a) Significantly delay, scale back, or discontinue the development and/or commercialization of one or more product candidates; b) Seek collaborators for product candidates at an earlier stage than would otherwise be desirable and/or on terms that are less favorable than might otherwise be available; or c) Relinquish or otherwise dispose of rights to technologies, product candidates, or products that it would otherwise seek to develop or commercialize itself and possibly cease operations.

These financial statements were prepared under the assumption that the Company will continue as a going concern. As discussed in Note 12b, *Subsequent Events*, in November 2010 the Company completed a private offering of its securities and received approximately $7,460,000 in net proceeds. With this capital, the Company has sufficient cash to continue operations through fiscal 2011.

3) Accounting Policies

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 for the reporting period. Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. The areas most significantly affected by estimates consist of:

- Valuation and recoverability of intangible assets;
- Stock-based compensation;
- Valuation of derivative instruments; and
- Income taxes and valuation allowance on deferred income taxes.

On a regular basis, management reviews its estimates utilizing currently available information, changes in facts and circumstances, historical experience and reasonable assumptions. After such reviews, and if deemed appropriate, those estimates are adjusted accordingly. Actual results could differ from those estimates.

Revenue Recognition. The Company recognizes revenue when persuasive evidence that an arrangement exists with a customer or client, the price to the purchaser is fixed or determinable, the product has been shipped or the service has been performed, the Company has no significant remaining obligation, and collectability is reasonably assured.

Research and Development. The Company expenses research and development costs as incurred.

Stock-Based Compensation. The Company accounts for options granted to employees by measuring the cost of services received in exchange for the award of equity instruments based upon the fair value of the award on the date of grant. The fair value of that award is then ratably recognized as expense over the period during which the recipient is required to provide services in exchange for that award. Options and warrants granted to consultants and other non-employees are valued as of the grant date and subsequently adjusted to fair value at the end of each reporting period until such options and warrants vest, and the fair value of such instruments, as adjusted, is expensed over the related vesting period.

Income Taxes. The Company accounts for income taxes using the asset and liability method. Accordingly, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in the tax rate is recognized in income or expense in the period that the change is effective. Tax benefits are recognized when it is probable that the deduction will be sustained. A valuation allowance is established when it is more likely than not that all or a portion of a deferred tax asset will either expire before the Company is able to realize the benefit, or that future deductibility is uncertain.

Earnings (Loss) Per Share. The Company calculates basic net loss per common share by dividing net loss by the weighted-average number of common shares outstanding for the period. Diluted net loss per common share is the same as basic net loss per common share since the inclusion of common shares issuable pursuant to the exercise of stock option agreements and warrants in the calculation of diluted net loss per common share would have been anti-dilutive.

The following table summarizes the number of common shares excluded from the calculation of diluted net loss per common share for years ended June 30, 2010 and 2009:

	2010	2009
Warrants	3,085,811	2,345,752
Stock options	2,210,000	780,000
Total	5,295,811	3,125,752

Financial Instruments. The Company records financial instruments consisting of cash, accounts receivable, and accounts payable at their historical cost and considers such amounts to approximate fair value due to their short term nature of those instruments. Financial instruments consisting of certain of the Company’s warrants are required to be accounted for as derivative liabilities and are recorded at fair value as discussed in Note 6.

Intangible Assets. The Company accounts for intangible assets at their historical cost and records amortization utilizing the straight-line method over periods ranging from 10 years to 15 years based upon their estimated useful lives. The Company reviews them for impairment whenever events or changes in business circumstances indicate that the carrying amount of such assets may not be fully recoverable. An impairment loss would be recognized when the estimated undiscounted future cash flow expected to be derived from the use of those assets is less than their carrying values. During the years ended June 30, 2010 and 2009, no impairment losses were recorded.

Contingent Liabilities. The Company records liabilities when it is probable a liability has been incurred and the amount can be reasonably estimated or determined. As of June 30, 2010 and 2009, there were no accruals for contingent liabilities.

4) Recently Issued Accounting Pronouncements

In June 2009, the Financial Accounting Standards Board ("FASB") issued the FASB Accounting Standards Codification ("Codification" or "ASC") as the single source of authoritative U.S. generally accepted accounting principles except for additional authoritative rules and interpretive releases issued by the SEC. The Codification is effective for financial statements issued for interim and annual periods ended after September 15, 2009. The Company adopted the Codification effective September 30, 2009 and such adoption did not have an impact upon the Company's financial statements.

Effective July 1, 2009, the Company adopted guidance in ASC 815-40, "Derivatives and Hedging - Contracts in Entity's Own Equity". This guidance was effective for fiscal years beginning after December 15, 2008 and the adoption by the Company effective July 1, 2009 had a material impact upon the Company's financial statements. The provisions of this guidance and details concerning its adoption are discussed in Note 6.

5) Intangible Assets

Intangible assets as of June 30, 2010 and 2009 consist of the following:

	2010	2009
Intellectual property	$ 3,600,000	$ 3,600,000
Patents	1,760,548	1,183,572
	5,360,548	4,783,572
Accumulated amortization	(1,466,895)	(1,133,694)
Net	$ 3,893,653	$ 3,649,878

Intellectual property consists of technology for producing targeted proteins in plants for the development and manufacture of novel vaccines and therapeutics for humans and certain veterinary applications (the "Technology"). The Company acquired this Technology from the Center for Molecular Biotechnology of Fraunhofer USA, Inc. ("FhCMB") through a Technology Transfer Agreement (the "TTA") dated December 18, 2003, as amended, for $3,600,000 which

was paid through a series of installment payments. The final installments totaling $1,050,000 were paid during the year ended June 30, 2009.

Terms of the TTA require FhCMB to provide the Company with research and development services related to the commercialization of the Technology and allows FhCMB to apply the Technology to the development and production of certain vaccines for use in developing countries. The most recent amendment to the TTA requires: a) the Company to make payments to FhCMB of $2,000,000 per year for five years, aggregating $10,000,000, for such services beginning in November 2009; and b) FhCMB to expend at least equal amounts during the same timeframe for research and development services related to the commercialization of the Technology. Additionally, under the terms of the TTA and for a period of fifteen years: a) the Company shall pay FhCMB 1% of all receipts derived by the Company from sales of products produced utilizing the Technology and 15% of all receipts derived by the Company from licensing the Technology to third parties with an overall minimum annual payment of $200,000 beginning with the twelve months ending December 31, 2010; and b) FhCMB shall pay the Company 9% of all receipts from sales, licensing, or commercialization of the Technology in developing countries as described above.

The Company made payments of $1,100,000 and $1,050,000 during the fiscal years ended June 30, 2010 and 2009, respectively, in compliance with the terms of the TTA. The Company's remaining commitment of $1,000,000 as of June 30, 2010 is included in Accounts Payable.

Patents consists of payments for services and fees related to the further development and protection of the Company's patent portfolio.

Amortization expense for intangible assets is recorded utilizing the straight-line method over periods ranging from ten to fifteen years, is included in selling and administrative expenses, and totaled $333,201 and $280,142, during the years ended June 30, 2010 and 2009, respectively.

The estimated annual amortization expense for intangible assets for the five succeeding fiscal years and thereafter is as follows as of June 30, 2010:

Fiscal year ending June 30,	
2011	$ 362,000
2012	362,000
2013	362,000
2014	362,000
2015	362,000
Thereafter	2,084,000
	$ 3,894,000

6) Derivative Financial Instruments

Introduction

Effective July 1, 2009, accounting principles generally accepted in the United States of America required that the warrants issued by the Company in connection with the August 2008 financing and previously recorded as a component of equity, must now be reported as a liability at fair value as of each balance sheet date and the change in that liability be reported as non-cash income or expense in the statement of operations for the related reporting period.

The Company uses the Black-Scholes option pricing model to estimate its derivative instrument liability which requires several assumptions, including the current price of the Company's common stock. This model is particularly sensitive to the assumed volatility in the price of the Company's common stock and the actual price of the Company's common stock as of each balance sheet date. Increases in the assumed volatility or the actual price of the Company's common stock has the effect of estimating a higher value for such warrants, which results in a larger estimated derivative liability on the balance sheet, which results in a larger non-cash expense being recorded in the statement of operations.

Thus, for example, the accounting guidance applicable to these warrants requires that the Company (assuming all other inputs to the Black-Scholes model remain constant) record non-cash expense when the Company's stock price is rising and record non-cash income when the Company's stock price is falling.

Detail Discussion

Effective July 1, 2009, the Company adopted guidance in ASC 815-40, "Derivatives and Hedging - Contracts in Entity's Own Equity". The applicable provisions of this guidance require that:

a) Warrants issued by the Company in the August 2008 financing transaction containing cashless exercise and downside ratchet provisions were previously accounted for as equity instruments in accordance with accounting principles generally accepted in the United States of America in effect through June 30, 2009 must now be considered and accounted for as derivative instruments effective July 1, 2009 and the related estimated fair value reported as a liability as of each balance sheet date; and

b) Such derivative instruments must be marked-to-market as of each balance sheet date and the change in the reported estimated fair value of such instruments be recorded as non-cash income or expense in the statement of operations.

In accordance with this guidance, the Company estimated the fair value of these instruments to be $199,389 as of July 1, 2009 and established a derivative instrument liability in that amount by recording reductions of $1,442,785 in additional paid-in capital and $1,243,396 in accumulated deficit. The effect of this adjustment is presented as a cumulative effect of change in an accounting principle in the statement of stockholders' equity (deficit).

As of June 30, 2010, the estimated fair value of this derivative liability was $1,714,084 and the resulting increase of $1,514,695 during the year ended June 30, 2010 was reported as non-cash expense in our statement of operations as a component of other income (expense).

The Company utilizes the Black-Scholes option pricing model to estimate the fair value of these derivative instruments. The Company considers them to be Level 2 type instruments in accordance with ASC 820-10 "Fair Value Measurements and Disclosures" as the inputs used to estimate their value are observable either directly or indirectly. The Company's common stock price input was based upon the closing market price for the date indicated. The risk-free interest rate assumptions were based upon the observed interest rates appropriate for the remaining contractual term of the instruments. The expected volatility assumptions were based upon the historical volatility of the stock of comparable companies due to the Company limited trading history. The expected dividend yield was assumed to be zero as the Company has not paid any dividends since its inception and does not anticipate paying dividends in the foreseeable future. The expected term assumptions were based upon the remaining contractual term of these instruments.

The inputs and assumptions made in calculating the fair value of these derivative instruments as of June 30, 2010 and July 1, 2009 were as follows:

	2010	2009
Common stock price	$ 1.38	$ 0.45
Risk free interest rate	1.04%	1.95%
Dividend yield	0%	0%
Volatility	98%	80%
Remaining contract term (in years)	3.2	4.2

7) Income Taxes

The components of the Company's deferred tax assets as of June 30, 2010 and 2009 are as follows:

	2010	2009
Deferred tax assets:		
Net operating loss	$ 3,792,000	$ 2,578,000
Accounts payable amounts not currently deductible	539,000	—
Stock-based compensation	57,000	—
Vacation accrual	13,000	—
Valuation allowance	(4,401,000)	(2,578,000)
Total	—	—
Less current portion	—	—
Net long-term deferred tax asset	$ —	$ —

Prior to the spin-off from its Former Parent in August 2008 as described in Note 9, the Company was included in the Former Parent's combined Federal income tax filings. Under the terms of the spin-off, the Company is entitled to receive in cash a portion of any future reduction in taxes realized in the Former Parent's combined Federal income tax filings through the use of net operating losses generated by the Company prior to the spin-off.

Federal net operating losses of approximately $1.5 million were used by the Former Parent prior to June 30, 2008 and are not available to the Company. The Former Parent allocated the use of the Federal net operating losses available for use on its consolidated Federal tax return on a pro rata basis based on all of the available net operating losses from all the entities included in its control group.

Federal and state net operating losses of approximately $9.3 million and $10.8 million are available to the Company as of June 30, 2010 and will expire at various dates through 2030. These carryforwards could be subject to certain limitations in the event there is a change in control of the Company and have been fully reserved in the Company's valuation allowance account as there is substantial doubt the Company or the Former Parent would be able use these net operating losses to offset future taxable income before the net operating losses expire and the Company or the Former Parent is able to realize the related benefit.

The components of the provision for income taxes for the years ended June 30, 2010 and 2009 consists of the following:

	2010	2009
Current - State	$ 2,400	$ 1,528
Deferred - Federal	(1,552,000)	(648,000)
Deferred - State	(271,000)	(113,000)
Total	(1,820,600)	(759,472)
Change in valuation allowance	1,823,000	761,000
Income tax expense	$ 2,400	$ 1,528

A reconciliation of the statutory tax rate to the effective tax rate for the years ended June 30, 2010 and 2009 is as follows:

	2010	2009
Statutory Federal income tax rate	34%	34%
State (net of Federal benefit)	5%	6%
Non-deductible expenses - Change in fair value of derivative financial instruments	(9%)	0%
Change in valuation allowance	(30%)	(40%)
Effective income tax rate	0%	0%

Federal and state tax returns for the year ended June 30, 2006 and prior are no longer subject to examination by Federal and state tax authorities. However, the net operating losses derived during such periods continue to be subject to Federal and state examination until the statute of limitations closes on any year in which a net operating loss is utilized.

The Company adopted ASC Topic 740 which clarifies the accounting for uncertainty in income taxes recognized in the financial statements. This interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken, or expected to be taken, in a tax return. There were no significant matters determined to be unrecognized tax benefits taken or expected to be taken in a tax return that have been recorded in the Company's financial statements as of or for the years ended June 30, 2010 and 2009.

Additionally, ASC Topic 740 provides guidance on the recognition of interest and penalties related to income taxes. The Company's policy is to record interest in other income/expense and penalties in general and administrative expense. There were no interest or penalties related to income taxes that have been accrued or recognized as of and for the years ended June 30, 2010 and 2009.

8) Commitments and Contingencies

a) Leases

The Company leases administrative office space in Newark, Delaware from FhCMB on a month-to-month basis. Total rent expense was $13,512 for each of the years ended June 30, 2010 and 2009.

b) Research and Royalty Agreements

As previously described in Note 5, the Company acquired Technology from FhCMB through a TTA dated December 18, 2003, as amended.

Terms of the TTA require the Company to: a) make payments to FhCMB of $2,000,000 per year for five years, aggregating $10,000,000, for research and development services beginning in November 2009; and b) pay FhCMB 1% of all receipts derived by the Company from sales of products produced utilizing the Technology and 15% of all receipts derived by the Company from licensing the Technology to third parties with an overall minimum annual payment of $200,000 beginning with the twelve months ending December 31, 2010.

Remaining minimum commitments under the terms of the TTA as of June 30, 2010 are as follows:

Less than one year	$ 3,200,000
Two to three years	4,400,000
Four to five years	2,400,000
Six years or more	1,800,000
Total	$ 11,800,000

The “Less than one year” amount includes $1,100,000 due to FhCMB under the terms of the TTA which is recorded in Accounts Payable as of June 30, 2010.

c) Resolution of Contingency

The Company previously reported a disagreement with FhCMB as of June 30, 2009 regarding whether a certain technical milestone was achieved by FhCMB under a vaccine research study which would trigger the obligation of a $250,000 payment by the Company to FhCMB. In connection with the resolution of that disagreement during the year ended June 30, 2010, the Company recorded $250,000 in research and development expenses and an accrued liability in the same amount. That amount is included in Accounts Payable as of June 30, 2010.

9) Equity Transactions

a) Spin-Off From Former Parent

In November 2007, the Company entered into a Separation and Distribution Agreement (the “Distribution”) with its Former Parent, whereby the Former Parent agreed to distribute, pro rata, to the holders of its common stock, all of the shares it owned of the Company’s common stock. The Distribution was completed on August 18, 2008 through:

a) The cancellation of 100 common shares with no par value and an assigned value of $575,000; and

b) The issuance of 19,845,061 common shares with a par value of $0.001 with an assigned value of $19,845.

Each shareholder of the Former Parent received one share of the Company for each share the shareholder owned as of August 12, 2008, the Record Date. The Distribution qualified as a tax-free reorganization under Section 355 of the Internal Revenue Code of 1986, as amended. The Agreement prohibits the Company from issuing additional shares of its common stock in excess of the shares issued with respect to the Distribution for the two years immediately following the effective date of the Distribution. Subsequent to this transaction, one shareholder of the Former Parent forfeited 100,000 shares in connection with the rescission of a consulting agreement and returned them to the Company and they were cancelled.

b) Conversion of Intercompany Debt

Concurrent with the effective date of the spin-off transaction described above, the Former Parent entered into a Conversion Agreement, whereby the Former Parent caused intercompany debt aggregating $7,909,494 to be used as follows:

i) $2,700,000 for the purchase of 1,266,706 shares of the Company, representing 6% of the then outstanding shares of the Company; and

ii) $5,209,494 to be contributed to additional paid-in capital.

Subsequent to the private placements as discussed below, the Former Parent owned 4.5% and 5.4% of the Company as of June 30, 2010 and 2009, respectively.

c) Private Placement - August 2008

Concurrent with the effective date of the spin-off transaction described above, the Company issued 2,345,752 shares of common stock at $2.13 per share and received net proceeds of $4,577,956. The Company also issued warrants for the purchase of: a) 1,172,876 shares of common stock with an exercise price of $3.20 per share; and b) 1,172,876 shares of common stock with an exercise price of $4.26 per share. The number of warrant shares and the exercise prices are subject to adjustment through August 18, 2011 should the Company issue common stock at a price per share less than $2.13. The warrants were immediately exercisable and expire August 18, 2013.

Proceeds from the issuance of these instruments were allocated to common stock and warrants based upon the relative amounts of the value of the common shares and the estimated fair value of the warrants. The warrants were considered a component of equity and the amount of net proceeds allocated to them were accounted for as an addition to additional paid-in capital. Effective July 1, 2009, accounting principles generally accepted in the United States of America required that the Company report the estimated fair value of such warrants as a liability as of each balance sheet date and the change in that liability as non-cash income or expense in the statement of operations for the related reporting period. The accounting for these warrants is described in Note 6.

Effective on September 10, 2009 with the September 2009 private placement described immediately below, the number of warrant shares and the exercise prices were adjusted in accordance with the terms of the August 2008 private placement.

d) Private Placement - September 2009

On September 10, 2009, the Company issued 4,615,385 shares of common stock at $0.65 per unit and received net proceeds of $2,795,887 and issued warrants to the placement agent for the purchase of 250,587 shares of common stock at a price of $0.65 per share. The warrants were 100% vested upon issuance and expire on September 10, 2014. The Company estimated the fair value of the warrants to be $92,637

Additionally, in connection with the September 2009 financing, the Company:

i) Issued 299,751 shares of common stock to the investors in the August 2008 financing in accordance with the anti-dilution provisions of that offering. The Company accounted for the issuances of those shares as a reduction of additional paid-in capital and an increase in common stock at the aggregate par value of $300; and

ii) Adjusted the warrant agreements with the investors in the August 2008 financing to provide for the purchase of an additional 369,472 shares of common stock and adjusted the exercise prices as follows:

1) Warrants for the purchase of 1,172,876 at $3.20 per common share were revised to provide for the purchase of 1,350,073 at $2.78 per common share; and

2) Warrants for the purchase of 1,172,876 at $4.26 per common share were revised to provide for the purchase of 1,365,151 at $3.66 per common share.

The accounting for these warrants issued in connection with the August 2008 financing is described in Note 6.

10) Share Based Payments

The Company accounts for options granted to employees by measuring the cost of services received in exchange for the award of equity instruments based upon the fair value of the award on the date of grant. The fair value of that award is then ratably recognized as expense over the period during which the recipient is required to provide services in exchange for that award. Options and warrants granted to consultants and other non-employees are valued as of the grant date and subsequently adjusted to fair value at the end of each reporting period until such options and warrants vest, and the fair value of such instruments, as adjusted, is expensed over the related vesting period.

a) Stock Options

On August 12, 2008, the Company adopted the iBioPharma 2008 Omnibus Equity Incentive Plan (the "Plan") for employee, officers, directors, or external service providers. Under the provisions of the Plan, the Company may grant options to purchase stock and/or make awards of restricted stock up to an aggregate amount of 10,000,000 shares. Options granted under the Plan may be either "incentive stock options" within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), or non-statutory stock options at the discretion of the Board of Directors and as reflected in the terms of the written option agreement. Options granted under the Plan vest ratably at the end of each twelve month period within either a three or five year period from the date of grant.

Share based compensation expense for the years ended June 30, 2010 and 2009 was recorded in the statements of operations as follows:

	2010	2009
Research and development	$ 9,768	$ —
General and administrative	134,060	13,059
Total	$ 143,828	$ 13,059

For the fiscal year ended June 30, 2009, share based compensation expense of $13,059 recorded in general and administrative expenses included $4,763 allocated from our Former Parent for our employees and directors who received compensation in the form of stock options for the purchase of our Former Parent's stock.

The Company utilizes the Black-Scholes option pricing model to estimate the fair value of such instruments. The risk-free interest rate assumptions were based upon the observed interest rates appropriate for the expected term of the equity instruments. The expected volatility assumption was based upon the historical volatility of the common stock of comparable companies due to the Company's limited trading history. The expected dividend yield was assumed to be zero as the Company has not paid any dividends since its inception and does not anticipate paying dividends in the foreseeable future. The expected term assumption for employee options was determined utilizing the simplified method provided in Staff Accounting Bulletin No. 107, *Share-Based Payment*, which averages an award's vesting period with its contractual term. The expected term assumption for vendors' options and warrants was determined using the contractual term of each award. No forfeitures have been assumed due to the limited operating history of the Company and the small number of parties who have received awards.

Assumptions made in calculating the fair value of options and warrants issued during the years ended June 30, 2010 and 2009 were as follows:

	2010	2009
Risk-free interest rate	0.3% to 3.4%	1.7%
Dividend yield	0%	0%
Expected volatility	80% to 98%	80%
Expected term (in years)	1.4 to 10.0	4.3

The expected term information for fiscal 2010 includes options issued to FhCMB for the purchase of 100,000 shares of common stock with a contractual term of ten years. Otherwise, it would range from 1.4 to 6.5 years.

On August 10, 2009, the Company granted options to members of management for the purchase of 500,000 shares of common stock at a price of $0.66 per share. The options vest ratably on the first through fifth anniversary dates of the grant and expire on August 10, 2019. The Company estimated the fair value of the options on the grant date to be $216,000 and is recording such expense ratably over the vesting period within general and administrative expenses.

On August 10, 2009, the Company granted options to members of the Board of Directors for the purchase of 180,000 shares of common stock at a price of $0.66 per share. The options vest ratably on the first, second, and third anniversary dates of the grant and expire on August 10, 2019. The Company estimated the fair value of the options on the grant date to be $77,760 and is recording such expense ratably over the vesting period within general and administrative expenses.

On February 25, 2010, the Company granted options to an employee for the purchase of 30,000 shares of common stock at a price of $0.87 per share. The options vest ratably on the first, second, and third anniversary dates of the grant and expire on February 25, 2020. The Company estimated the fair value of the options on the grant date to be $18,750 and is recording such expense ratably over the vesting period within general and administrative expenses.

On March 1, 2010, the Company granted options to a member of the Board of Directors for the purchase of 60,000 shares of common stock at a price of $0.87 per share. The options vest ratably on the first, second, and third anniversary dates of the grant and expire on February 25, 2020. The Company estimated the fair value of the options on the grant date to be $45,840 and is recording such expense ratably over the vesting period within general and administrative expenses.

On March 1, 2010, the Company granted options to an employee for the purchase of 500,000 shares of common stock at a price of $0.87 per share. The options vest ratably on January 1, 2011 and the four subsequent anniversary dates, and expire on February 25, 2020. The Company estimated the fair value of the options on the grant date to be $391,000 and is recording such expense ratably over the vesting period within research and development expense. This employee serves as the Company's Chief Scientific Officer and simultaneously serves as Executive Director of FhCMB which performs research and development activities on behalf of the Company as further described in Note 8.

On March 1, 2010, the Company granted options to FhCMB for the purchase of 100,000 shares of common stock at a price of $0.87 per share. The options vest ratably on the first through third anniversary dates of the grant provided FhCMB's Executive Director serves as the Company's Chief Scientific Officer throughout the vesting period and expire on February 25, 2020. The Company estimates the fair value of these options at each reporting period and is recording such expense, as adjusted, over the vesting period within research and development expense. During the year ended June 30, 2010, the Company recorded $9,767 in expense related to these options.

On April 1, 2010, the Company granted options to a member of the Board of Directors for the purchase of 60,000 shares of common stock at a price of $1.05 per share. The options vest ratably on the first, second, and third anniversary dates of the grant and expire on February 28, 2020. The Company estimated the fair value of the options on the grant date to be $43,980 and is recording such expense ratably over the vesting period within general and administrative expenses.

A summary of the changes in options outstanding during the years ended June 30, 2010 and 2009 is as follows:

	Number of Shares	Exercise Price Per Share	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding at August 12, 2008, inception of the Plan	—	—	—		
Granted	780,000	$0.21-$0.31	$ 0.21		
Exercised	—	—	—		
Terminated	—	—	—		
Outstanding at June 30, 2009	780,000	$0.21-$0.31	$ 0.21		
Granted	1,430,000	$0.66-$1.05	$ 0.78		
Exercised	—	—	—		
Terminated	—	—	—		
Outstanding and expected to vest at June 30, 2010	2,210,000	$0.20-$1.05	$ 0.58	9.1	$ 1,770,700
Options exercisable at June 30, 2010	193,240	$0.20-$0.31	$ 0.22	8.7	$ 909,400

The weighted average fair value of options granted during the years ended June 30, 2010 and 2009 was $0.64 and $0.13, respectively.

The unrecognized share-based compensation cost related to non-vested options as of June 30, 2010 was $998,703 as measured utilizing the value as of the date of grant. These costs are expected to be recognized over a weighted-average period of approximately 3.8 years. The total fair value of shares vested during the years ended June 30, 2010 and 2009 as measured utilizing the value as of the date of grant was $29,807 and zero, respectively.

b) Warrants

On July 13, 2009, the Company issued warrants to a third party for the purchase of 100,000 shares of common stock at a price of $0.35 per share in connection with a professional service agreement. The warrants were 100% vested upon issuance and expire on July 13, 2014. The Company estimated the fair value of the warrants to be $25,600 and accounted for them as an expense within general and administrative expenses on the date of issuance with a corresponding increase to additional paid-in capital.

In connection with the financing transaction on September 10, 2009, the Company issued warrants to the placement agent for the purchase of 250,587 shares of common stock at a price of $0.65 per share and adjusted the warrant agreements issued to the investors in the August 2008 financing to provide for the purchase of an additional 369,472 shares of common stock ranging from $2.78 to $3.66. See Note 9(d)(ii) for a detailed discussion of such issuances and adjustments.

On November 15, 2009, the Company issued warrants to a third party for the purchase of 20,000 shares of common stock at a price of $1.00 per share in connection with a professional service agreement. The warrants vest in equal amounts on the six and twelve months anniversaries after the date of issuance and expire on November 15, 2011. In accordance with applicable accounting

guidance, the Company records the estimated fair value of such warrants as a liability as of each balance sheet date until such warrants are vested. Until that date, the change in that liability is recorded in the statement of operations for the related reporting period. During the year ended June 30, 2010, the Company recorded $13,720 in expense related to these warrants within general and administrative expenses.

A summary of the changes in warrants outstanding during the years ended June 30, 2010 and 2009 is as follows:

	Number of Shares		Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Term (Years)		Aggregate Intrinsic Value
Outstanding at July 1, 2008	2,345,752	$	3.73			
Granted	—		—			
Exercised	—		—			
Terminated	—		—			
Outstanding at June 30, 2009	2,345,752	$	3.73			
Granted	740,059	$	1.91			
Exercised	—		—			
Terminated	—		—			
Outstanding at June 30, 2010	3,085,811	$	2.88	3.2	$	293,529
Exercisable at June 30, 2010	3,065,811	$	2.88	3.3	$	289,729

11) Significant Risks and Uncertainties and Related Party Transactions

a) Concentrations of Credit Risk-Cash

The Company maintains balances at a commercial financial institution. Deposit accounts at the institution are insured by the Federal Deposit Insurance Corporation for deposits up to $250,000. As of June 30, 2010, the Company had uninsured cash balances totaling $739,000.

b) Concentrations of Credit Risk-Receivables

The Company routinely assesses the financial strength of its customers and, based upon factors surrounding the credit risk of its customers, establishes an allowance for uncollectible accounts and, as a consequence, believes that its accounts receivable credit risk exposure beyond such allowances is limited. The Company does not require collateral in relation to its trade accounts receivable credit risk. There were no allowances for uncollectible accounts or bad debt expenses as of or for the years ended June 30, 2010 and 2009.

c) Major Customers

As previously indicated in Note 1, through April 1, 2009, the Company sold plant-based, high quality nutritional supplements. Effective on that date, the Company licensed that process and transferred all such customer relationships to a subsidiary of its Former Parent in consideration for a royalty on net sales.

Sales of nutritional supplements for the fiscal years ended June 30, 2009 approximated 49% of revenues and were derived from two customers. The balance of revenues in the fiscal year ended June 30, 2009 related to services performed under a contract which concluded on June 30, 2009 with FhCMB for advisory services in connection with the pilot plant. Accounts receivable from the latter represented 89% of the accounts receivable balance as of June 30, 2009. The Company did not have any revenues from these or other customers during the year ended June 30, 2010 and had no receivables outstanding from those customers as of June 30, 2010.

d) Major Vendors and Related Parties

i) During the year ended June 30, 2009, the Company subcontracted the manufacturing and sales activity of its nutritional supplements to a wholly owned subsidiary of its Former Parent. Substantially all of the Company's cost of goods sold during the year ended June 30, 2009 were paid to this related party. For the fiscal years ended June 30, 2009, the Company was invoiced by the subsidiary of its former parent $496,400 under this arrangement and such amounts are included in cost of goods sold in the statements of operations.

ii) During the years ended June 30, 2010 and 2009, the Company utilized the services of FhCMB research and development services as described in Note 5, has commitments to FhCMB as of June 30, 2010 as described in Note 8, and has issued warrants and options to FhCMB and FhCMB's Executive Director, respectively, as described in Note 10. Effective March 1, 2010, that individual and the Company entered into an employment agreement whereby that individual began serving in the additional role of the Company's Chief Scientific Officer.

During the years ended June 30, 2010 and 2009, the Company included in research and development expenses in the statement of operations amounts aggregating approximately $2,347,000 and $500,000, respectively, related to costs associated with these relationships. Additionally, as further discussed in Note 8, the Company is indebted to FhCMB in the amount of $1,350,000 as of June 30, 2010.

iii) During the year ended June 30, 2010, the Company utilized the services of an entity which one of the Company's officers has a minority investment. During that period, the Company was invoiced $38,500 by this entity and such amounts are included in research and development expense in the statements of operations.

e) Other Business Risks

The Company insures it business and assets against insurable risks, to the extent that it deems appropriate, based upon an analysis of the relative risks and costs. The Company believes that the risk of loss from non-insurable events would not have a material adverse effect on the Company's operations as a whole.

12) Subsequent Events

a) Issuance of options and warrants:

In July 2010, the Company issued warrants to a financial advisory firm to purchase 500,000 shares of common stock for a five year period. This warrant vests ratably on a monthly basis beginning with the date of issuance and the following twenty-four month anniversary dates and has an exercise price of $1.10 per share.

In July 2010, the Company issued warrants to an investor/public relations firm to purchase 300,000 shares of common stock for a five-year period. This warrant was 100% vested upon issuance and has an exercise price of $1.40 per share.

In July and August 2010, the Company issued options to Directors to purchase 150,000 shares of common stock for a ten year period. These options vest one-third upon the date of issuance and ratably over the following two anniversary dates and have exercise prices ranging from $1.41 to $1.73 per share.

In July and August 2010, the Company issued options to employees to purchase 130,000 shares of common stock for a ten year period. These options vest one-third upon the date of issuance and ratably over the following two anniversary dates and have exercise prices ranging from $1.38 to $1.73 per share.

In August 2010, the Company issued options to officers to purchase 600,000 shares of common stock for a ten year period. These options vest twenty percent upon the date of issuance and ratably over the following four anniversary dates and have an exercise price of $1.73 per share.

b) Sale of securities:

Through November 22, 2010, the Company completed a private offering of its securities wherein investors purchased 4,000,000 shares of common stock of the Company at a purchase price of $2.00 per share for total gross proceeds of $8,000,000. Terms of the offering include provisions for the Company to register such securities and use reasonable efforts to maintain the effectiveness of such registration. If the Company does not comply with such terms as defined in the offering documents, it shall pay to the investors 1% of the gross proceeds raised in this offering each month during any period of non-compliance up to a maximum of 6%. Each investor was issued a five-year warrant to purchase the same number shares of common stock of the Company purchased by such investor at an average cash exercise price of $2.20 per share. The Company received approximately $7,460,000 in net proceeds from this Offering. In connection with this offering, the Company paid a cash fee of $530,000 and issued five-year warrants to purchase 248,802 shares of the Company's common stock at a weighted average exercise price of $2.25 to a placement agent.

iBio, Inc.
Condensed Balance Sheets

	September 30, 2010 (Unaudited)	June 30, 2010 (Note 2)
Assets		
Current assets:		
Cash	$ 313,826	$ 909,932
Accounts receivable	55,590	47,460
Prepaid expenses and other current assets	352,954	68,150
Total current assets	722,370	1,025,542
Fixed assets, net	10,093	11,050
Intangible assets, net	3,871,617	3,893,653
Total assets	$ 4,604,080	$ 4,930,245
Liabilities and Stockholders' Equity (Deficit)		
Current liabilities:		
Accounts payable	$ 2,160,684	$ 2,007,166
Accrued expenses	132,397	132,865
Derivative instrument liability	3,155,476	1,714,084
Total liabilities	5,448,557	3,854,115
Commitments		
Stockholders' equity (deficit):		
Preferred stock, no par value, 5,000,000 shares authorized, no shares outstanding	—	—
Common stock, $0.001 par value, 50,000,000 shares authorized, 28,272,655 issued and outstanding as of September 30, 2010 and June 30, 2010	28,273	28,273
Additional paid-in capital	15,464,673	14,567,349
Accumulated deficit	(16,337,423)	(13,519,492)
Total stockholders' equity (deficit)	(844,477)	1,076,130
Total liabilities and stockholders' equity (deficit)	$ 4,604,080	$ 4,930,245

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

iBio, Inc.
Condensed Statements of Operations
(Unaudited)

	Three months ended September 30,	
	2010	2009
Sales	$ —	$ —
Cost of goods sold	—	—
Gross profit	—	—
Operating expenses:		
Research and development	157,543	104,212
General and administrative	1,212,664	468,207
Total operating expenses	1,370,207	572,419
Operating loss	(1,370,207)	(572,419)
Other income (expense):		
Interest income	695	2,118
Interest expense	(13,125)	(20)
Royalty income	6,698	9,130
Change in the fair value of derivative instrument liability	(1,441,392)	(982,571)
Other income (expense)	(1,447,124)	(971,343)
Loss before income taxes	(2,817,331)	(1,543,762)
Income tax expense	600	600
Net loss	$ (2,817,931)	$ (1,544,362)
Net loss per common share - Basic and diluted	$ (0.10)	$ (0.06)
Weighted average common shares outstanding - Basic and diluted	28,272,655	24,360,864

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

iBio, Inc.
Condensed Statement of Stockholders' Equity (Deficit)
(Unaudited)

	Preferred Stock		Common Stock				
	Shares	Amount	Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Total
Balance, June 30, 2010	—	$ —	28,272,655	$28,273	$ 14,567,349	$(13,519,492)	$ 1,076,130
Share-based compensation	—	—	—	—	408,767	—	408,767
Warrants issued for services	—	—	—	—	488,557	—	488,557
Net loss	—	—	—	—	—	(2,817,931)	(2,817,931)
Balance, September 30, 2010	—	$ —	28,272,655	$28,273	$ 15,464,673	$(16,337,423)	$ (844,477)

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

iBio, Inc.
Condensed Statements of Cash Flows
(Unaudited)

	Three months ended September 30,	
	2010	2009
Cash flows used in operating activities:		
Net loss	$ (2,817,931)	$ (1,544,362)
Adjustments to reconcile net loss to net cash used in operating activities:		
Change in the fair value of derivative instrument liability	1,441,392	982,571
Depreciation and amortization	92,870	78,436
Share-based compensation	408,767	14,303
Warrants issued for services	255,907	25,600
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(8,130)	3,927
Increase in prepaid expenses and other current assets	(52,154)	(54,355)
Increase in accounts payable	153,518	571,433
Decrease in accrued expenses	(468)	(336,990)
Net cash used in operating activities	(526,229)	(259,437)
Cash flows used in investing activities - Additions to intangible assets	(69,877)	(209,863)
Cash flows provided by financing activities - Proceeds from sale of common stock and warrants, net of expenses	—	2,807,051
Net increase (decrease) in cash	(596,106)	2,337,751
Cash - Beginning of period	909,932	1,039,244
Cash - End of period	$ 313,826	$ 3,376,995
Supplemental disclosures of cash flow information:		
Cash paid for:		
Interest	$ —	$ 20
Supplemental disclosures of non-cash operating, investing, and financing activities:		
Cumulative effect of a change in accounting principle - Adoption of ASC 815-40	$ —	$ 199,389

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

1) Business

iBio, Inc. (the "Company") is a biotechnology company focused on commercializing its proprietary technology, the iBioLaunch™ platform, for the production of biologics including vaccines and therapeutic proteins. The Company's strategy is to utilize its technology for development and manufacture of its own product candidates and to work with both corporate and government clients to reduce their costs during product development and meet their needs for low cost, high quality biologics manufacturing systems. The Company's near-term focus is to establish business arrangements for use of its technology by licensees for the development and production of products for both therapeutic and vaccine uses. Vaccine candidates presently being advanced on the Company's proprietary platform are applicable to newly emerging strains of H1N1 swine-like influenza and H5N1 for avian influenza.

2) Basis of Presentation

The accompanying unaudited condensed financial statements of the Company have been prepared in accordance with the instructions to Form 10-Q of the Securities and Exchange Commission. Accordingly, they do not include all of the information and disclosures required by accounting principles generally accepted in the United States of America. However, in the opinion of management, the accompanying unaudited financial statements contain all normal and recurring adjustments necessary to present fairly the financial position of the Company as of September 30, 2010 and the related statements of operations and cash flows for the interim period then ended. The balance sheet amounts as of June 30, 2010 were derived from audited financial statements. The Company's independent registered public accounting firm included an explanatory paragraph in its opinion upon those financial statements relating to the Company's ability to continue as a going concern. For further information, refer to the audited financial statements and related disclosures that were filed by the Company with the Securities and Exchange Commission on Form 10-K for the fiscal year ended June 30, 2010.

These financial statements were prepared under the assumption that the Company will continue as a going concern. The ability to do so is dependent upon our ability to obtain additional equity or debt financing, reduce expenditures, and/or generate revenue. These financial statements do not include any adjustments that might result from the outcome of that uncertainty.

On October 27, 2010 and November 5, 2010, the Company raised a gross amount of $7 million through the issuance of common stock and warrants as more fully described in Note 9. Net proceeds from that offering plus current cash and working capital resources are expected to support the Company's activities through the end of calendar 2011. The Company plans to fund its development and commercialization activities during calendar 2012 and beyond through licensing arrangements and/or the sale of equity securities. The Company cannot be certain that such funding will be available on acceptable terms, or available at all. To the extent that the Company raises additional funds by issuing equity securities, its stockholders may experience significant dilution. If the Company is unable to raise funds when required or on acceptable terms, it may have to: a) Significantly delay, scale back, or discontinue the development and/or

commercialization of one or more product candidates; b) Seek collaborators for product candidates at an earlier stage than would otherwise be desirable and/or on terms that are less favorable than might otherwise be available; or c) Relinquish or otherwise dispose of rights to technologies, product candidates, or products that the Company would otherwise seek to develop or commercialize itself.

3) Accounting Policies and 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 reporting period. Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. The areas most significantly affected by estimates consist of:

a) Valuation and recovery of intangible assets;
b) Stock-based compensation; and
c) Valuation of derivative instruments.

The Company's accounting policies are described in Note 3 to the audited financial statements contained in our Annual Report on Form 10-K for the year ended June 30, 2010.

Management reviews its estimates on a continual basis utilizing currently available information, changes in facts and circumstances, historical experience, and reasonable assumptions. After such reviews, and if deemed appropriate, those estimates are adjusted accordingly. Actual results could differ from those estimates.

4) Earnings Per Share

Basic and diluted net loss per common share was determined by dividing the net loss by the weighted average common shares outstanding during the three months ended September 30, 2010 and 2009. Basic and diluted weighted average common shares outstanding were the same since the effect of including common shares issuable pursuant to the exercise of the stock options and warrants in diluted weighted average common shares outstanding would have been anti-dilutive.

The following table summarizes the number of common shares excluded from the calculation of weighted average common shares outstanding for the three months ended September 30, 2010 and 2009:

	2010	2009
Stock options	3,030,000	1,460,000
Warrants	3,885,811	3,065,811
Total	6,915,811	4,525,811

5) Derivative Financial Instruments

Introduction:

Effective July 1, 2009, generally accepted accounting principles required that the warrants issued by the Company in connection with an August 2008 financing be considered derivative instruments and that the Company report an estimated fair value of such warrants as a liability as of each balance sheet date and the change in that liability as non-cash income or expense in the statement of operations for the related reporting period.

The Company uses the Black-Scholes option pricing model to estimate its derivative instrument liability which requires several assumptions. This model is particularly sensitive to the assumed volatility in the price of the Company's common stock and the actual price of the Company's common stock as of each balance sheet date. Increases in the assumed volatility or the actual price of the Company's common stock has the effect of estimating a higher value for such warrants, which results in a larger estimated derivative liability on the balance sheet and a larger non-cash expense in the statement of operations.

Thus, for example, the accounting guidance applicable to these warrants requires that the Company (assuming all inputs to the Black-Scholes model, other than the Company's stock price, remain constant) record non-cash expense when the Company's stock price is rising and record non-cash income when the Company's stock price is falling.

Detail Discussion:

Effective July 1, 2009, the Company adopted guidance in ASC 815-40, "Derivatives and Hedging - Contracts in Entity's Own Equity". The applicable provisions of this guidance require that:

a) Warrants issued by the Company in an August 2008 financing transaction (containing downside ratchet provisions and which were previously accounted for as equity instruments in accordance with generally accepted accounting principles in effect through June 30, 2009) must be considered and accounted for as derivative instruments effective July 1, 2009 and the related estimated fair value reported as a liability as of each balance sheet date; and

b) Such derivative instruments must be marked-to-market as of each balance sheet date and the change in the reported estimated fair value of such instruments be recorded as non-cash income or expense in the statement of operations.

In accordance with this guidance, the Company estimated the fair value of these instruments to be $199,389 as of July 1, 2009 and established a derivative instrument liability in that amount by recording reductions of $1,442,785 in additional paid-in capital and $1,243,396 in accumulated deficit. The effect of this adjustment was presented as a cumulative effect of change in an

accounting principle during the period ended September 30, 2009.

The estimated fair value of this derivative liability was $3,155,476 and $1,714,084, as of September 30, 2010 and June 30, 2010, respectively. The related increases of $1,441,392 and $982,571 during the three months ended September 30, 2010 and 2009, respectively, were reported as non-cash expense in our condensed statement of operations as a component of other income (expense).

The Company utilizes the Black-Scholes option pricing model to estimate the fair value of these derivative instruments. The Company considers them to be Level 2 type instruments in accordance with ASC 820-10 “Fair Value Measurements and Disclosures” as the inputs used to estimate their value are observable either directly or indirectly. The risk-free interest rate assumptions were based upon the observed interest rates appropriate for the remaining contractual term of the instruments. The expected volatility assumptions were based upon the historical volatility of the stock of comparable companies. The expected dividend yield was assumed to be zero as the Company has not paid any dividends since its inception and does not anticipate paying dividends in the foreseeable future. The expected term assumptions were based upon the remaining contractual term of these instruments.

The assumptions made in calculating the fair value of these derivative instruments as of September 30, 2010 and 2009 were as follows:

	2010	2009
Risk free interest rate	0.6%	1.9%
Dividend yield	Zero	Zero
Volatility	98%	80%
Expected term (in years)	2.9	3.9

6) Share Based Payments

The Company accounts for options granted to employees by measuring the cost of services received in exchange for the award of equity instruments based upon the fair value of the award on the date of grant. The fair value of that award is then ratably recognized as expense over the period during which the recipient is required to provide services in exchange for that award. Options and warrants granted consultants and other non-employees are adjusted to fair value at the end of each reporting period until they vest.

The Company utilizes the Black-Scholes option pricing model to estimate the fair value of such instruments. The risk-free interest rate assumptions were based upon the observed interest rates appropriate for the expected term of the equity instruments. The expected volatility assumption was based upon the historical volatility of the common stock of comparable companies. The expected dividend yield was assumed to be zero as the Company has not paid any dividends since its inception and does not anticipate paying dividends in the foreseeable future. The

expected term assumption for employee options was determined utilizing the simplified method provided in Staff Accounting Bulletin No. 107, *Share-Based Payment*, which averages an award's vesting period with its contractual term. The expected term assumption for vendors' options and warrants was determined using the contractual term of each award.

Assumptions made in calculating the fair value of options and warrants issued during the three months ended September 30, 2010 and 2009 were as follows:

	2010	2009
Risk free interest rate	1.3% to 1.9%	2.3% to 3.4%
Dividend yield	Zero	Zero
Volatility	98%	80%
Expected term (in years)	1.3 to 6.5	2.5 to 6.0

a) Stock Options

Share based compensation expense for stock options for the three months ended September 30, 2010 and 2009 was recorded in the statement of operations as follows:

	2010	2009
Research and development	$ 88,068	$ —
General and administrative	320,699	14,303
Total	$ 408,767	$ 14,303

On July 14, 2010 and August 16, 2010, the Company issued options to employees to purchase 130,000 shares of common stock for a ten year period. These options vest one-third upon the date of issuance and ratably over the following two anniversary dates and have exercise prices ranging from $1.38 to $1.73 per share. The Company estimated the fair value of these options to be $136,240 as of the grant dates and is recording such expense ratably over the vesting periods.

On August 16, 2010, the Company issued options to officers to purchase 600,000 shares of common stock for a ten year period. These options vest twenty percent upon the date of issuance and ratably over the following four anniversary dates and have an exercise price of $1.73 per share. The Company estimated the fair value of these options to be $766,200 as of the grant date and is recording such expense ratably over the vesting period.

On August 16, 2010, the Company issued options to Directors to purchase 90,000 shares of common stock for a ten year period. These options vest one-third upon the date of issuance and ratably over the following two anniversary dates and have an exercise price of $1.73 per share. The Company estimated the fair value of these options to be $111,420 as of the grant date and is recording such expense ratably over the vesting period.

A summary of the changes in options outstanding during the three month period ended September 30, 2010 is as follows:

	Number of Shares	Exercise Price Per Share	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding at June 30, 2010	2,210,000	$ 0.20-$1.05	$ 0.58		
Granted	820,000	$ 1.38-$1.73	$ 1.69		
Exercised	—	—	—	—	—
Terminated	—	—	—	—	—
Outstanding and expected to vest at September 30, 2010	3,030,000	$ 0.20-$1.73	$ 0.88	9.2	$4,063,900
Options exercisable at September 30, 2010	546,666	$ 0.20-$1.73	$ 0.86	9.1	$ 742,866

The weighted average fair value of options granted during the three months ended September 30, 2010 and 2009 was $1.31 and $0.48, respectively.

The unrecognized share-based compensation cost related to non-vested options as of September 30, 2010 was $1,754,190 as measured utilizing the value as of the date of grant. These costs are expected to be recognized over a weighted-average period of approximately 3.4 years. The total fair value of shares vested during the three months ended September 30, 2010 and 2009 as measured utilizing the value as of the date of grant was $298,573 and zero, respectively.

In accordance with applicable accounting guidance, the Company records the estimated fair value of options issued to consultants and other non-employees as of each balance sheet date until such options are vested. Until that date, the change in that liability is recorded in the statement of operations for the related reporting period.

b) Warrants

Share based compensation expense for warrants for the three months ended September 30, 2010 and 2009 was recorded in the statement of operations as follows:

	2010	2009
Research and development	$ —	$ —
General and administrative	255,907	19,600
Total	$ 255,907	$ 19,600

On July 1, 2010, the Company issued warrants to a professional services firm to purchase 300,000 shares of common stock for a five-year period. This warrant was 100% vested upon issuance and has an exercise price of $1.40 per share. The related service contract is for a two year period. The Company estimated the fair value of these options to be $310,200 as of the grant date and accounted for that issuance with an increase to additional paid-in capital and a corresponding increase to prepaid expense. The Company is amortizing such costs ratably over

the one year period of the service contract and the balance in prepaid expenses as of September 30, 2010 is $232,650.

On July 13, 2010, the Company issued warrants to a financial advisory firm to purchase 500,000 shares of common stock for a five year period. The related service contract is for a two year period. This warrant vests ratably on a monthly basis over the twenty-four month period beginning with the month of issuance and has an exercise price of $1.10 per share. The Company estimated the fair value of these options to be $512,000 as of the grant date and subsequently adjusts them to fair value at the end of each reporting period until such warrants vest, and the fair value of such instruments, as adjusted, is ratably expensed over the twenty-four month vesting period.

A summary of the changes in warrants outstanding during the three months ended September 30, 2010 is as follows:

	Number of Shares	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding at June 30, 2010	3,085,311	$ 2.88		
Granted	800,000	$ 1.21		
Exercised	—	—	—	—
Terminated	—	—	—	—
Outstanding and expected to vest at September 30, 2010	3,885,311	$ 2.56	3.4	$ 1,410,822
Warrants exercisable at September 30, 2010	3,435,811	$ 2.72	3.2	$ 905,822

During the three months ended September 30, 2010, additions to additional paid-in capital for warrants issued for services exceeded the expense for warrants issued for services by $232,650. On July 1, 2010 the Company issued warrants to a professional services firm. The warrants were 100% vested upon issuance. The Company is amortizing the value of such warrants over the one year contract period and has recorded a prepaid expense of $232,650 as of September 30, 2010.

7) Related Party Transactions

The Company's Chief Scientific Officer simultaneously serves as Executive Director of the Center for Molecular Biotechnology of Fraunhofer USA, Inc. (FhCMB), which performs research and development activities on behalf of the Company as further described in Note 8.

8) Commitment

The Company and FhCMB have an agreement whereby FhCMB performs research and development activities on behalf of the Company. In that connection, the Company has the commitment to make payments of $1 million each April and November beginning November 2009 through April 2014 for an aggregate of $10 million to FhCMB for services to further develop the Company's proprietary technology and product candidates. Such payments are initially recorded as prepaid expenses and then expensed as agreed-upon services are performed by FhCMB. The second installment due in April 2010 was not paid until October 2010. Consequently, this amount is included in accounts payable at September 30 and June 30, 2010. The agreement also provides for certain annual minimum royalty payments through 2023.

9) Subsequent Event

On October 27, 2010 and November 5, 2010, the Company raised $7,065,000 through the sale of 3,532,500 shares of common stock at $2.00 per share pursuant to a Securities Purchase Agreement with certain investors. Additionally, each investor was issued a five-year warrant to purchase the same number shares of common stock of the Company purchased by such investor at a cash exercise price of $2.20 per share. The Placement Agent was paid a cash fee equal to seven percent of the aggregate gross proceeds from the Offering and was issued five-year warrants to purchase 226,986 shares of the Company's common stock at an average exercise price of $2.18. The Company received $6,570,000 in net proceeds from that transaction.

PROSPECTUS

Until , 2010, all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

IBIO, INC.

14,673,020 Shares of Common Stock

, 2010

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution.

The following table sets forth the various expenses that will be paid by us in connection with the securities being registered. With the exception of the SEC registration fee, all amounts shown are estimates:

Registration Fees	$	1,652.28
Federal Taxes		
State Taxes		
Legal Fees and Expenses		
Printing and Engraving Expenses		
Blue Sky Fees		
Accounting Fees and Expenses		
Miscellaneous		
Total	$	

We will pay all expenses incurred in connection with the registration of the shares covered by this prospectus. Brokerage commissions, underwriters' fees, discounts and commissions and similar selling expenses, if any, attributable to the sale of the shares covered by the alternate prospectus will be borne by the selling stockholders.

Item 14. Indemnification of Directors and Officers.

Our Certificate of Incorporation will provide for indemnification of our officers and directors to the extent permitted by Delaware law, which generally permits indemnification for actions taken by officers or directors as our representatives if the officer or director acted in good faith and in a manner he or she reasonably believed to be in the best interest of the corporation. We have entered into indemnification agreements with our officers and directors to specify the terms of our indemnification obligations. In general, these indemnification agreements provide that we will:

- indemnify our directors and officers to the fullest extent now permitted under current law and to the extent the law later is amended to increase the scope of permitted indemnification;
- advance payment of expenses to a director or officer incurred in connection with an indemnifiable claim, subject to repayment if it is later determined that the director or officer was not entitled to be indemnified;
- reimburse the director or officer for any expenses incurred by the director or officer in seeking to enforce the indemnification agreement; and
- have the opportunity to participate in the defense of any indemnifiable claims against the director or officer.

As permitted under Delaware law, the By-laws contain a provision indemnifying directors against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by them in connection with an action, suit or proceeding if they acted in good faith and in a manner they reasonably believed to be in or not opposed to the best interests of our Company, and, with respect to any criminal action or proceeding, had no reasonable cause to believe their conduct was unlawful.

The separation and distribution agreement that we have entered into with Integrated BioPharma provides for indemnification by us of Integrated BioPharma and its directors, officers and employees for some liabilities, including liabilities under the Securities Act and the Securities Exchange Act of 1934 in connection with the distribution, and a mutual indemnification of

each other for product liability claims arising from their respective businesses, and also requires that we indemnify Integrated BioPharma for various liabilities of iBio, and for any tax that may be imposed with respect to the distribution and which result from our actions or omissions in that regard.

Item 15. Recent Sales of Unregistered Securities

Conversion of Debt

On August 19, 2008, we entered into a Conversion Agreement (the "Conversion Agreement") with Integrated BioPharma, Inc. ("Integrated BioPharma") pursuant to which we (i) converted $2,700,000 of inter-company debt owed to Integrated BioPharma into 1,266,706 shares of our common stock; and (ii) contributed $5,209,494 into additional paid-in capital.

The common stock issued to Integrated BioPharma pursuant to the terms of the Conversion Agreement was issued and sold in reliance upon the exemption from registration contained in Section 4(2) of the Securities Act and Regulation D promulgated thereunder. These securities may not be offered or sold in the United States in the absence of an effective registration statement or exemption from the registration requirements under the Securities Act.

2008 Private Placement

On August 19, 2008, we entered into a Securities Purchase Agreement with accredited investors pursuant to which such investors purchased an aggregate of 2,345,752 shares of our common stock at a purchase price of $2.13 per share, for gross proceeds of $5,000,000. As part of the private placement, each investor was issued two five-year warrants, each to purchase 50% of the number of shares of common stock such investor purchased in the private placement. One warrant has an exercise price of 150% of the per share purchase price of the common stock in the private placement, and the other warrant has an exercise price of 200% of the per share purchase price of the common stock in the private placement.

We agreed pursuant to the terms of the subscription documents with the investors to (i) file a shelf registration statement with respect to the resale of shares of the common stock sold to the investors and the shares of our common stock issuable upon exercise of the warrants with the Commission within 180 days after the closing date of August 19, 2008; (ii) use reasonable efforts to have the shelf registration statement declared effective by the Commission as promptly as possible after the initial filing; (iii) use reasonable efforts to keep the shelf registration statement effective until the earlier of the time when all securities registered thereunder have been sold or the securities covered by the shelf registration statement may be sold without volume restrictions pursuant to Rule 144(k) of the Securities Act.

The common stock, warrants and common stock issuable upon exercise of the warrants were issued and sold in reliance upon the exemption from registration contained in Section 4(2) of the Securities Act and Regulation D promulgated thereunder. These securities may not be offered or sold in the United States in the absence of an effective registration statement or exemption from the registration requirements under the Securities Act.

2009 Private Placement

On September 10, 2009, we entered into a Subscription Agreement with accredited investors pursuant to which such investors purchased an aggregate of approximately 4,615,385 shares of our common stock at a purchase price of $0.65 per share, for gross proceeds of approximately $3,000,000.

We agreed pursuant to the terms of a Registration Rights Agreement with the investors to (i) file a shelf registration statement with respect to the resale of shares of the common stock sold to the investors with the Commission within 30 days after the closing date of September 10, 2009; (ii) use reasonable best efforts to have the shelf registration statement declared effective by the Commission as soon as possible after the initial filing; and (iii) use reasonable best efforts to keep the shelf registration statement effective until the earlier of the time when all shares registered thereunder have been sold or the shares covered by the shelf registration statement may be sold without volume restrictions pursuant to Rule 144 of the Securities Act.

The common stock was issued and sold in reliance upon the exemption from registration contained in Section 4(2) of the Securities Act and Regulation D promulgated thereunder. These shares may not be offered or sold in the United States in the absence of an effective registration statement or exemption from the registration requirements under the Securities Act.

2010 Private Placement

In October and November 2010, we entered into a Securities Purchase Agreement with investors pursuant to which such investors purchased an aggregate of 4,000,000 shares of our common stock at a purchase price of $2.00 per share, for gross proceeds of $8,000,000. As part of the private placement, each investor was issued a five-year warrant to purchase the same number of shares of common stock such investor purchased in the private placement. The warrant has an exercise price of $2.20.

We agreed pursuant to the terms of the subscription documents with the investors to (i) file a shelf registration statement with respect to the resale of shares of the common stock sold to the investors and the shares of our common stock issuable upon exercise of the warrants with the Commission within 30 days after the final closing date of November 22, 2010; (ii) use reasonable efforts to have the shelf registration statement declared effective by the Commission as promptly as possible after the initial filing; (iii) use reasonable efforts to keep the shelf registration statement effective until the earlier of the time when all securities registered thereunder have been sold or the securities covered by the shelf registration statement may be sold without volume restrictions pursuant to Rule 144 of the Securities Act. If we do not comply with such terms as defined in the offering documents, we would be required to pay to the investors 1% of the gross proceeds raised in this offering each month during any period of non-compliance up to a maximum of 6%.

The common stock, warrants and common stock issuable upon exercise of the warrants were issued and sold in reliance upon the exemption from registration contained in Section 4(2) of the Securities Act and Regulation D promulgated thereunder. These securities may not be offered or sold in the United States in the absence of an effective registration statement or exemption from the registration requirements under the Securities Act.

Item 16. Exhibits

Exhibits filed with this Registration Statement on Form S-1 or incorporated by reference from other filings are as follows:

Number	Description
3.1	Form of Certificate of Incorporation of iBio, Inc. (3)
3.2	Form of Bylaws of iBio, Inc. (8)
4.1	Form of Common Stock Certificate (3)
4.2	Form of Warrant to Purchase Common Stock of iBio, Inc. for each Investor (2008 Private Placement) (5)
4.3	Form of Warrant to Purchase Common Stock of iBio, Inc. for each Investor (2010 Private Placement) (10)
5.1	Opinion of Andrew Abramowitz, PLLC (11)
10.1	Separation and Distribution Agreement, dated as of November 14, 2007, between Integrated BioPharma, Inc. and the Registrant. (1)
10.2	Indemnification and Insurance Matters Agreement between Integrated BioPharma, Inc., and the Registrant (5)
10.3	Transitional Services Agreement between Integrated BioPharma, Inc. and the Registrant. (5)
10.4	Tax Allocation Agreement between Integrated BioPharma, Inc. and the Registrant. (5)
10.5	Form of Securities Purchase Agreement between various purchasers and the Registrant (2008 Private Placement) (4)
10.6	Technology Transfer Agreement, dated as of January 1, 2004, between the Registrant and Fraunhofer USA Center for Molecular Biotechnology, Inc. (3)
10.7	Non-Standard Navy Cooperative Research and Development Agreement, dated August 17, 2004, between the Registrant and Fraunhofer USA Center for Molecular Biotechnology, Inc. (2)
10.8	Supply License Agreement, dated as of March 22, 2006, between the Registrant and Mannatech, Inc. (2)
10.9	Form of Registration Rights Agreement with iBio, Inc. for each Investor (2008 Private Placement) (6)
10.10	Conversion Agreement, dated August 19, 2008, by and between iBio, Inc. and Integrated BioPharma, Inc. (6)
10.11	Form of Subscription Agreement between various purchasers and the Registrant (2009 Private Placement) (7)
10.12	Form of Registration Rights Agreement with iBio, Inc. for each purchaser (2009 Private Placement) (7)
10.13	Employment Agreement, dated February 25, 2010, between iBio, Inc. and Vidadi Yusibov, Ph.D. (9)
10.14	Form of Securities Purchase Agreement between various purchasers and the Registrant (2010 Private Placement) (10)
10.15	Form of Registration Rights Agreement with iBio, Inc. for each purchaser (2010 Private Placement) (10)
10.16	Placement Agent Agreement, dated October 27, 2010, between iBio, Inc. and Noble Financial Capital Markets (2010

Private Placement) (10)

23.1 Consent of J.H. Cohn LLP (11)

23.2 Consent of Amper, Politziner & Mattia, LLP (11)

23.3 Consent of Andrew Abramowitz, PLLC (included in Exhibit 5.1)

24.1 Power of Attorney (included in the signature page of this Registration Statement)

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(1) Incorporated herein by reference to the Company’s Form 10-12G filed with the Commission on March 7, 2008

(2) Incorporated herein by reference to the Company’s Form 10-12G filed with the Commission on June 18, 2008

(3) Incorporated herein by reference to the Company’s Form 10-12G filed with the Commission on July 11, 2008

(4) Incorporated herein by reference to the Company’s Form 10-12G filed with the Commission on July 17, 2008

(5) Incorporated herein by reference to the Company’s Current Report on Form 8-K filed with the SEC on August 15, 2008.

(6) Incorporated herein by reference to the Company’s Current Report on Form 8-K filed with the SEC on August 21, 2008.

(7) Incorporated herein by reference to the Company’s Current Report on Form 8-K filed with the SEC on September 15, 2009.

(8) Incorporated herein by reference to the Company’s Current Report on Form 8-K filed with the SEC on August 14, 2009.

(9) Incorporated herein by reference to the Company’s Current Report on Form 8-K filed with the SEC on March 3, 2010.

(10) Incorporated herein by reference to the Company’s Quarterly Report on Form 10-Q filed with the SEC on November 15, 2010.

(11) Filed herewith.

Item 17. Undertakings.

(a) We hereby undertake:

(1) to file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) to include any prospectus required by section 10(a)(3) of the Securities Act of 1933;

(ii) to reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement;

(iii) to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(2) that, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) to remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, iBio, Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Newark, Delaware, on December 17, 2010.

IBIO, INC.

By: /s/ Robert B. Kay

Robert B. Kay
Chief Executive Officer

POWER OF ATTORNEY

We, the undersigned officers and directors of the Registrant, iBio, Inc., a Delaware corporation, hereby severally and individually constitute and appoint Robert B. Kay, Chief Executive Officer and Frederick Larcombe, Chief Financial Officer, and each of them, as true and lawful attorneys in fact for the undersigned, in any and all capacities, with full power of substitution, to sign any and all amendments to this Registration Statement (including post-effective amendments), and to file the same with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys in fact, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys in fact, or any of them, may lawfully do or cause to be done by virtue of this appointment.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Robert B. Kay Robert B. Kay	Chief Executive Officer and Director (Principal Executive Officer)	December 17, 2010
/s/ Frederick Larcombe Frederick Larcombe	Chief Financial Officer (Principal Financial and Accounting Officer)	December 17, 2010
/s/ James T. Hill General James T. Hill (Ret.)	Director	December 17, 2010
/s/ Glenn Chang Glenn Chang	Director	December 17, 2010
/s/ John D. McKey, Jr. John D. McKey, Jr.	Director	December 17, 2010

/s/ Philip K. Russell, M.D.	Director	December 17, 2010
Philip K. Russell, M.D.		
/s/ Pamela Bassett, M.D.	Director	December 17, 2010
Pamela Bassett, M.D.		
/s/ Arthur Y. Elliott, Ph.D.	Director	December 17, 2010
Arthur Y. Elliott, Ph.D.		

Exhibit 5.1

ANDREW ABRAMOWITZ, PLLC

565 Fifth Avenue, 9th Floor
New York, New York 10017

December 20, 2010

iBio, Inc.
9 Innovation Way, Suite 100
Newark, Delaware 19711

Dear Sirs:

We are acting as counsel to iBio, Inc., a Delaware corporation (the "Company"), in connection with the Registration Statement on Form S-1 filed on December 20, 2010 (as it may be amended, the "Registration Statement"), under the Securities Act of 1933, as amended (the "Act"), covering 14,673,020 shares of the Company's common stock, par value $.001 per share (the "Common Stock"), which are being registered in connection with the proposed sale of the shares of Common Stock by the selling stockholders listed therein. Of the shares of Common Stock so registered, 7,000,000 shares are currently issued and outstanding, and 7,673,020 are issuable upon exercise of warrants to purchase shares of Common Stock (the "Warrants").

We have examined the originals, or certified, conformed or reproduction copies, of all such records, agreements, instruments and documents as we have deemed relevant or necessary as the basis for the opinion hereinafter expressed. In all such examinations, we have assumed the genuineness of all signatures on originals or certified copies and the conformity to original or certified copies of all copies submitted to us as conformed or reproduction copies. As to various questions of fact relevant to such opinion, we have relied upon, and assumed the accuracy of, certificates and oral or written statements and other information of or from public officials, officers or representatives of the Company, and others.

Based upon the foregoing, and the laws of the State of Delaware, we are of the opinion that (i) the issued and outstanding shares of Common Stock covered by the Registration Statement are legally issued, fully paid, non-assessable and binding obligations of the Company under the laws of the State of Delaware, and (ii) the shares of Common Stock issuable upon exercise of the outstanding Warrants covered by the Registration Statement have been duly authorized, and, when issued, delivered and paid for in accordance with the terms and conditions of the instruments governing their issuance, will be legally issued, fully paid, non-assessable and binding obligations of the Company under the laws of the State of Delaware.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the reference to this firm under the caption "Legal Matters" in the prospectus forming a part of the Registration Statement.

Very truly yours,

/s/ Andrew Abramowitz, PLLC

ANDREW ABRAMOWITZ, PLLC

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders of iBio, Inc.

We consent to the inclusion in this Registration Statement on Form S-1 of iBio, Inc., of our report dated October 13, 2010, except for the matters discussed in Note 12b, as to which the date is November 22, 2010, on our audit of the financial statements of iBio, Inc. as of and for the year ended June 30, 2010.

We also consent to the reference to our Firm under the caption “Experts”.

/s/ J.H. Cohn LLP
Eatontown, New Jersey
December 20, 2010

Exhibit 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders of iBio, Inc.

We hereby consent to the use in this Prospectus, constituting a part of this Registration Statement on Form S-1 of iBio, Inc., of our report dated September 28, 2009 relating to the financial statements of iBio, Inc. as of and for the year ended June 30, 2009, which appear elsewhere herein.

We also consent to the reference to us under the heading “Experts” in such Prospectus.

/s/ Amper, Politziner & Mattia, LLP

December 20, 2010
Edison, New Jersey