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

FORM 10

GENERAL FORM FOR REGISTRATION OF SECURITIES
Pursuant to Section 12(b) or 12(g) of
the Securities Exchange Act of 1934

InB:Biotechnologies, Inc.

(Exact name of registrant as specified in its charter)

New Jersey	**23-1948942**
(State or Other Jurisdiction of Incorporation or Organization)	**(IRS Employer Identification No.)**
9 Innovation Way, Suite 100 **Newark, Delaware 19711** **(Address of Principal Executive Offices)**	**19711** **(Zip Code)**

Registrant's telephone number, including area code: (201) 269-3400

Copies to:

Andrew H. Abramowitz, Esq.
Greenberg Traurig, LLP
200 Park Avenue
New York, New York 10166
212-801-9200 (telephone)
212-801-6400 (facsimile)

Securities to be registered pursuant to Section 12(b) of the Act:

None

Securities to be registered pursuant to Section 12(g) of the Act:

Title of Each Class to be so Registered	**Name of Each Exchange on Which Each Class is to be Registered**
Common Stock, par value $0.001 per share	**OTC.BB**

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

Large accelerated filer [ ]	Accelerated filer [ ]
Non-accelerated filer [ ]	Smaller reporting company [X]

InB:Biotechnologies, Inc.

Cross-Reference Sheet Between the Information Statement and Items of Form 10

Information Included in the Information Statement and Incorporated by Reference into the Registration Statement on Form 10

Item No.	Caption	Location in Information Statement
1.	Business	"Summary"; "Description of Our Business"; "Risks Related to Our Business," and "Management's Discussion and Analysis of Financial Condition and Results of Operations"
1A.	Risk Factors	"Risk Factors"
2.	Financial Information	"Summary Financial Information"; "Unaudited Pro Forma Financial Statements"; and "Management's Discussion and Analysis of Financial Condition and Results of Operations"
3.	Properties	"Description of Our Business – Facilities"
4.	Security Ownership of Certain Beneficial Owners and Management	"Security Ownership of Management"
5.	Directors and Officers	"Our Management"
6.	Executive Compensation	"Executive Compensation"
7.	Certain Relationships and Related Transactions	"Summary"; "Distribution – Our Relationship with Integrated BioPharma after the Distribution"; "Risk Factors – Risks Relating to Ownership of Our Common Stock"; "Management"; "Description of Capital Stock – Anti-Takeover Provisions"; "Relationships Between Our Company and Integrated BioPharma, Inc."
8.	Legal Proceedings	"Description of Our Business – Legal Proceedings"; "Management's Discussion and Analysis of Financial Condition and Results of Operations – General Litigation"
9.	Market Price of and Dividends on the Registrant's Common Equity and Related Stockholder Matters	"Summary"; "Description of Distribution"; "Dividend Policy"; "Distribution – Our Relationship with BioPharma after the Distribution"; and "Description of Capital Stock"
10.	Recent Sales of Unregistered Securities	"Description of Capital Stock - Recent Sales"
11.	Description of Registrant's Securities to be Registered	"Description of Capital Stock"

12.	Indemnification of Directors and Officers	"Management - Indemnification of Directors and Officers "
13.	Financial Statements and Supplementary Data	"Summary Financial Information"; "Unaudited Pro Forma Financial Statements"; and "Management's Discussion and Analysis of Financial Condition and Results of Operations"
14.	Changes In and Disagreements with Accountants on Accounting and Financial Matters	None.
15.	Financial Statements and Exhibits	

(a) Financial Statements and Financial Statement Schedules

The following financial statements are included in the Information Statement and filed as a part of this Registration Statement on Form 10:

(1) Unaudited Pro Forma Financial Statements of InB:Biotechnologies, Inc.;

(2) Unaudited Pro Forma Financial Statements of Integrated BioPharma, Inc.; and

(3) Financial Statements of InB:Biotechnologies, Inc.

(b) Exhibits. The following documents are filed as exhibits hereto:

Exhibit Number	Exhibit Description
3.1	Form of Articles of Incorporation of InB:Biotechnologies, Inc.*
3.2	Form of Bylaws of InB:Biotechnologies, Inc.*
4.1	Form of Common Stock Certificate.*
8.1	Tax Opinion of Greenberg Traurig, LLP, counsel to the Registrant.**
10.1	Separation and Distribution Agreement, dated as of November 14, 2007, between Integrated BioPharma, Inc. and the Registrant.**
10.2	Form of Indemnification and Insurance Matters Agreement between Integrated BioPharma, Inc. and the Registrant.*
10.3	Form of Transitional Services Agreement between Integrated BioPharma, Inc. and the Registrant.*
10.4	Form of Tax Allocation Agreement between Integrated BioPharma, Inc. and the Registrant.*
10.5	Form of Securities Purchase Agreement between various purchasers and the Registrant.*
10.6	Technology Transfer Agreement, dated as of January 1, 2004, between the Registrant and Fraunhofer USA Center for Molecular Biotechnology, Inc.
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.
10.8	Supply License Agreement, dated as of March 22, 2006, between the Registrant and Mannatech, Inc.
21.1	List of Subsidiaries.*
99.1	Information Statement.

* To be filed by amendment.

** Previously filed.

SIGNATURE

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.

INB:BIOTECHNOLOGIES, INC.

Dated: June 18, 2008

By: /s/ Robert L. Erwin

Robert L. Erwin,
President

Exhibit 10.6

FIFTH AMENDMENT OF TECHNOLOGY TRANSFER AGREEMENT

THIS FIFTH AMENDMENT OF TECHNOLOGY TRANSFER AGREEMENT is made in Newark, Delaware, on the _17_day of December, 2007, between **FRAUNHOFER** USA, INC., acting through its Center for Molecular Biotechnology a Rhode Island non-profit corporation, having a place of business at 9 Innovation Way, Suite 200, Newark, Delaware 19711 **("Fraunhofer") ;** and **INB:BIOTECHNOLOGIES INC.,** having a place of business at 9 Innovation Way, Suite 100, Newark, Delaware 19711 ("INB").

RECITALS:

WHEREAS, Fraunhofer and **INB** are parties to.certain agreements, including a Technology Transfer Agreement dated December 18, 2003 (the "Agreement"), a First Addendum to the Agreement dated March 15, 2005 (the "First Addendum"), a Research Agreement dated October 15, 2004 (the "Research Agreement # 1"), a First Amendment of Research Agreement # 1 dated March 18, 2005 (the "First Amendment"), and a Second Amendment of Research Agreement #1 dated March 1, 2006 (the "Second Amendment"), a Research Agreement # 2 dated June 1, 2006 ("Research Agreement #2), a Second Amendment of the Technology Transfer Agreement dated October 24, 2006 (the "Second Addendum"), a Third Amendment to the Technology Transfer Agreement dated November 2, 2006 (the "Third Addendum"), a Third Amendment of Research Agreement #1 dated November 22, 2006 ("Third Amendment") and a Fourth Amendment of the Technology Transfer Agreement dated June 25, 2007 (the "Fourth Amendment"), wherein **INB** is variously identified by its prior name "NuCycle Therapy, Inc." or by the defined terms "Company", "PLANT" or "INB", all of which agreements (collectively, the "Prior Agreements") concern the engagement of **Fraunhofer** by **INB** to develop certain exclusive rights to the proprietary technology and intellectual property related to plants in the areas of expression, engineering, testing, production and validation of vaccines, antibodies and therapeutic proteins, and the transfer of exclusive. commercial rights therein to **INB**. Pursuant to the Prior Agreements, **Fraunhofer** has developed, validated and filed patents covering a proprietary platform technology (referred to in the Prior Agreements as the "Technology") that uses plants (which have not been genetically modified) as a medium for the rapid, large-scale production of a broad range of vaccines, therapeutic proteins and antibodies. The parties wish to modify and supplement the Prior Agreements inter alia to broaden the Field for INB to include diagnostic applications for influenza, facilitate development of diagnostic reagents and assays using monoclonal antibodies, and to support **INB** efforts to commercialize the Technology.

WHEREBY, the parties agree as follows:

1. The first paragraph of **RECITALS of the Agreement** will be modified to read:

WHEREAS, Fraunhofer owns and will endeavor to develop certain exclusive rights to the proprietary technology and intellectual property specifically described in Appendix A (the "Technology") in the area of expression, engineering, testing, production and validation of human vaccines, human antibodies, human therapeutics, influenza vaccine antigens for veterinary use, and antibodies for influenza diagnostics produced in plants (the. "Field"); The Field does not include industrial biocatalysis veterinary applications, diagnostic applications, both human and other, agricultural and environmental applications except as otherwise specifically provided herein; and

total of One Hundred Thousand Dollars ($100,000) to support development of reagents and assays for influenza diagnostics as follows:

$50,000 - January 15, 2008 upon execution of this amendment .
$50,000 - December 15, 2008 upon delivery of first report

3. Interpretation. Unless otherwise expressly provided in this Amendment: (i) the defined terms shall have the meanings attributed to them in the Prior Agreements and particularly the Agreement and (ii) all other terms and conditions of the Agreement remain in effect.

IN WITNESS WHEREOF, the Parties have executed this Agreement.

FRAUNHOFER USA CMB

By: /s/ Vidadi Yusibov
Name: Vidadi Yusibov
Title: Executive Director

INB:BIOTECHNOLOGIES INC.

By: /s/ Robert B. Kay
Name: Robert B. Kay
Title: Executive Chairman

FRAUNHOFER USA, INC

By: /s/ William Hartman
Name: William Hartman
Title: Vice President

FOURTH AMENDMENT OF TECHNOLOGY TRANSFER AGREEMENT

THIS FOURTH AMENDMENT OF TECHNOLOGY TRANSFER AGREEMENT is made in Newark, Delaware, on the 20th day of August, 2007, between **FRAUNIIOFER USA, INC.,** acting through its Center for Molecular Biotechnology a Rhode Island non-profit corporation, having a place of business at 9 Innovation Way, Suite 200, Newark, Delaware 19711 (**"Fraunhofer"),** a n d **INB-BIOTECHNOLOGIES INC.,** having a place of business at 9 Innovation Way, Suite 100, Newark, Delaware 19711 ("INB").

RECITALS:

WHEREAS, Fraunhofer and **INB** are parties to certain agreements, including a Technology Transfer Agreement dated December 18, 2003 (the "Agreement"), a First Addendum to the Agreement dated March 15, 2005 (the "First Addendum"), a Research Agreement dated October 15, 2004 (the "Research Agreement #1"), a First Amendment of Research Agreement #1 dated March 18, 2005 (the "First Amendment"), and a Second Amendment of Research Agreement #1 dated March 1, 2006 (the "Second Amendment"), a Research Agreement # 2 dated June 1, 2006 ("Research Agreement #2), a Second Amendment of the Technology Transfer Agreement dated October 24, 2006 (the "Second Addendum"), a Third Amendment to the Technology Transfer Agreement dated November 2, 2006 (the "Third Addendum"), and a Third Amendment of Research Agreement #1 dated November 22, 2006 ("Third Amendment"), wherein **INB** is variously identified by its prior name "NuCycle Therapy, Inc." or by the defined terms "Company", "PLANT" or "INB", all of which agreements (collectively, the "Prior Agreements") concern the engagement of **Fraunhofer** by **INB** to develop certain exclusive rights to the proprietary technology and intellectual property related to plants in the areas of expression, engineering, testing, production and validation of vaccines, antibodies and therapeutic proteins, and the transfer of exclusive commercial rights therein to **INB.** Pursuant to the Prior Agreements, **Fraunhofer** has developed, validated and filed patents covering a proprietary platform technology (referred to in the Prior Agreements as the "Technology") that uses plants (which have not been genetically modified) as a medium for the rapid, large-scale production of a broad range of vaccines, therapeutic proteins and antibodies. The parties wish to modify and supplement the Prior Agreements *inter alia* to further enhance the commercial value of the Technology in the Field for INB, facilitate technology transfer to and implementation by INB, and provide access to **Fraunhofer** personnel and facilities, as appropriate, to support **INB** efforts to commercialize the Technology.

WHEREBY, the parties agree as follows:

1. Pursuant to the Prior Agreements: (i) INB is the exclusive licensee of the Technology and Improvements in the Field, (ii) following the payment of $250,000 on November 2, 2008 to **Fraunhofer** (the "Title Payment") **Fraunhofer** will convey to INB full title to the Technology and Improvements with exclusive rights in the Field, and (iii) will continue until December 31, 2009 to enhance the Technology and Intellectual Property related to the Technology and Improvements for INB and formally to transfer and convey rights thereto to 1NB as and when requested by INB.

Amendment) and ending December 31, 2014, **Fraunhofer** shall (i) further develop exclusively for and transfer to **INB** rights to proprietary technology and Intellectual Property Rights (the "Technology") in the area of expression, engineering, testing, production and validation of human vaccines, human antibodies and human therapeutic proteins in plants, veterinary applications of plant-based influenza vaccines, including commercial process and production techniques and methodologies related to those applications; (ii) facilitate technology transfer and implementation by or for INB; and (iii) provide access to **Fraunhofer** personnel and facilities, as appropriate, to support INB efforts to commercialize the Technology. Fraunhofer reserves the rights to the commercial process and production techniques and methodologies for all applications outside of the Field.

3. Guaranteed Annual Payments. In consideration for this Agreement, INB shall make ten (10) successive, non-refundable semi-annual payments for a total of Ten Million Dollars ($10,000,000) as follows:

$1,000,000 - November 2, 2009
$1,000,000 - April 2, 2010; $1,000,000 - November 2, 2010
$1,000,000 - April 2, 2011; $1,000,000 - November 2, 2011
$1,000,000 - April 2, 2012; $1,000,000 - November 2, 2012
$1,000,000 - April 2, 2013; $1,000,000 - November 2, 2013
$1,000,000 - April 2, 2014;

4. **Section 3.3 of the Agreement is amended to read as follows: Payment for Title.** On November 2, 2008, the Company shall make a single payment of $250,000 to Fraunhofer (the "Title Payment") whereupon Fraunhofer shall convey to the Company full title to the Technology and Improvements. As additional consideration for the transfer of title to the Technology and Improvements, for a period of fifteen years after the effective date of such transfer, the Company shall make additional payments to Fraunhofer ("Additional Payments") equal to (a) 1% of all receipts derived by the Company, or any affiliates of the Company, or any affiliates of the Company (as defined in Section 9.13) from sales of products that incorporate or are produced utilizing the Technology and Improvements; and (b) 15% of all receipts derived by the Company from licensing the Technology and Improvements to third parties, whether characterized as license fees, royalties or any similar consideration; provided that in no event shall the same receipts require payments pursuant to both subparts (a) and (b). Any license agreement between the Company and its affiliate shall h e on commercially reasonable terms. Additional Payments shall be made on the thirtieth day of each calendar quarter with regard to Receipts during the preceding quarter. Minimum Additional Payments shall be $200,000 per year. The first such payment will be due December 31, 2010. The Company may elect to forego the Title Payment and continue the license in effect, subject to the last sentence of Section 2.1(b).

5. Section 3.4 of the Agreement is amended to read as follows: License Fees. If the Company foregoes the Title Payment, as permitted in Section 3.3, in consideration of the continuation in effect of the license granted in Section 2.1, the Company shall pay Fraunhofer license fees equal to (a) 2% of all receipts derived by the Company and its

by the Company from licensing the Technology and Improvements to third parties; provided that in no event shall the same receipts require payment pursuant to both subparts (a) and (b). Minimum annual aggregate license fee payments shall be $200,000. License fees shall be payable on the thirtieth day of each calendar quarter with regard to Product Receipts during the preceding quarter. The first license fee payment shall be due December 31, 2010.

6. Fraunhofer agrees to use commercially reasonable efforts, in consultation with INB, to conduct research designed to enhance, improve and expand the Technology in the Field through the period ending December 31, 2014 and will expend at a minimum, an additional amount at least equal to the Guaranteed Annual Payments for such research ($2.0 million per year). Fraunhofer's prospective performance will be accomplished using the same key senior personnel currently (as of July 2007) coordinating and directing the activities under this Agreement, only with such changes as may be mutually agreed upon by Fraunhofer and INB. Costing, shall he calculated on a basis consistent with the prior course of dealing between Fraunhofer and INB.

7. In addition, **Fraunhofer** agrees to use its best efforts, in coordination and cooperation with INB to obtain grants from governmental entities and non-governmental organizations to fund further development of the Technology in the Field

8. Intellectual Property Payment.

a) **Fraunhofer** shall pay INB an amount equal to nine percent (9%) of all receipts (excluding receipts from INB), if any, realized by Fraunhofer from sales, licensing or commercialization of **Fraunhofer's** Intellectual Property Rights ("Intellectual Property Net Income") during each of its fiscal years ending with or within the period beginning on the date of this Amendment and ending on the fifteenth anniversary of such date. Such payments shall be made annually together with the reports required by Section 9 below.

b) *Survival.* The provisions of this section shall survive termination of this Agreement.

9. Fraunhofer Reporting.

a) ANNUAL FINANCIAL REPORTS. **Fraunhofer** shall provide **INB** with **Fraunhofer's** audited financial statements within 15 business days after Fraunhofer receives each such statement from its auditors. Such financial statements shall reflect the financial condition of Fraunhofer as a whole, and shall also include divisional financial information for FhCMB.

b) INTELLECTUAL PROPERTY REPORTING. Within ninety (90) days after the end of its fiscal years, **Fraunhofer** shall provide INB with a report describing all Intellectual Property Rights and all Intellectual Property Net Income.

10. Interpretation. Unless otherwise expressly provided in this Amendment: (1) the defined terms shall have the meanings attributed to them in the Prior Agreements and particularly the Agreement and (ii) all other terms and conditions of the Agreement remain in effect.

FRAUNHOFER USA CMB

By: /s/ W. F. Hartman
Name: W. F. Hartman
Title: Vice President

FRAUNHOFER USA, INC

By: /s/ Vidadi Yusibov
Name: Vidadi Yusibov
Title: Executive Director

INB:BIOTECHNOLOGIES INC.

By: /s/ Robert Kay
Name: Robert Kay
Title: Chairman

BETWEEN

IN:B:BIOTECHNOLOGIES (formerly NUCYCLE THERAPY, [NC.)

AND

Fraunhofer USA, Inc.

This THIRD AMENDMENT of the TECHNOLOGY TRANSFER AGREEMENT dated December 18, 2003, as amended (the "Agreement"), between **FRAUNHOFER USA, INC.,** acting through its Fraunhofer Center for Molecular Biotechnology, having a place of business at 9 Innovation Way, Suite 200, Newark, Delaware 19711 **("Fraunhofer")** and InB:Biotechnologies, fon¯nerly NuCycle Therapy, Inc., having a place of business at 225 Long Ave., P.O. Box 278, Hillside, New Jersey 07205 **("INB")** hereby amends the Agreement as follows.

1. In order to facilitate the participation and support from the Bill & Melinda Gates Foundation in respect of a program (the "Program") to complete development of, and provide global access to vaccines against influenza and rabies virus (the "Diseases") for people most in need within the developing countries of the world affected by the Diseases, particularly throughout Africa and other "Low Income" and "Lower-middle-income" countries, as identified by World Bank ("Global Access"), INB hereby grants to Fraunhofer a royaltyfree license to apply the Technology (as defined in the Agreement) to provide Global Access to vaccines against the Diseases, provided, however, that if die Gates Foundation and Fraunhofer do not *pursue the* Program to completion, *the* license shall terminate and all rights shall revert to INB.

2. All other terms and conditions of the Agreement remain in effect.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed *by their duly* authorized representatives as of November 2, 2006.

FRAUNHOFER USA CMB CENTER FOR MOLECULAR BIOTECHNOLOGY	INB:BIOTECHNOLOGIES INC.
By: /s/ Vidadi Yusibov	By: /s/ Robert B. Kay
Vidadi Yusibov, Ph.D.	Robert B. Kay
Executive Director	Managing Director

BETWEEN

INB:BIOTECHNOLOGIES (formerly NUCYCLE THERAPY, INC.)

AND

Fraunhofer USA, Inc.

This SECOND AMENDMENT of the TECHNOLOGY TRANSFER AGREEMENT dated December 18, 2003, as amended (the "Agreement"), between **FRAUNHOFER USA, INC.,** acting through its Fraunhofer Center for Molecular Biotechnology, having a place of business at 9 Innovation Way, Suite 200, Newark, Delaware 19711 **("Fraunhofer")** and InB:Biotechnologies, formerly NuCycle Therapy, Inc., having a place of business at 225 Long Ave., P.O. Box 278, Hillside, New Jersey 07205 ("INB") hereby amends the Agreement as follows:

1. In order to facilitate the participation and support from the Gates Foundation in respect of a program (the "Program") to complete development of, and provide global access to, vaccines against malaria and African trypanosomiasis (the "Diseases"), particularly throughout Africa and other regions affected by the Diseases, INB hereby relinquishes from the Field (as defined in the Agreement") and re-conveys to Fraunhofer rights to apply the Technology (as defined in the Agreement) to vaccines against the Diseases, provided, however, that if the Gates Foundation and Fraunhofer do not pursue the Program to completion, the subject rights shall revert to INB.

2. All other terms and conditions of the Agreement remain in effect.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives as of October 24, 2006.

FRAUNHOFER USA CMB CENTER FOR MOLECULAR BIOTECHNOLOGY	INB:BIOTECHNOLOGIES INC.
By: /s/ Vidadi Yusibov	By: /s/ Robert B. Kay
Vidadi Yusibov, Ph.D.	Robert B. Kay
Executive Director	Managing Director

MOLECULAR BIOTECHNOLOGY TECHNOLOGY TRANSFER AGREEMENT

ADDENDUM, made as of the 15th day of March, 2005, between Fraunhofer USA, Inc., acting through its Center for Molecular Biotechnology ("Fraunhofer") and INBBioTechnologies, Inc. ("INB") (f/k/a NuCycle Therapy, Inc.)

RECITALS

On December 18th, 2003, Fraunhofer and INB signed an agreement titled "Fraunhofer USA Center for Molecular Biotechnology Technology Transfer Agreement" (the "Agreement"). The Agreement has an effective date of January 1, 2004. The execution draft of the Agreement was prepared by counsel for INB, who had not been directly involved in negotiating the terms of the Agreement prior to reviewing the proposed execution draft of the Agreement. INB's legal counsel made a few minor revisions to the final draft of the Agreement and transmitted a signature-ready version of the Agreement to Fraunhofer and INB for final review and signature. Those changes included revising the language of Section 3.1 of the Agreement to state that the payment characterized in Section 3.1 of the Agreement as the Initial Research Support Grant was being paid in consideration of services to be provided by Fraunhofer to INB during the term of the Agreement. In prior drafts of the Agreement, Section 3.1 had provided that the initial research support grant was being paid in consideration of services provided by Fraunhofer to INB prior to the term of the Agreement. In changing the language of Section 3.1, counsel for INB did not realize that the parties had specifically negotiated the first sentence of Section 3.1 to read as presented in the previous drafts, for reasons that are material and important to Fraunhofer's financial accounting. Fraunhofer and INB signed the final draft of the Agreement without being aware that the first sentence of Section 3.1 had been changed by counsel for INB. The Science Director of the Fraunhofer Center for Molecular Biotechnology discovered the change to the first sentence of Section 3.1. of the Agreement sometime after signing the Agreement. The parties have agreed to sign this Addendum for the purpose of adopting the language that they intended to include in Section 3.1 of the Agreement.

NOW, THEREFORE, the parties agree as follows:

1. Section 3.1. Section 3.1. of the Agreement is deleted in its entirety and is replaced by the following:

"Section 3.1. **Initial Research and Support Grant.** In consideration of services provided by Fraunhofer to the Company prior to the term of this Agreement, but not including services provided by Fraunhofer pursuant to the Fraunhofer USA, Inc. - NuCycle Therapy, Inc. Research Agreement, dated March 4, 2002, and subject to the provisions of Section 5.4 of this Agreement, Company shall pay to Fraunhofer an initiation fee of $500,000 ("Initial Research Support Grant") upon the effective date of this Agreement." In Year 1 (one) of this agreement Fraunhofer USA's research spending in the Field shall be no less then $750,000.

2. Other Terms. Except as specifically provided in this Addendum, the other terms of the Agreement remain in full force and effect.

IN WITNESS WHEREOF, the parties have signed this Addendum effective as of the day and year above written.

By:	/s/ William Hartman, Ph.D. William Hartman, Ph.D. Vice President	By:	/s/ Orn Adalsteinsson, Ph.D. Orn Adalsteinsson, Ph.D. President

TECHNOLOGY TRANSFER AGREEMENT

AGREEMENT made as of the 18 day of December, 2003, and effective as of January 1, 2004 (the "Effective Date") between Fraunhofer USA, Inc, acting through its Center for Molecular Biotechnology ("Fraunhofer"), a Rhode Island non-profit corporation, and NuCycle Therapy Inc. ("Company"), a New Jersey corporation.

RECITALS:

WHEREAS, Fraunhofer owns and will endeavor to develop certain exclusive rights to the proprietary technology and intellectual property specifically described in Appendix A (the "Technology") in the area of expression, engineering, testing, production and validation of human vaccines, human antibodies and human therapeutic proteins in plants (the "Field"); The Field does not include industrial biocatalysis, veterinary applications, diagnostic applications, both human and other, agricultural and environmental applications; and

WHEREAS, Company desires to acquire the Technology, subject to the retention of certain rights in the Technology by Fraunhofer, in the Field in accordance with the terms and conditions of this Agreement.

NOW THEREFORE, in consideration of the amounts to be paid in accordance with Article 3, the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

ARTICLE 1
INTERPRETATION

In this Agreement unless the contrary intention appears:

(a) a reference to a clause, schedule, annexure or appendix is a reference to a clause or schedule, annexure or appendix to this Agreement and references to this Agreement include any recital, schedule, annexure or appendix;

(b) a reference to this Agreement or another instrument includes any variation or replacement of either of them;

(c) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;

(d) the singular includes the plural and vice versa;

(e) the word person includes a firm, a body corporate, an unincorporated association or an authority;

(f) a reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including, but not limited to, persons taking by novation) and assigns;

(g) if a period of time is specified and dates from a given day or the day of an act or event, it is to be calculated exclusive of that day; and

(j) a reference to a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later.

TRANSFER TERMS

2. **Grant of License; Transfer of Title.**

(a) Subject to the terms and conditions of this Agreement, Fraunhofer grants to the Company an exclusive license to use and to develop products derived from or incorporating the Technology in the Field and to sub-license that right. Company shall require that all sublicensees agree in writing to be bound by terms and conditions no less restrictive than the terms of this Agreement. Notwithstanding the exclusive nature of this license grant, Fraunhofer specifically reserves its right to continue to use and develop the Technology and all Improvements (as defined below) for research purposes. Further, Fraunhofer may grant government organizations, non-exclusive, royalty-free licenses (without the right to sublicense or commercialize) to utilize Technology and Improvements within the Field. All royalty-bearing licenses to Technology and Improvements during the term of this Agreement shall be executed and approved by the Company and the licensee, even if such licenses are executed pursuant to a Research and Development Agreement between Fraunhofer and the licensee. The license granted in this Section shall not affect the licenses granted by Fraunhofer in certain work product described in separate agreements between Fraunhofer and The Dow Chemical Company and Final Design, Inc.

(b) Upon receipt of the payment described in Section 3.3, Fraunhofer shall convey to the Company title to the Technology and Improvements. Immediately following such conveyance (and as a condition to that conveyance) the Company shall grant Fraunhofer a perpetual, world-wide, royalty-free license to do the following:

(i) perform research utilizing the Technology or Improvements, in any field, on a non-exclusive basis; and

(ii) commercialize the Technology and Improvements for application outside of the Field on an exclusive basis. The parties shall execute a license agreement containing these terms and such additional terms as are mutually agreed. If the Company does not make the payment described in Section 3.3, then the license set forth in Section 2.1 (a) shall remain in effect, subject to the payment of royalties as provided in Section 3.4.

ARTICLE 3
PAYMENT AND GRANTS BY COMPANY

3.1 Initial Research and Support Grant. In consideration for services to be provided to the Company during the term of this Agreement, but not including services provided by Fraunhofer prior to the date of this Agreement pursuant to the Fraunhofer USA, Inc. - NuCycle Therapy, Inc. Research Agreement dated March 4, 2002, and subject to the provisions of Section 5.4 of this Agreement, Company shall pay to Fraunhofer an initiation fee of $500,000 ("Initial Research Support Grant") upon the effective date of this Agreement.

3.2 Guaranteed Annual Payments. In consideration of Fraunhofer's maintenance and support of the Technology during the first 5 years that this Agreement is in effect and Fraunhofer's commitment to perform research and development services on the Technology during that period, the Company shall make nine (9) successive, non-refundable semi-annual payments (for a total of $2,250,000) as follows:

$250,000	- May 2,	2004;	$250,000 - November 2,	2004
$250,000	- May 2,	2005;	$250,000 -November 2,	2005
$250,000	- May 2,	2006;	$250,000 -November 2,	2006
$250,000	- May 2,	2007;	$250,000 - November 2,	2007
$250,000	- May 2,	2008;		

payments are due.

3.3 Payment for Title. On November 2, 2008, the Company shall make a single payment of $250,000 to Fraunhofer (the "Title Payment") whereupon Fraunhofer shall convey to the Company full title to the Technology and Improvements. As additional consideration for the transfer of title to the Technology and Improvements, for a period of ten years after the effective date of such transfer, the Company shall make additional payments to Fraunhofer ("Additional Payments") equal to (a) 1% of all receipts derived by the Company, or any affiliates of the Company (as defined in Section 9.13) from sales of products that incorporate or are produced utilizing the Technology and Improvements; and (b) 15% of all receipts derived by the Company from licensing the Technology and Improvements to third parties, whether characterized as license fees, royalties or any similar consideration . Any license agreement between the Company and its affiliate shall be on commercially reasonable terms. Additional Payments shall be made on the thirtieth day of each calendar quarter with regard to Receipts during the preceding quarter. The first such payment will be due April 30, 2009. The Company may elect to forego the Title Payment and continue the license in effect, subject to the last sentence of Section 2.1(b)

3.4 License Fees If the Company foregoes the Title Payment, as permitted in Section 3.3, in consideration of the continuation in effect of the license granted in Section 2.1, the Company shall pay Fraunhofer license fees equal to (a) 2% of all receipts derived by the Company and its affiliates from sales of products that incorporate or are produced utilizing the Technology and Improvements; and (b) 20% of receipts derived by the Company from licensing the Technology and Improvements to third parties. Minimum annual aggregate license fee payments shall be $200,000. License fees shall be payable on the thirtieth day of each calendar quarter with regard to Product Receipts during the preceding quarter. The first license fee payment shall be due April 30, 2009.

3.5 Interest. The Initial Research and Support Grant and any and all Guaranteed Annual Payments, and the Title Payment, if not paid when due shall bear interest at a rate equal to the Prime Rate plus two percent (2%) per annum calculated, payable and compounded on a daily basis until paid in full. The term "Prime Rate" shall mean the prevailing prime rate of interest as published in the Wall Street Journal or, in the absence of such publication, the prime rate of interest charged by Fraunhofer's principal depositary institution.

3.6 Taxes. All payments to Fraunhofer by the Company to Fraunhofer hereunder are exclusive of all excise, sales, goods and services, use and other similar taxes imposed by any federal, provincial, state, municipal or other governmental authority (other than taxes on income of Fraunhofer), all of which taxes shall be paid by the Company to Fraunhofer or to the applicable governmental authority as may be required by applicable law.

3.7 **Books, Records and Audits.** The Company shall keep, and shall require that its sublicensees keep, regular and current books and records sufficient to accurately record and reflect the sales of products derived from or incorporating the Technology and Improvements and all license income received by the Company each month. Fraunhofer shall have the right to audit these books and records once each calendar year. Such an audit shall be conducted at Fraunhofer's expense, unless the audit reveals that (1) the Company's or Company's licensees' reports have understated Royalty Fees by 5% or more, or (2) that the Company or its licensees have sold products derived from or incorporating the Technology or Improvements outside the Field, in which case the cost of the audit will be borne by the Company. All audits will be conducted by an independent accountant not affiliated with or otherwise employed by either party.

TERM

4.l Term. The term of this Agreement will begin upon execution of this Agreement and shall continue until otherwise terminated pursuant to the terms of this Agreement.

ARTICLE 5
TERMINATION

5.1 Termination. 5.1.1 Prior to the transfer of title to the Technology under Section 2.1(b), Either Party shall have the right to terminate this Agreement forthwith upon written notice to the other Party in the event that such other Party breaches or defaults in the performance or observance of any of its payments, obligations, representations, warranties or covenants under this Agreement. Such breach or default is not cured within sixty (60) days of such other Party receiving written notice of such default from the non-defaulting Party. Either Party shall have the right to use this sixty (60) day curative period only two (2) times per year in respect of any such breach or default, for which any additional breach or default will result in the immediate termination of this Agreement at the option of the non-breaching Party.

5.1.2 Fraunhofer shall have the right to terminate this Agreement upon the commencement of any proceeding or the taking of any step by or against the Company for the dissolution, liquidation or winding-up of the Company or for any relief under any applicable Laws of any jurisdiction relating to bankruptcy, insolvency, reorganization, arrangement, compromise or winding-up, or for the appointment of one or more of a trustee, receiver, receiver and manager, monitor, custodian, consultant, liquidator or any other Person with similar powers with respect to the Company or any part of any of its property or assets.

5.2 **Obligations on Termination.** Upon the termination of this Agreement under Section 5.1, the Company and its sublicensees shall immediately cease all use of the Technology and all Fraunhofer Improvements; Fraunhofer may enter upon any of the facilities or premises of the Company and its sublicensees where any of the Technology or Improvements may be located or utilized, without any obligation to pay any rent to any Person whatsoever, for purposes of requiring the Company to cease use of the Technology and Fraunhofer Improvements.

5.3 Abandonment of Technology. After the Company receives title to the Technology, if the Company abandons its efforts to commercialise the Technology, the Company and Fraunhofer shall negotiate in good faith, to sell the Technology back to Fraunhofer or license to Fraunhofer a non-exclusive, worldwide, royalty-free, perpetual license to the Technology and any Company Improvements for applications in any field. As used in this subsection, the phrase "abandons its efforts to commercialize the Technology" means the failure by the Company or any licensee or sublicensee of the Company to undertake any activity regarding the development, licensing or other commercial exploitation of the Technology for at least six consecutive months. Fraunhofer shall give the Company 60 days prior written notice of its intent to assert its license rights under this subsection. If, prior to the end of that 60 day period, the Company does not give Fraunhofer written evidence of any effort to develop, license or otherwise commercialise the Technology that occurred during the six month period preceding Fraunhofer's notice under this subsection, Fraunhofer and the Company shall -begin the negotiations discussed in the first sentence of this Section.

5.4 Survival. Notwithstanding any other provision of this Agreement, each of the provisions of 1, 5.1, 6, 7.5, 7.6, 8.1, and 9 and any other provision which by its context or plain meaning should have effect after the termination of this Agreement shall survive any termination of this Agreement.

5.5 Termination of March 4, 2002 Agreement. Upon execution of this Agreement;

5.5.2 NuCycle Therapy, Inc. shall make a single payment of $80,000 to Fraunhofer. Payments by NuCycle Therapy, Inc. under the March 4, 2002 agreement will be in addition to the payments due under this Agreement;

5.5.3 NuCycle Therapy, Inc. shall have no further obligations for payments specified in the March 4, 2002 agreement

ARTICLE 6
OWNERSHIP RIGHTS AND CONFIDENTIALITY

6.1 Title to Technology and Improvements. While the license granted under Section 2 is in effect, Fraunhofer shall retain worldwide title to, and ownership of, the Technology, and all modifications, revisions, additions, customizations and enhancements (collectively, the "Improvements") made by Fraunhofer. Any Improvements made by Company or its licensees shall be owned by Company or its respective licensee, and Fraunhofer shall have a non-exclusive, perpetual, royalty-fee license to such Improvements for research purposes only. Following
the termination of this Agreement under Section 5.1, Fraunhofer shall have a non-exclusive, world-wide, perpetual, royalty-free license to use Company owned Improvements for research and clinical development purposes only.

6.2 Protection of Intellectual Property Rights. Fraunhofer shall use commercially reasonable efforts in its best judgment to maintain in force and good standing its Intellectual Property Rights in the Technology and in Fraunhofer Improvements in the Field, including but not limited to trade secret maintenance and policing, trademark applications, trademark registrations, patents, patent applications, and copyright registrations, in the Field in connection with all of its Intellectual Property Rights related to the Technology and Improvements in the Field. Fraunhofer shall consult with Company on all matters relating to Intellectual Property Rights for the Technology and Improvements in the Field. Company agrees to give Fraunhofer and its designees or assignees all assistance reasonably required to perfect such rights, titles and interests and shall pay for all costs associated with the preparation, prosecution and maintenance of such patent applications trademark applications, copyright registrations or other legal protection, regardless of the fact that the Intellectual Property Rights to which such protection applies may have applications outside the Field. For purposes of this Agreement, the term "Intellectual Property Rights" means any and all proprietary rights provided under: (i) patent law; (ii) copyright law; (iii) trademark law; (iv) design patent or industrial design law; or (v) any other statutory provision or common law principle applicable to this Agreement, including trade secret law, which may provide a right in either ideas, formulae, algorithms, concepts, inventions or know-how generally, or the expression or use of such ideas, formulae, algorithms, concepts, inventions or know-how.

6.3 Further Development of Technology. Fraunhofer agrees to use commercially reasonable efforts to conduct research designed to enhance, improve and expand the Technology in the Field through the period ending December 31, 2008 and to expend, at a minimum, an amount equal to the Guaranteed Annual Payments for such research. Such efforts shall be supported by funding at least equal to the Guaranteed Annual Payments made pursuant to Section 3.2 of this Agreement. Fraunhofer shall have the exclusive right to conduct research utilizing the Technology or for the purpose of developing Improvements prior to January 1, 2009.

6.4 Confidentiality.6.4.1 For purposes of Sections 6.4 and 6.5, the party providing Confidential Information shall be referred to as the "Disclosing Party" and the party receiving such Confidential Information from the Disclosing Party shall be referred to as the "Receiving Party." The Parties shall at all times, both during the term of this Agreement and after termination or expiration of this Agreement, keep and hold all Confidential Information of the Disclosing Party in the strictest confidence, and shall not use such Confidential Information for any purpose, other than as may be reasonably necessary for the performance of its duties pursuant to this Agreement, without the Disclosing Party's prior written consent.

(i) that it will not disclose to any Person or use any Confidential Information disclosed to it except as expressly permitted in this Agreement; and

(ii) that it will take all reasonable measures to maintain the confidentiality of all Confidential Information of the Disclosing Party in its possession or control, which will in no event be less than the measures it uses to maintain the confidentiality of its own information of similar importance;

(iii) that it will require its employees, sublicensees, consultants and all others who may have access to such Confidential Information, and prior to receiving and reviewing such Confidential Information, to separately execute a nondisclosure agreement containing terms and conditions no less restrictive than the terms and conditions of this Agreement.

6.4.2 The terms and conditions of this Agreement will be deemed to be the Confidential Information of the Disclosing Party and may not be disclosed without the prior written consent of the Disclosing Party.

(d) The Receiving Party acknowledges that its failure to comply with the provisions of this Section will cause irreparable harm to the Disclosing Party which cannot be adequately compensated for in damages, and accordingly acknowledges that the Disclosing Party shall be entitled to obtain, in addition to any other remedies available to it, to interlocutory and permanent injunctive relief to restrain any anticipated, present or continuing breach of this Section.

(e) As used in this Agreement, the term "Confidential Information" means all information in any form regarding the Disclosing Party's intellectual property, business plans, technology or product development plans, research results, finances, costs, customers, technical know-how and trade secrets, proprietary processes, biological materials and any other information that the Disclosing Party identifies in writing as confidential.

6.5 Return of Confidential Information. Upon the termination of this Agreement, the Receiving Party shall return to the Disclosing Party or destroy all Confidential Information of the Disclosing Party, including all copies of such Confidential Information, which is then in its possession or control.

6.6 Infringement of Intellectual Property.

6.6.1 Fraunhofer shall promptly notify the Company of any infringement or threatened infringement of the Technology or Improvements of which it becomes aware.

6.6.2 The Company shall in good faith evaluate all infringement claims and shall take such action as is reasonably necessary to enforce its rights in the Technology and Improvements in the Field. Any legal proceedings instituted by the Company in respect of such infringement or threatened infringement will be conducted at the Company's sole discretion and expense, provided that Fraunhofer shall, if requested to do so by the Company, join in and fully co-operate with the Company in the conduct of such proceedings, including making available to the Company all information and particulars relating to such infringement in the possession of Fraunhofer and other Persons under its direction or control. Any monetary or other award obtained by the Company in respect of such proceedings shall belong to the Company and shall be subject to royalty payments as provided in Section 3.4. If the Company declines to enforce its rights in the Technology and Improvements in the Field or does not pursue any such enforcement in good faith after reasonable advance notice from Fraunhofer, Fraunhofer may, at its cost, take action with respect to such infringement. The Company shall co-operate with Fraunhofer in taking such action, without cost to the Company, other than the expenditure of time. Any monetary or other award obtained by Fraunhofer as a result of such proceedings shall belong to Fraunhofer alone.

ARTICLE 7
REPRESENTATIONS, WARRANTIES AND INDEMNITIES

7.1 **Party Representations, Warranties, and Covenants.** Each Party represents, warrants and covenants to the other as follows and acknowledges that the other Party has relied upon the completeness and accuracy of such representations, warranties and covenants in entering into this Agreement:

7.1.1 it has the capacity to enter into this Agreement and to perform each of its obligations hereunder; and

Party enforceable against it in accordance with its terms except as such enforcement may be limited by applicable bankruptcy, insolvency and other Laws of general application affecting the enforcement of creditors' rights and subject to general equitable principles.

7.2 Fraunhofer Representations, Warranties, and Covenants. Fraunhofer further represents, warrants and covenants to the Company as follows and acknowledges that the Company has relied upon the completeness and accuracy of such representations, warranties and covenants in entering into this Agreement:

7.2.1 Fraunhofer is and shall at all times be the legal and beneficial owner or authorized licensor or sublicensor of the Technology; and

7.2.2 Fraunhofer has the full power and authority to grant the rights in the Technology herein contemplated without the consent of any other Person which has not already been obtained.

7.3 **The Company , Representations and Warranties.** The Company further represents, warrants and covenants to Fraunhofer as follows and acknowledges that Fraunhofer has relied upon the completeness and accuracy of such representations, warranties and covenants in entering into this Agreement:

7.3.1 The Company shall not knowingly use the Technology in a manner that infringes the intellectual property rights of any person;

7.3.2 All statements, information, reports and certificates made or given to Fraunhofer (either orally or written) are true, complete and accurate in all material respects.

7.4 Limitation of Implied Warranties. T O THE EXTENT PERMITTED BY LAW BUT SUBJECT TO THIS AGREEMENT, FRAUNHOFER MAKES NO REPRESENTATIONS, WARRANTIES OR COVENANTS TO THE COMPANY WHATSOEVER CONCERNING THE BUSINESS OF OR RELATING TO THE EXPLOITATION OF THE TECHNOLOGY IN THE FIELD AND THE COMPANY HEREBY ACKNOWLEDGES TO FRAUNHOFER THAT IT HAS PERFORMED AND RELIED ON ITS OWN INVESTIGATIONS AND DUE DILIGENCE AND HAS SOUGHT ITS OWN PROFESSIONAL ADVICE IN ENTERING INTO THIS AGREEMENT.

7.5 Fraunhofer Indemnity.

7.5.1 Indemnity Obligation. Notwithstanding any other provision hereof, Fraunhofer shall indemnify, defend and hold harmless the Company and its officers, directors, employees, consultants, authorized representatives and agents from any and all third party claims, losses, liabilities, damages, expenses and/or costs (including reasonable lawyers' fees) (collectively "Claims") as a result of or relating in any manner whatsoever to any breach of any warranty, representation or covenant by Fraunhofer in this Agreement.

7.5.2 The Company Obligation to Notify. The Company will promptly notify Fraunhofer of any third party claim within the scope of Section 7.5(a) (a "Third Party Claim") and will fully cooperate with Fraunhofer in connection with the defense and/or settlement thereof and the defense of any such Third Party Claim shall be conducted at Fraunhofer's sole discretion and expense, provided that the Company shall, if requested to do so by Fraunhofer, join in and fully co-operate with Fraunhofer in the conduct of such defense, including making available to Fraunhofer all information and particulars relating to such defense in the possession of the Company and other Persons under its direction or control, provided that the Company shall not be required to join in and fully cooperate with Fraunhofer in this regard unless Fraunhofer first agrees to indemnify the Company for all reasonable costs incurred by the Company in doing so, including its reasonable attorneys' fees. The Company shall not charge Fraunhofer for time devoted to that defense by Company personnel.

7.6 Company Indemnity.

7.6.1 Indemnity Obligation. The Company shall indemnify, defend and hold harmless Fraunhofer, its Affiliates, and their respective officers, directors, employees, consultants, authorized representatives and agents from any and all third party claims, losses, liabilities, damages, expenses and/or costs (including reasonable professional fees) as a result of or relating in any manner whatsoever to:

(i) any breach of any warranty, representation or covenant by the Company in this Agreement;

(ii) any claim arising out of the utilization, installation, maintenance or operation of the Technology or Improvements at any location(s); and

Company which is not in accordance with the provisions of this Agreement, infringes or violates the Intellectual Property Rights of any other Person.

7.6.2 Fraunhofer Obligation to Notify. Fraunhofer will promptly notify the Company of any and third party claim within the scope of Section 7.6(a) and the defense of any such claims shall be conducted at the Company's sole discretion and expense, provided that Fraunhofer shall, if requested to do so by the Company, join in and fully cooperate with the Company in the conduct of such defense, including making available to the Company all information and particulars relating to such defense in the possession of Fraunhofer and other Persons under its direction or control, provided that Fraunhofer shall not be required to join in and fully co-operate with the Company in this regard unless the Company has first agreed to indemnify Fraunhofer for all costs incurred by Fraunhofer in doing so, including reasonable attorneys' fees. Fraunhofer shall not charge the Company for time devoted to that defense by Fraunhofer personnel.

ARTICLE 8
LIMITATION OF LIABILITY

8.1 TO THE EXTENT PERMITTED BY LAW BUT SUBJECT TO THIS AGREEMENT, IN NO EVENT WILL FRAUNHOFER BE LIABLE TO THE COMPANY FOR ANY SPECIAL, INCIDENTAL, PUNITIVE OR CONSEQUENTIAL DAMAGES, WHETHER BASED ON BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE), BREACH OF ANY REPRESENTATION, WARRANTY OR COVENANT OR OTHERWISE, WHETHER OR NOT FRAUNHOFER HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGE AND FRAUNHOFER'S LIABILITY SHALL AT ANY AND ALL TIMES BE LIMITED TO, AND WILL NOT EXCEED, THE LESSER OF (1) THE AMOUNT PAID TO FRAUNHOFER BY THE COMPANY UNDER THIS AGREEMENT; OR (2) $3 MILLION IN THE AGGREGATE..

ARTICLE 9 GENERAL

9.1 Public Announcements. The Company will not disclose the existence of and terms of this Agreement to a third party, unless agreed to in writing and in advance by Fraunhofer.

9.2 Notices. All notices, requests, demands and other communications required or permitted by this Agreement shall be in writing in the English language and (a) delivered by messenger; (b) transmitted by facsimile; or (c) delivered by a reputable international courier service, with courier charges paid or payable by the sender. All such notices and other communications shall be addressed as follows to the respective Parties set forth below or to such other address as any such Party may hereafter specify in writing:

Notices to Fraunhofer shall be addressed to:

Fraunhofer USA, Inc.
46025 Port St.
Plymouth MI 48170

Attn: William F. Hartman
Facsimile: 734-354-9711

with copies to:

Fraunhofer Center for Molecular Biotechnology
9 Innovation Way
Newark, DE 19711

Attention: Barry L. Marrs
Facsimile: 302-369-8955

Ellis, Eby, Conner, Smillie & Bourque, PLLC
320 N. Main St. Suite 300
Ann Arbor, MI 48104
Attn: Mark J. Eby
Facsimile: 734-769-2702

Notices to the Company shall be addressed to:

NuCycle Therapy Inc.
c/o Integrated BioPharma, Inc. P.O. Box 278
225 Long Avenue
Hillside, New Jersey 07205
Attention: Burt Ensley
Facsimile: (973) 926-1735

with a copy to:

St. John & Wayne, L.L.C.
Two Penn Plaza East, 10th Floor
Newark, New Jersey 07105
Attention: Wiliam P. Oberdorf, Esq.
Facsimile: (973)491-3489

A notice shall be deemed to have been given (i) on the day of delivery (evidenced by a signed receipt) if delivered by messenger; (ii) two Business Days after it has been delivered to a reputable international courier service with courier charges paid or payable by the sender; or (iii) on the day sent by facsimile, if the transmission is confirmed by the sender's facsimile.

9.3 Independent Contractors. The rights, duties, obligations and liabilities of the Parties under the relationship created hereby shall be limited to those rights, duties, obligations and liabilities set out in this Agreement. The Parties are creating an independent contractor relationship under this Agreement. Nothing herein contained shall be construed to create a partnership, employment, joint venture or other business relationship between the Parties. Except as expressly authorized by the terms and conditions hereof, nothing herein shall be construed to authorize a Party to act as the agent of the other Party, or to permit any Party to act on behalf of or bind the other Party.

9.4 Further Assurances and Power of Attorney. The Parties agree (a) to furnish upon request to each other such further information, (b) to execute and deliver to each other such other documents, and (c) to do such other acts and things, all as the other Party may reasonably request for the purpose of carrying out the intent of this Agreement. The Company hereby unconditionally and irrevocably constitutes and appoints Fraunhofer as its true and lawful attorney, with full power of substitution, to do such other acts and things in the name of the Company as Fraunhofer may deem necessary in its reasonable business judgement to establish, maintain and defend its right, title and interest in and to all or any part of the Technology and Improvements.

any Party in exercising any right, power or privilege under this Agreement will operate as a waiver of such right, power or privilege, and no single or partial exercise of any such right, power or privilege will preclude any other or further exercise of such right, power or privilege or the exercise of any other right, power or privilege. To the maximum extent permitted by applicable Law: (a) no claim or right arising out of this Agreement can be discharged by one Party, in whole or in part, by a waiver or renunciation of the claim or right unless in writing signed by the other Party; (b) no waiver that may be given by a Party will be applicable except in the specific instance for which it is given; and (c) no notice to or demand on one Party will be deemed to be a waiver of any obligation of such Party or of the right of the Party giving such notice or demand to take further action without notice or demand to the extent provided in this Agreement..

9.6 Assignments, Successors and No Third Party Rights. Except as otherwise expressly contemplated hereby, neither Party may assign, except Fraunhofer to one of its Affiliates, any of its rights or delegate any of its obligations under this Agreement to any other Person without the prior written consent of the other Party; provided, however, this shall not prohibit the Company to sublicense the Technology and Improvements; and provided further, however, that, any such delegation of obligations by the Company shall not relieve the Company of its liability for the performance of such obligations. Subject to the preceding sentence, this Agreement shall apply to, be binding in all respects upon, and enure to the benefit of the successors and permitted assigns of the Parties. Nothing expressed or referred to in this Agreement shall be construed to give any Person other than the Parties to this Agreement any legal or equitable right, remedy or claim under or with respect to this Agreement or any provision of this Agreement. This Agreement and all of its provisions and conditions are for the sole and exclusive benefit of the Parties to this Agreement and their successors and permitted assigns.

9.7 Counterparts. This Agreement may be executed in two or more counterparts by facsimile transmission, each of which will be deemed to be an original and all of which, when taken together, will be deemed to constitute one and the same agreement.

9.8 Entire Agreement and Modification. This Agreement supersedes all prior agreements between the Parties with respect to the subject matter hereof and constitutes the entire agreement of the Parties with respect thereto. This Agreement may not be amended except by the written agreement of the Parties.

9.9 Headings and Construction. The headings of Articles and Sections in this Agreement are provided for convenience of reference only and shall not affect its construction or interpretation. All references to "Article(s)" or "Section(s)" refer to the corresponding Article(s) or Section(s) of this Agreement.

9.10 Severability. If any provision of this Agreement is held to be invalid or unenforceable by any Court of competent jurisdiction, such provision shall be severable from this Agreement and the remaining provisions of this Agreement shall remain in full force and effect and the unenforceable provision shall be reformed or construed so as to as nearly as possible give effect to the intent of the parties entering into this Agreement.

9.11 Governing Law. This Agreement shall be governed by, construed, interpreted and enforced (without regard to principles relating to conflicts of laws) exclusively in accordance with the laws of the State of Delaware; and the state and federal courts in Delaware shall be the sole and exclusive forum for the resolution of all disputes arising under or relating to this Agreement and all performance under this Agreement.

9.12 Relationship to Other Entities. This Agreement is not intended to bind or to impose any obligations on the Fraunhofer Institute for Molecular Biology and Applied Ecology, Fraunhofer Gesellshaft, or any other entity which may be related by whole or partial common ownership with them.

9.13 Sublicense to Affiliates. The Company may sublicense the Technology and any Fraunhofer Improvements to affiliates of the Company only if such sublicenses require minimum royalty payments of 2% of gross receipts from sales of products incorporating or produced using the Technology or Improvements. The term "affiliate" means an organization which controls, is controlled by or is under common control with the Company or an organization that is controlled by an officer or director of the Company or any affiliate of the Company. The Company may sublicense the Technology and Improvements to unrelated third parties on any terms it deems appropriate.

FRAUNHOFER USA, INC.

By: /s/ W. F. Hartman
Name: W. F. Hartman
Title: Vice President

NUCYCLE THERAPY, INC.

By: /s/ Eric Friedman
Name: Eric Friedman
Title: Vice President

LICENSED TECHNOLOGY

The following patent applications filed by Fraunhofer prior to the effective date of this Agreement and license rights held by Fraunhofer on the date of this Agreement, to the extent the intellectual property described therein applies to the Field: Exhibit A:

CORE TECHNOLOGIES

1. **Transient expression of proteins in plants using two-component virus vector system**: Filing date February 3, 2003; USSN 60/444,615. Inventors: Vidadi Yusibov, Shailaja Rabindran, Oleg Fedorkin.

2. **Virus induced gene silencing**: Filing date: July 25, 2002; Docket No.: 02-40113-US (883192.20004); US Patent Application number: 10/205,562, PCTIUS30/23520 (international). Inventor: Vidadi Yusibov.

3. **Heterologous protein expression in plants**: Filing date: April 25, 2002 (non-provisional is filed); Docket No.: 03-40064-US (883192.20003). Inventors: Vidadi Yusibov, Vadim Mett, Marina Skarjinskaia, Anna Hall.

4. **Expression of foreign sequences in plants using a trans-activation system:** Filing date: November 6, 2002; Docket No.: 02-40112-1JS (883192.20003). Inventors: Vidadi Yusibov, Vadim Mett, Marina Skarjinskaia, Anna Hall.

5. **Carrier molecule for expression, delivery and purification of target polypeptides**: Filing date: May 22, 2003; Docket No.: 03-40081-USPR (883192.20010); Application number 601472,495. Inventors: Vidadi Yusibov, Vadim Mett, Konstantin Musiychuk.

6. **World-wide exclusive rights to the commercial use and distribution of P12 technology that is key to producing peptides genetically fused to alfalfa mosaic virus coat protein**.

All patent applications claiming inventions in the Field filed by Fraunhofer with regard to work product developed by the Fraunhofer USA Center for Molecular Biotechnology between the date of this Agreement and December 31, 2008, to the extent the intellectual property described therein applies to the Field

The Licensed Technology shall not include any intellectual property that is developed in whole or in part by the Fraunhofer Institute for Molecular BioloD and Applied Ecology, which is headquartered in Aachen, Germany.

608936-1

NON-STANDARD

NAVY COOPERATIVE RESEARCH AND DEVELOPMENT AGREEMENT

BETWEEN

NAVAL MEDICAL RESEARCH CENTER ("NMRC")

AND

NUCYCLE THERAPY, INC. ("NUCYCLE")

AND

FRAUNHOFER USA, INC. ("FRAUNHOFER")
AGREEMENT TITLE: Evaluation of oral efficacy of plant-made anthrax vaccine in human volunteers vaccinated with AVA.

AGREEMENT NUMBER: NMR-04-1954

AGREEMENT ADMINISTRATORS:

NAVAL MEDICAL RESEARCH CENTER

Technology Transfer Office: **Dr. Charles Schlagel, Code OOT, 301-319-7428**
Legal Counsel: **Joseph** K. **Hemby, Jr., Esq., Code OOL, 301-319-7429**
Principal Investigator: **Capt. Darrell Galloway, Code 06,301-231-6711**

NUCYCLE THERAPY, INC.

Preferred Contact: **Dr. Orn Adalsteinsson, 610-925-0545**
Legal Counsel: **Dr. Brenda Herschbach Jarrell, 617-248-5175**
Principal Investigator: **Dr. Orn Adalsteinsson, 610-925-0545**

FRAUNHOFER USA, INC.

Preferred Contact: **Dr. Vidadi Yusibov, 302-369-3766**
Principal Investigator: **Dr. Vidadi Yusibov, 302-369-3766**

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NON-STANDARD

NAVY COOPERATIVE RESEARCH AND DEVELOPMENT AGREEMENT

BETWEEN

NAVAL MEDICAL RESEARCH CENTER
AND

NUCYCLE THERAPY, INC.
AND

FRAUNHOFER USA, INC.

PREAMBLE

Under authority of the U.S. Federal Technology Transfer Act of 1986 (Public Law 99-502, 20 October 1986, as amended), **Naval Medical Research Center,** located at 503 Robert Grant Avenue, Silver Spring, MD 20910, USA **(NMRC),** and **NUCYCLE Therapy, Inc.,** whose corporate headquarters are located at 415 McFarlan Rd., Kennett Sq., PA 19348,USA **(NUCYCLE),** and **Fraunhofer** USA, **Inc.,** Center for Molecular Biotechnology, whose corporate headquarters are located at 9 Innovation Way, Newark, DE 19711, USA **(FRAUNHOFER),** enter into this Cooperative Research and Development Agreement **(CRADA),** which shall be binding upon all Collaborators and their assignees according to the clauses and conditions hereof and for the term and duration set forth.

The U.S. Federal Technology Transfer Act of 1986, as amended, provides for making the expertise, capabilities, and technologies of U.S. Federal laboratories accessible to other Federal agencies; units of State or local government; industrial organizations (including corporations, partnerships and limited partnerships, and industrial development organizations); public and private foundations; nonprofit organizations (including universities); or other persons in order to improve the economic, environmental, and social well-being of the United States by stimulating utilization of U.S. Federally funded technology developments and/or capabilities.

NMRC has extensive expertise, capabilities, and information in evaluating target polypeptides expressed from plant viral constructs using various mosaic virus vectors for biodefense applications, and, in accordance with the U.S. Federal Technology Transfer Act, desires to make this expertise and technology available for use in the public and private sectors.

FRAUNHOFER has extensive expertise, capabilities, and know-how in engineering and expressing of target polypeptides in plants using various mosaic virus vectors for biodefense applications. In addition, **Fraunhofer** has developed carrier systems that improve not only pathogen-specific immunogenicity but also economics and time efficiency of target production.

NUCYCLE has the interest, resources, capabilities, and technical expertise to transition the results of this research and development for public use.

Fraunhofer CMB under the Discretionary Funds Grant from **Fraunhofer** USA have engineered and developed a candidate vaccine against anthrax using thermostable carrier molecule for which purpose the evaluations in humans under this Agreement is sought.

NOW THEREFORE, the Collaborators agree as follows.

Article 1. DEFINITIONS

As used in this Agreement, the following terms shall have the meanings defined below, which are equally applicable to both the singular and plural forms of nouns or any tense of verbs.

1.1 "Agreement" means this Cooperative Research and Development Agreement (CRADA) with its Appendices.

1.2 "Affiliate" means any corporation, firm, limited liability company, partnership or other entity that is directly or indirectly controlled by NUCYCLE. Control for this purpose means ownership, directly or through one or more affiliated entities, or greater than fifty percent (50%) of the shares of stock entitled to vote for the election of directors in the case of a corporation, or more than fifty percent (50%) of the equity interests in the case of any other type of legal entity, or any other arrangement whereby a Party controls or has the right to control the board of directors or equivalent governing body of a corporation or other entity.

1.3 "Classified Information" means all Data classified in accordance with the national security laws of the United States.

1.4 "Co-Exclusive License" means the grant by the owner of Intellectual Property of an equal joint Exclusive License to two entities.

1.5 "Collaborator" means **NMRC** and its employees as a participant or NUCYCLE and its employees as a participant or **FRAUNHOFER** and its employees as a participant each as respectively represented and bound by the signatories of this Agreement.

1.6 "Controlled Unclassified Information" or "CUP" means Government Data, Information, or materials provided to or resulting from this Agreement that may be export controlled, sensitive, for official use only, or otherwise protected by law, executive order, or regulation.

1.7 "Cooperative Work" means research, development, engineering, or other tasks performed under this Agreement by **NMRC** or **NUCYCLE or FRAUNHOFER** working individually or together, pursuant to the Objectives (Article 2) and the Statement of Work (Appendix A).

1.8 "Data" means recorded information of any kind regardless of the form or method of the recording, including computer software and sequences.

1.9 "Effective Date" means the date of the last signature of the Collaborators executing this Agreement.

1.10 "Evaluation" means advice and interpretation of Data provided by **NMRC** to **FRAUNHOFER** and/or NUCYCLE for the Field.

1.11 "Exclusive License" means the grant by the owner of Intellectual Property of the exclusive right to make, use, or sell a patented invention. As used in this Agreement, "Exclusive License" includes both an Exclusive License granted to either **NUCYCLE** or **FRAUNHOFER** subject to a non-exclusive license to the other one of **NUCYCLE** or **FRAUNHOFER** and Co¬Exclusive License granted to both **NUCYCLE** and **FRAUNHOFER**, unless otherwise specified.

1.12 "Field" means the discovery, development, manufacture, Evaluation of various plant virus constructs expressing thermostable lichenase gene that have pieces of anthrax protective antigen and/or lethal factor present for use as vaccines.

1.13 "Government" means the Government of the United States of America.

1.14 "Government Purpose Rights" means the right of the Government to use, duplicate, or disclose Data, in whole or in part, and in any manner, for Government purposes only, and to have or permit others to do so for Government purposes only. Government Purpose Rights includes competitive procurement, but does not include the right to have or permit others to use Data for commercial purposes.

1.15 "Information" means all data, trade secrets, and commercial and financial information. (Chapter 5 Subsection II of Title 5 USC)

1.16 "Intellectual Property" means the property of ideas, examples of which include, but are not limited to, patents, trademarks, copyrights, software and trade secrets.

1.17 "Invention" means any invention or discovery that is or may be patentable or otherwise protected under Title 35, United States Code, or any novel variety of plant that is or may be patentable under the Plant Variety Protection Act. [15 USC 3703(9)]

1.18 "Invention Disclosure" means the document identifying and describing to organizational management the Making of an Invention.

1.19 "Made" when used in conjunction with any Invention means the conception or first actual reduction to practice of such Invention, whether or not it is jointly made with two or more Collaborators or by one Collaborator. [15 USC 3703(10)]

1.20 "Militarily Critical Technologies" or "MCT" means those technologies identified in the Militarily Critical Technologies List and under the Export Administration Act of 1979, as amended.

1.21 "DF Grant" means Discretionary Grant,.

1.22 "Non-Subject Data" means any Data that are not Subject Data.

1.23 "Non-Subject Invention" means any Invention that is not a Subject Invention.

1.24 "Patent Application" means an application for patent protection for an Invention with any domestic or foreign patent-issuing authority.

1.25 "Principal Investigator" or "PI" means that person having the responsibility for the performance of the Cooperative Work on behalf of a Collaborator.

1.26 "Proprietary Information" means information that embodies trade secrets developed at private expense or business, commercial, or financial information that is privileged or confidential, provided that such information:

is not known or available from other sources without obligations concerning its confidentiality;

has not been made available by the owners to others without obligation concerning its confidentiality;

is not already available to the Government without obligation concerning its confidentiality; and

has not been developed independently by persons who have had no access to the information. (FAR/DFARS Definition)

1.27 "Restricted Access Information" means Subject Data generated by **NMRC** that would be Proprietary Information if the Information had been obtained from a non-Federal Collaborator participating in a CRADA (15 USC 3710a). Under 15 USC 3710a(c)(7)(B), the Collaborators mutually may agree to provide appropriate protection to Subject Data generated by **NMRC** (Restricted Access Information) against public dissemination or release under the Freedom of Information Act (FOIA) for a period of up to five (5) years after development of the Information.

1.28 "Subject Data" means that Data first recorded in the performance of the Cooperative Work.

1.29 "Subject Invention" means any Invention Made in the performance of the Cooperative Work.

1.30 "Tangible Property" means personal or real property that can be physically touched or held.

1.31 "Unlimited Rights" means the right to use, modify, reproduce, release, disclose, perform, or display Data or Computer Programs in whole or in part, in any manner and for any purpose whatsoever, and to have or permit others to do so.

1.32 "Third Party" means a Non-Navy participant who is not a Collaborator but who works on behalf of NUCYCLE (for example, an Affiliate, service provider or testing laboratory) or FRAUNHOFER (for example a service provider or testing laboratory) and is bound to this Agreement as provided in Appendix C.

Article 2. OBJECTIVES

NMRC, **FRAUNHOFER** and **NUCYCLE** desire to evaluate **Fraunhofer's** candidate anthrax vaccine for its capacity to boost pathogen-specific immune responses in individuals vaccinated against anthrax upon non-invasive oral administration.

Article 3. RESPONSIBILITIES

The Collaborators shall provide personnel, facilities, and equipment necessary for, and shall perform, the Cooperative Work.

3.1 **NMRC** Personnel and Facilities

The Cooperative Work done by **NMRC** will be performed under the program guidance of Dr. Darrell Gallway, PI, **NMRC**, Code **06,** who has the responsibility for the scientific and technical conduct of the Cooperative Work performed within the facilities of **NMRC** or done on behalf of **NMRS** by third parties in support of this Agreement. **NMRC** via its PI, shall perform the *efficacy and safety* testing in human volunteers required in the Statement of Work detailed in Appendix A, including Assessing increase in the levels of pathogen-specific lgG and IgA as well as neutralizing antibodies and provide its Evaluation in writing to **NUCYCLE** to enable the further development of this project.

3.2 **NUCYCLE** Personnel and Facilities

NUCYCLE personnel who perform Cooperative Work at NUCYCLE 's facilities or an Affiliate's facilities will be supervised by Dr. Orn Adalsteinsson, Pl.

3.3 **FRAUNHOFER** Personnel and Facilities

FRAUNHOFER personnel who perform Cooperative Work at its facilities will be supervised by Dr. Vidadi Yusibov, PI. I t is expected that Data from viral constructs will be Evaluated by **NMRC's** Pl.

NMRC personnel who perform Cooperative Work at **NUCYCLE's** or **FRAUNHOFER's** facilities will be supervised by Dr. Darrell Gallway, PI.

3.4 Security Regulations and Directives

Each Collaborator will abide by the safety and security regulations and directives of the host facility in which the Cooperative Work is being performed.

Article 4. REPRESENTATIONS AND WARRANTIES

4.1 **NMRC's** Representations and Warranties

NMRC hereby warrants and represents to **NUCYCLE** and **FRAUNHOFER** under this Agreement as follows:

4.1.1 **NMRC** is a Federal laboratory of the U.S. Department of the Navy (Navy) as defined by 15 USC 3710a(d)(2)(A) and Department of Defense Instruction 5535.8, dated May 14, 1999.

4.1.2 The performance of the activities specified by this Agreement is consistent with the **development and testing of tools for the detection of biological threat**

agents and technology transfer missions of **NMRC** (15 USC 3710a).

4.1.3 The Department of the Navy official executing this Agreement for **NMRC** has the requisite power and authority to enter into this Agreement and to bind **NMRC** to perform according to the terms of this Agreement.

4.2 **FRAUNHOFER's** Representations and Warranties

FRAUNHOFER hereby warrants and represents to **NMRC** and **NUCYCLE** as follows:

4.2.1 **FRAUNHOFER** is directly or indirectly controlled by a foreign company in Germany [Executive Order 12591, Section 4 (a)]. **FRAUNHOFER** is a non-profit Contract Research organization which as of the Effective Date of this Agreement, is a corporation duly organized, validly existing, and in good standing under the laws of Road Island, USA, with Headquarters in Plymouth, MI.

4.2.2 The official executing this Agreement for **FRAUNHOFER** has the requisite power and authority to enter into this Agreement and to bind **FRAUNHOFER** to perform according to the terms of this Agreement.

4.2.3 The Board of Directors of **FRAUNHOFER** USA have taken all actions required by law, its Certificate or Articles of Incorporation, its bylaws or otherwise, to authorize the execution and delivery of agreements, such as this Agreement.

4.2.4 The execution and delivery of this Agreement does not contravene any material provision of, or constitute a material default under, any agreement binding on **FRAUNHOFER.** Furthermore, the execution and delivery of this Agreement does not contravene any material provision of, or constitute a material default under, any valid order of any court, or any regulatory agency or other body having authority to which **FRAUNHOFER** is subject.

4.2.5 **FRAUNHOFER** is not presently subject to debarment or suspension by any agency of the Government. Should **FRAUNHOFER** be debarred or suspended during the term of this Agreement or thereafter, **FRAUNHOFER** will notify **NMRC** within thirty (30) days of receipt of a final notice. **NMRC** may then elect to terminate this Agreement and any licenses and options granted under this Agreement.

4.2.6 **FRAUNHOFER** is not a small business as defined in 15 USC 632 and implementing regulations (13 CFR 121.101 *et seq.)* of the Administrator of the Small Business Administration.

4.3 **NUCYCLE's** Representations and Warranties

NUCYCLE hereby warrants and represents to NMRC and **FRAUNHOFER** as follows:

4.3.1 **NUCYCLE is not** controlled directly or indirectly by a foreign company or government **NUCYCLE,** as of the Effective Date of this Agreement, is a corporation duly organized, validly existing, and in good standing under the laws of Delaware, USA.

4.3.2 The official executing this Agreement for **NUCYCLE** has the requisite power and authority to enter into this Agreement and to bind **NUCYCLE** to perform according to the terms of this Agreement.

4.3.3 The Board of Directors and stockholders of **NUCYCLE** have taken all actions required by law, its Certificate or Articles of Incorporation, its bylaws or otherwise, to authorize the execution and delivery of agreements, such as this Agreement.

4.3.4 The execution and delivery of this Agreement does not contravene any material provision of, or constitute a material default under, any agreement binding on **NUCYCLE** Furthermore, the execution and delivery of this Agreement does not contravene any material provision of, or constitute a material default under, any valid order of any court, or any regulatory agency or other body having authority to which **NUCYCLE** is subject.

4.3.5 **NUCYCLE** is not presently subject to debarment or suspension by any agency of the Government. Should **NUCYCLE** be debarred or suspended during the term of this Agreement or thereafter, **NUCYCLE** will notify **NMRC** within thirty (30) days of receipt of a final notice. NMRC may then elect to terminate this Agreement and any licenses and options granted under this Agreement.

4.3.6 **NUCYCLE** is not a small business as defined in 15 USC 632 and implementing regulations (13 CFH 121.101 *et seq.)* of the Administrator of the Small Business Administration.

4.4 Joint Representations

The Collaborators make the following representations.

4.4.1 There is no express or implied warranty as to any research, Invention, or product, whether tangible or intangible. In particular, the Collaborators make no express or implied warranty as to the merchantability or fitness for a particular purpose of any research, Invention, or product, whether tangible or intangible. Likewise, the Collaborators make no express or implied warranty as to any Cooperative Work, Subject Invention, Subject Data, or other product resulting from the Cooperative Work.

4.4.2 The use and dissemination of Information and materials exchanged under this Agreement will be in accordance with all U.S. laws and regulations, including those pertaining to national security and export control. Nothing in this Agreement shall be construed as a license to export Information or to permit any disclosure in violation of law, regulation, or Department of Defense policy. Each exporting Collaborator is responsible for obtaining any export licenses that may be required by U.S. Federal law.

Article 5. FUNDING

NMRC will fund its own efforts, and **NUCYCLE's** and **FRAUNHOFER's** efforts will be funded as described in Appendix D.

Article 6. REPORTS AND PUBLICATIONS

6.1 Interim Reports.

NUCYCLE shall submit **no** interim written reports to **NMRC or to FRAUNHOFER** on the progress of the Cooperative Work as mutually agreed.

FRAUNHOFER shall submit interim written reports to **NUCYCLE** and **NMRC** on the progress of the Cooperative Work as mutually agreed.

NMRC shall submit quarterly interim written reports to **FRAUNHOFER** on the progress of the Cooperative Work as mutually agreed.

6.2 Final Reports

NUCYCLE shall submit a final report to **NMRC** and **FRAUNHOFER** within four (4) months of the completion, termination, or expiration of this Agreement that includes the results obtained and a list of all Subject Inventions Made. A copy of this final report may be provided to NIB.

FRAUNHOFER shall submit a final report to **NMRC** and **NUCYCLE** within four (4) months of the completion, termination, or expiration of this Agreement that includes the results obtained and a list of all Subject Inventions Made.

NMRC shall submit a final report to **NUCYCLE** and **FRAUNHOFER** within four (4) months of the completion, termination, or expiration of this Agreement that includes the results obtained and a list of all Subject Inventions Made.

6.3 Agreement to Confer Prior to Publication or Public Disclosure

The Collaborators agree to confer and consult prior to any publication or public disclosure of Subject Data to ensure that no Proprietary Information, Restricted Access Information, Government Classified Information, CUI, or MCT Information is released and that patent rights are not compromised. Prior to any such publication or public disclosure of Subject Data, each Collaborator shall be offered a period not less than fifteen (15) days and not to exceed thirty (30) days, unless otherwise mutually agreed in writing by the Collaborators, to review any proposed abstract, publication, presentation, or other document for public disclosure that contains Subject Data. For the purposes of this Article, the term "disclosure" shall include, but not be limited to, submission of any manuscript for peer review prior to publication. It is the responsibility of the Collaborator intending to make public disclosure of Subject Data to notify the other Collaborators of such intent.

If a Collaborator objects to a proposed public disclosure, that Collaborator must so notify the disclosing Collaborator(s) within thirty (30) days of the date of notice of intent to disclose publicly. If no objection is received by the Collaborator intending to make public disclosure, concurrence is assumed. If a Collaborator objects on the grounds that patent rights may be compromised, a Patent Application must be filed by the responsible Collaborator within ninety (90) days of the date of notification of intent to make public disclosure, or by another date mutually agreed to by the Collaborators. If a Collaborator objects to the release of information on the grounds that the Information is Proprietary Information, Restricted Access Information, or Information whose dissemination is restricted by U.S. security laws or regulations, disclosure shall be postponed until the Information no longer meets the definitions of Proprietary

Information, Restricted Access Information, or is no longer covered by U.S. security laws or regulations.

6.4 Classified Information

Any presentation that includes Subject Data that are Classified Information or otherwise restricted Data must have prior review and approval by NMRC pursuant to the pertinent security laws, regulations, and directives.

Article 7. INTELLECTUAL PROPERTY

7.1 Data

7.1.1 General Provisions Applying to All Data

7.1.1.1 Ownership

Each Collaborator shall have title to all Data generated by that Collaborator.

7.1.1.2 No Implied License

Unless otherwise specifically provided, the Collaborators agree that the exchange of Data of any kind does not confer a license to any Invention claimed in any patent or Patent Application or to the subject matter of any copyright, trademark/service mark, or other form of Intellectual Property protection.

7.1.1.3 Marking of Data

7.1.1.3.1 Data Provided With Less Than Unlimited Rights

Each Collaborator shall mark all Data that it provides with less than Unlimited Rights with a marking that clearly identifies the limited rights.

7.1.1.3.2 **NUCYCLE** Data That are Proprietary Information

NUCYCLE shall place a proper proprietary marking on each medium used for recording Data that **NUCYCLE** delivers to NMRC under this Agreement that **NUCYCLE** asserts is Proprietary Information such that:

(a) For Non-Subject Data that are **NUCYCLE's** Proprietary Information, the marking shall read:

"PROPRIETARY INFORMATION **OF NUCYCLE - NMRC** AND **FRAUNHOFER** MAY USE ONLY FOR PURPOSE OF CRADA NUMBER **'NCRADA-NMRC-44-1954'** AND THE NIH GRANT".

(b) For Subject Data that are **NUCYCLE** Proprietary Information, the marking shall read:

"PROPRIETARY INFORMATION **OF NUCYCLE - GOVERNMENT** HAS GOVERNMENT PURPOSE RIGHTS UNDER CRADA NUMBER **'NCRADA-NMRC-04-1954'** AND **FRAUNHOFER** HAS RIGHTS UNDER THIS CRADA."

(c) All Collaborators together shall confer to determine if such marking is appropriate, with reference to the Definition of Proprietary Information in Article 1.

7.1.1.3.3 **FRAUNHOFER** Data That are Proprietary Information

FRAUNHOFER shall place a proper proprietary marking on each medium used for recording Data that **FRAUNHOFER** delivers to **NMRC** under this Agreement that **FRAUNHOFER** asserts is Proprietary Information such that:

(a) For Non-Subject Data that are FRAUNHOFER's Proprietary Information, the marking shall read:

"PROPRIETARY INFORMATION OF FRAUNHOFER - NMRC AND NUCYCLE MAY USE ONLY FOR PURPOSE OF CRADA NUMBER `NCRADA NMRC-04-1954"';

(b) For Subject Data that are FRAUNHOFER's Proprietary Information, the marketing shall read:

"PROPRIETARY INFORMATION OF **FRAUNHOFER** - GOVERNMENT HAS GOVERNMENT PURPOSE RIGHTS UNDER CRADA NUMBER 'NCRADA - NMRC-04 1954' AND **NUCYCLE** HAS RIGHTS UNDER THIS CRADA.";

(c) All Collaborators together shall confer to determine if such marking is appropriate, with reference to the Definition of Proprietary Information in Article 1.

7.1.1.3.4 Data That Are Restricted Access Information

NUCYCLE or **FRAUNHOFER** shall request in writing if it wishes Subject Data generated by **NMRC** to be marked as Restricted Access Information. All Collaborators together shall confer to determine if such marking is appropriate, with reference to the Definitions of Restricted Access Information in of Article 1. If the Collaborators mutually agree to the marking, then **NMRC** shall mark the Restricted Access Information as:

"RESTRICTED ACCESS INFORMATION - PROTECT IN ACCORDANCE WITH CRADA NUMBER **"NCRADA-NMRC-04-1954" UNTIL [August 15, 2007.**

7.1.1.3.5 Data that are Subject to 35 USC 205

NMRC shall mark Data it provides under this Agreement that disclose one or more Inventions in which the Government owns or may own a right, title or interest, and that are subject to confidentiality under 35 USC 205. Such Data shall be marked:

"Naval Medical Research Center DATA PROTECTED FROM RELEASE OR DISCLOSURE UNDER 35 USC 205."

7.1.1.3.6 Data that are Classified Information, CUI, MCT, or Otherwise Restricted

Each Collaborator shall mark all Data that are Classified Information, CUI, MCT, or otherwise restricted by U.S. security or export control laws or regulations that it provides under this Agreement.

7.1.1.4 Protection of Data

Except for the rights granted in Article 7.1.2.2, Data shall be protected in accordance with the proper markings of its owner and as provided by, at a minimum, the requirements of 15 USC 3710a. Proprietary Information will be protected only if it is properly marked as such. Information provided in intangible form that is Proprietary Information must be designated Proprietary Information at the time it is delivered, followed within thirty (30) days by a writing summarizing the exact Information to be protected. The Collaborator receiving Information in an intangible form that is designated as Proprietary Information shall be responsible for protecting the Information as Proprietary Information during the thirty (30) day notification period. After the thirty (30) day period, if no written summary has been received, the receiving Collaborator need not continue to protect the Information received in intangible form.

Restricted Access Information shall be protected from public dissemination for up to five (5) years, as mutually agreed.

Classified Information, CUT, MCT, or otherwise restricted Information shall be protected in accordance with the security laws of the United States.

7.1.1.5 Shared Data

For performance of the Cooperative Work of this Agreement, Data supplied by any Collaborator to another Collaborator may be disclosed to all Collaborators of the Agreement without notification to the supplying Collaborator. All Collaborators may discuss among each other any shared Data.

7.1.1.6 Release of Data Under the Freedom of Information Act.

Data in the possession of **NMRC** that are not marked CUI, Proprietary Information of **NUCYCLE** or **FRAUNHOFER** or Restricted Access Information must be released by **NMRC** where such release is required pursuant to a request under the Freedom of Information Act (FOIA) (5 USC 552). **NMRC** shall protect Data that are properly marked CUI, Proprietary Information of **NUCYCLE** or **FRAUNHOFER** or Restricted Access Information from release under the FOIA for as long as the marked Data meet the definition of CUI, Proprietary Information or Restricted Access Information.

Except as provided in Article 7.1.1.5, prior to release of any **NUCYCLE** or **FRAUNHOFER** Data by **NMRC**, **NMRC** shall promptly notify **NUCYCLE** and/or **FRAUNHOFER** of any request for Data of **NUCYCLE** and/or **FRAUNHOFER** regardless of whether the requested Data are marked Proprietary Information.

7.1.2 Subject Data

7.1.2.1 Delivery of Requested Subject Data

Each Collaborator shall have the right to review and receive delivery of all Subject Data generated by the other Collaborators. Requested Subject Data shall be delivered to the requesting Collaborator within fifteen (15) days of the request.

7.1.2.2 Rights in Subject Data

Except as represented in Article 4.4.2, the Collaborators shall have Unlimited Rights in all Subject Data that are not Proprietary Information or Restricted Access Information.

Notwithstanding 15 USC 3710a, **NUCYCLE**grants Government Purpose Rights in any **NUCYCLE** Subject Data furnished by **NUCYCLE** to **NMRC** under this Agreement that are properly marked as Proprietary Information.

Notwithstanding 15 USC 3710a, **FRAUNHOFER** grants Government Purpose Rightsin any **FRAUNHOFER** Subject Data furnished by **FRAUNHOFER** to **NMRC** under this Agreement that are properly marked as Proprietary Information.

The Government has Government Purpose Rights in Subject Data that are Restricted Access Information.

7.1.3 Rights in Non-Subject Data

The Collaborators shall have Unlimited Rights in any Non-Subject Data delivered under this Agreement that are (a) not Proprietary Information.

Each Collaborator has a limited right to use, reproduce, and disclose to its employees for use in support of the Cooperative Work any Non-Subject Data that are marked as Proprietary Information in accordance with Article 7.1.1.3 and are provided by **NUCYCLE** and **FRAUNHOFER** under this Agreement. Such Proprietary Information can be used only for the purpose of performing the Cooperative Work unless consent to other use or disclosure is obtained from the Collaborator providing the marking.

NUCYCLE and **FRAUNHOFER** shall have a limited right to use, reproduce, or disclose Non-Subject Data that may describe one or more Inventions in which the Government owns or may own a right, title or interest, if such Non-Subject Data are provided by NMRC under this Agreement. In accordance with 35 USC 205, such Non-Subject Data are to be held in confidence. Such Non-Subject Data shall be properly marked by **NMRC** and the limited rights of **NUCYCLE** and **FRAUNHOFER** shall be defined by a separate non-disclosure agreement.

7.2 Copyrights

7.2.1 Copyright by **NUCYCLE** and **FRAUNHOFER**

NUCYCLE and **FRAUNHOFER** may each copyright its own works of authorship prepared pursuant to this Agreement if eligible for copyright protection under Title 17 USC.

7.2.2 Copyright License to the Government

NUCYCLE and **FRAUNHOFER** grant to the Government a nonexclusive, irrevocable, paid-up license in copyrighted works of authorship, including software (17 USC 106) prepared pursuant to this Agreement for any purpose, consistent with the rights in Data described in Article 7.1.

7.2.3 Copyright Statement

NUCYCLE and **FRAUNHOFER** shall include the following statement on any text, drawing, mask work or other work of authorship, that may be copyrighted under 17 USC, that is created by it in the performance of this Agreement:

"The U.S. Government has a copyright license in this work pursuant to a Cooperative Research and Development Agreement with the **Naval Medical Research Center**".

7.3 Trademarks and Service Marks

7.3.1 Ownership of Trademarks and Service Marks

The Collaborator first establishing a trademark or service mark for goods or services with which the mark is used shall be considered the owner of the mark.

7.3.2 Obligation of Employees to Report Trademarks and Service Marks

Employees of all Collaborators shall report the adoption of a trademark or service mark associated with the Cooperative Work to their employer within thirty (30) days of the first use of the mark. Use includes internal use of any product or service of the Cooperative Work.

7.3.3 Obligation of Collaborators to Notify Each Other

Each Collaborator shall notify the other Collaborators within thirty (30) days of their employee's report of the first use of a trademark or service mark.

7.3.4 Responsibility for Filing an Application for Trademark or Service Mark

The Collaborator owning a trademark or service mark shall establish the use of the mark in infra- and interstate commerce and shall be responsible, at its expense, for filing all applications for trademark or service mark registration as appropriate.

7.3.5 License to Use Trademark or Service Mark

The Collaborator owning the trademark or service mark as defined in Article 7.3.1, shall grant a paid-up, irrevocable, nonexclusive license to the other Collaborators for use of the trademark or service mark on the goods or services for which the mark is intended to be used. All Collaborators that do not own the mark may not sublicense their right to use the mark to any third party.

7.4 Subject Inventions

7.4.1 Obligation to Report Subject Inventions

7.4.1.1 Collaborators' Instructions to Employees

Each Collaborator shall instruct its employees to submit an Invention Disclosure to that Collaborator for all innovations, solutions to technical problems, or unique increases to the general body of knowledge resulting from the Cooperative Work. For the purposes of this Article, these innovations, solutions, and increases to knowledge shall be deemed Inventions.

7.4.1.2 Timely Invention Disclosure by Inventors

Within ninety (90) days of Making an Invention resulting from the Cooperative Work, unless a shorter time period is required by circumstances, the inventor(s) shall submit an Invention Disclosure to their employer.

In the case of an Invention Made jointly by inventors from more than one Collaborator, the inventors shall submit an Invention Disclosure with their respective employer.

7.4.1.3 Obligation to Provide Invention Disclosures to the Other Collaborators

Each Collaborator shall provide the other Collaborators with a copy of each Invention Disclosure reporting a Subject Invention within sixty (60) days of receiving the Invention Disclosure from its inventor(s).

7.4.2 Determination of Subject Inventions

The Collaborators shall review each Invention Disclosure resulting from the Cooperative Work and shall confer and consult to determine whether an Invention Disclosure represents a Subject Invention.

7.4.3 Title to and Ownership of Subject Inventions

Each Collaborator shall be entitled to own the Subject Inventions of its employees. Each Collaborator shall cooperate with the other Collaborators to obtain inventor signatures on Patent Applications, assignments or other documents required to secure Intellectual Property protection. For any Invention Made jointly by employees of more than one Collaborator, each inventing Collaborator shall have ownership of the Subject Invention in the form of an undivided interest. As between **NUCYCLE** and **FRAUNHOFER**, however, the parties hereby acknowledge that any Invention owned or controlled by **FRAUNHOFER**, as a result of the work under this CRADA, in the area of expression, engineering, testing, production and validation of human vaccines, human antibodies and human therapeutic proteins in plants shall be licensed and/or assigned to **NUCYCLE** pursuant to the terms and conditions of the Technology Transfer Agreement dated as of December 18, 2003 between **NUCYCLE** and **FRAUNHOFER.**

7.4.4 Filing of Patent Applications

7.4.4.1 Filing of Patent Applications on Solely Made Inventions

Each Collaborator has primary responsibility for filing Patent Applications on the Subject Inventions of its employee(s).

Notwithstanding such primary responsibility, by mutual agreement, the Collaborators may identify which Collaborator shall file a Patent Application on any Subject Invention.

7.4.4.2 Filing of Patent Applications on Jointly Made Inventions

In the case of an Invention jointly Made by employees of more than one Collaborator, the inventing Collaborators shall confer and agree as to which Collaborator will file any Patent Application. Officers of the non-filing Collaborators shall cooperate with the filing Collaborator to obtain signatures on documents that are needed to file a Patent Application.

7.4.4.3 Preserving Intellectual Property Rights

The Collaborator responsible for filing of a Patent Application on any Subject Invention shall file such Patent Application at least sixty (60) days prior to any bar date, if possible, or one (1) year from the date the Invention Disclosure was received, whichever comes first. If no Patent Application is filed within the specified time period, any other Collaborator may assume control of filing the Patent Application and take title to the Subject Invention on ten (10) days written notification. Any Collaborators that relinquished the responsibility to file shall retain a nonexclusive, irrevocable, paid-up license to practice the Subject Invention or have the Subject Invention practiced throughout the world by or on its behalf, but shall not have the right to sublicense that Subject Invention.

7.4.4.4 Filing Deadlines

The Collaborator responsible for filing any Patent Application for a Subject Invention shall notify the other Collaborators of all filing deadlines for prosecution of any Patent Application and maintenance of any patents on the Subject Invention. Notwithstanding the primary responsibility defined in Article 7.4.4.1, sixty (60) days prior to any response deadline, where possible, the Collaborators shall confer to determine if the filing Collaborator intends to respond to the response deadline. The non-filing Collaborators will be permitted to take action if the filing Collaborator declines.

7.4.4.5 Copies and Inspection

7.4.4.5.1 Copies of Prosecution Papers

Each Collaborator filing a Patent Application on a Subject Invention shall provide the other Collaborators with a copy of any communication relating to prosecution of said Patent Application within thirty (30) days of receipt of such communication.

7.4.4.5.2 Access to Patent Application File and Right to Make Copies

Upon written request, the filing Collaborator shall give the other Collaborators an Associate Power of Attorney, with authorization to access the Patent Application, make copies, and, in the event the filing Collaborator fails or declines to take action, do all that is necessary to secure Intellectual Property protection for the Subject Invention.

7.4.4.6 Rights of Inventors if the Collaborators Decline to File a Patent Application

In the event all Collaborators decline to file a Patent Application on a Subject Invention, the Government will renounce its entitlement and leave its rights to the inventor(s) who may retain ownership of the Invention, subject to the retention by each Collaborator of a nonexclusive, irrevocable, paid-up license to practice the Subject Invention or have the Invention practiced throughout the world by or on its behalf.

In the event all Collaborators decline to file a Patent Application on a Subject Invention, **NUCYCLE** or **FRAUNHOFER** may, at its sole discretion, renounce its entitlement and leave its rights to the inventor(s) who may retain ownership of the Invention, subject to the retention by each Collaborator of a nonexclusive, irrevocable, paid-up license to practice the Subject Invention or have the Invention practiced throughout the world by or on its behalf.

7.4.5 Nonexclusive License to Subject Inventions

7.4.5.1 Nonexclusive License Grant

Each Collaborator grants to the other Collaborators a nonexclusive, irrevocable, paid-up license to practice a Subject Invention Made by employees of the granting Collaborator or have the Subject Invention practiced throughout the world by or on behalf of the other Collaborators. No nonexclusive license granted under this Agreement shall permit licensee to grant sublicenses.

7.4.5.2 Confrmatory Nonexclusive License Agreement

Each Collaborator has the obligation to provide a Confirmatory License Agreement, to be negotiated in good faith at that time, to the other Collaborators for each nonexclusive license within ninety (90) days of the date of filing.

7.4.6 Option for Exclusive License to Subject Inventions

NMRC gives **NUCYCLE** first and **FRAUNHOFER** second the option of acquiring an Exclusive License for the Field and all vaccine use in diagnostics and immunotherapy applications in the Government's rights in any Subject Invention Made in whole or in part by a **NMRC** employee subject to the nonexclusive license granted under Article 7.4.5.1. For **NUCYCLE** or **FRAUNHOFER** that exercise this option the licenses shall be Co¬Exclusive. These licenses shall be for reasonable consideration.

In order for **NUCYCLE** or **FRAUNHOFER** to exercise this option, they must notify **NMRC** in writing within one hundred and eighty (180) days of the filing of a Patent Application where **NMRC** is an assignee. Should **NUCYCLE** or **FRAUNHOFER** decide to exercise this option, then the one that exercises this right shall notify the other of its decision to do so, simultaneously with the notification to **NMRC**. Unless another time period is

mutually agreed upon between the Collaborators, **NUCYCLE** must execute an Exclusive License to the Subject Invention within one hundred and eighty (180) days of election to exercise the option, or the Invention shall be made available for licensing to **FRAUNHOFER**. **FRAUNHOFER** must execute an Exclusive License to the Subject Invention within one hundred and eighty (180) days of election to exercise the option, or the Invention shall be made available for licensing by the public in accordance with 37 CFR Part 404.

Any Exclusive License granted by the Government in a Subject Invention is subject to the statutorily required reservation by the Government of a nonexclusive, irrevocable, paid-up license to practice the Subject Invention or have that Subject Invention practiced throughout the world by or on behalf of the Government (15 USC 3710a).

7.4.7 Limitation on Assignment of Licenses Granted Under This Agreement

No license granted to **NUCYCLE** or **FRAUNHOFER** under this Agreement shall be assigned, licensed or otherwise disposed of except to the successor in interest of that part of that Collaborator's business to which such license pertains.

7.4.8 Termination of License Granted and Cancellation of Exclusive License Option to Subject Inventions

7.4.8.1 Exclusive Licenses and Exclusive License Option

NMRC may terminate any Exclusive License or cancel any option for an Exclusive License to a Subject Invention granted **NUCYCLE** under this Agreement in the event that:

(a) **NUCYCLE** is in default for failure to make payment as agreed in Article 5; or

(b) The Agreement is terminated unilaterally by **NUCYCLE**; or

(c) **NUCYCLE** fails to perform according to the Statement of Work(); or

(d) **NUCYCLE** becomes a foreign owned, controlled, or influenced (FOCI) organization that does not qualify under the requirements of Executive Order 12591, Section 4(a).

7.4.8.2 Nonexclusive Licenses

NMRC shall terminate any nonexclusive license to a Subject Invention granted to **NUCYCLE** under this Agreement if **NUCYCLE** becomes a FOCI organization that does not qualify under the requirements of Executive Order 12591, Section 4(a).

7.4.9 Exclusive Licenses and Exclusive License Option

FRAUNHOFER may terminate any Exclusive License or cancel any option for an Exclusive License to a Subject Invention granted **NUCYCLE** under this Agreement in the event that:

(a) **NUCYCLE** is in default for failure to make payment as agreed in Article 5; or

(b) The Agreement is terminated unilaterally by **NUCYCLE**; or

(c) **NUCYCLE** fails to perform according to the Statement of Work(); or

(d) NUCYCLE becomes a foreign owned, controlled, or influenced (FOCI) organization that does not qualify under the requirements of Executive Order 12591, Section 4(a).

7.5 Non-Subject Inventions

7.5.1 Ownership of Non-Subject Inventions

Each Collaborator owns its Non-Subject Inventions.

7.5.2 Rights Under Other Agreements

Nothing in this Agreement is intended to change the rights in Intellectual Property acquired by the Collaborators in any other contract or agreement between NUCYCLE and the Government.

Nothing in this Agreement is intended to change the rights in Intellectual Property acquired by the Collaborators in any other contract or agreement between FRAUNHOFER and the Government.

7.5.3 No License to Non-Subject Inventions

This Agreement does not grant any Collaborator a license, express or implied, to any Non-Subject Invention.

7.5.4 Preexisting Non-Subject Inventions Pertinent to the Cooperative Work

Non-Subject Inventions Made prior to the Effective Date and pertinent to the Cooperative Work that are specifically identified as property of NMRC include but are not limited to the following:

US Patent Application No. 09/747,521, "Methods for Protection Against Lethal Infection with Bacillus Anthracis," filed 12/21/2000

US Divisional Patent Application No. 10/105,695, "Methods for Protection Against Lethal Infection with Bacillus Anthracis," filed 03/25/2002

US Divisional Patent Application No. 10/106,014, "Methods for Protection Against Lethal Infection with Bacillus Anthracis," filed 03/25/2002

U S Divisional Patent Application No. 10/105,694, "Methods for Protection Against Lethal Infection with Bacillus Anthracis," filed 03/25/2002

Canadian Patent Application under PCT/USOO/34912, "Methods for Protection Against Lethal Infection with Bacillus Anthracis."

Australian Patent Application No. 27329/01, "Methods for Protection Against Lethal Infection with Bacillus Anthracis."

European Patent Application No. 00990284.2, "Methods for Protection Against Lethal Infection with Bacillus Anthracis,"

Non-Subject Inventions Made prior to the Effective Date and pertinent to the Cooperative Work that are specifically identified as property of FRAUNHOFER and NUCYCLE include but are not limited to the following and corresponding national phase applications, if any:

Title	*Ty pe*	*Identifier*
Virus Induced Gene Silencing	Patent Appl.	US Pat,Appl.Ser.No. 10/205,562
	Patent Appl.	Intl. Pat.Appl.No. PCT/US03/23520 Choate Docket Nos. 2002645-0035 and 2002645-0036
Coevolution to Counter Drug Resistance	Prov.Patent Appl.	US Pat. Appl.Ser.No. 60/416,819 ReedSmith Docket # 02-40114-US(883192.20005)
Expression of Foreign Sequences in Plants	Prov.Patent Appl.	US Pat.Appl.Ser.No. 60/424,275 Choate, Hall & Stewart DKT # 2002645 - 0039
	Prov.Patent Appl.	US Pat.Appl.Ser.No. 60/465,474 Choate, Hall & Stewart DKT #2002645-0041
	Patent Appl.	Intl. Pat.Appl.No. PCT/US03/35869 Choate, Hall & Stewart DKT # 2002645-0040
Method to Assess Quorum Sensing Potential	Prov.Pat. Appl.	US Pat.Appl.Ser.No. 60/346,531
	Patent Appl.	US Pat.Appl.Ser.No.10/338,110 ReedSmith Docket # 03-40025-US(883192.20009)
	Patent Appl.	Intl. Pat.Appl.No. PCT/US03/00479 ReedSmith Docket # 03-40025-WO(883192.20008)
Method for Accessing Microbial Diversity	Prov.Pat . Appl.	US Pat.Appl.Ser.No. 60/355,177
	Patent Appl.	US Pat.Appl.Ser.No. 10/349,335 ReedSmith Docket # 03-40026-US(883192.20007)
	Patent Appl.	Intl. Pat.Appl.No. PCT/US03/03078

		Reedsmith Docket # 03-40026-WO(883192.20006)
Transient Expression of Proteins in Plants	Prov, Pat. Appl. Patent Appl.	US Pat.Appl.Ser.No. 60/444,615 Intl. Pat.Appl.No. PCT/USO4/003169 US Pat. Appl. Ser. No. 10/770,600 Choate, Hall & Stewart DKT # 2002645-0012,2002645-0021,2002645-0022
New Carrier Molecule	Prov. Pat. Appl. Patent Appl.	US Pat. Appl.Ser.No. 60/472,495 PCT/USO4/016452 Choate, Hall & Stewart DKT # 2002645- 0037 and 2002645-0038
Systems and Methods for Clonal Expression in Plants	Prov. Pat. AppL	US Pat. Appl. Ser.No. 60/546,339 Choate, Hall & Stewart DKT # 2002645 -0028

7.6 Research License

Each Collaborator shall allow the other Collaborators to practice any of its Non¬Subject Inventions only for the purpose of performing the Cooperative Work.

N o license, express or implied, for commercial application(s) is granted to any Collaborator in Non-Subject Inventions by performing the Cooperative Work.

For commercial application(s) of Non-Subject Inventions, a license must be obtained from the owner.

Article 8. TANGIBLE PROPERTY

8.1 Title to Preexisting Tangible Property

Each Collaborator shall retain title to all Tangible Property to which it had title prior to the Effective Date of this Agreement.

8.2 Tangible Property Purchased by Collaborators to Perform the Cooperative Work

Each Collaborator shall retain title to all Tangible Property that it purchases during the period of this Agreement. Neither **NUCYCLE** nor **FRAUNHOFER** can take title to any Government Tangible Property under this Agreement. Collaborator consumables to be used in the Cooperative Work of this Agreement are the property of the purchasing Collaborator until consumed.

8.3 Title to Developed Tangible Property

All Tangible Property developed under this Agreement with all components purchased by one Collaborator shall be the property of that Collaborator. Tangible Property having any component purchased by **NMRC** shall be the property of the Government, unless such Tangible Property can reasonably be separated without damage to the other individual components. After this Agreement is completed, expired, or terminated, if separation of

components can be made without damage, the Collaborators may, by mutual agreement, separate the Tangible Property into its components and the separated components shall remain the property of the Collaborator that purchased them.

8.4 Tangible Property Operational and Disposition Costs

During the period of and upon completion, expiration, or termination of this Agreement, each Collaborator shall be responsible for all costs of maintenance, removal, storage, repair, disposal, and shipping of all Tangible Property to which it has title.

8.5 Disposal of Tangible Property

Disposal of Tangible Property shall be in accordance with applicable U.S. Federal, State, and local property disposal laws, environmental laws, and regulations.

Article 9. LIABILITY

9.1 Extent of Government Liability

The Government shall be solely liable for the negligent or wrongful acts of its officers and employees to the extent provided for in the Federal Tort Claims Act (28 USC 2671 et. seq.) and in other applicable laws and regulations of the United States that specifically waive sovereign immunity. Nothing in this Agreement shall be construed as a waiver of the sovereign immunity of the United States.

9.2 Extent of Non-Navy Collaborators Liability

NUCYCLE is solely responsible for its actions and the actions of those acting for NUCYCLE in the performance of this Agreement and for any damages that may arise from any suit, action, or claim, and for any costs from or incidental to any suit, action, or claim, including but not limited to settlement and defense costs. Further, **NUCYCLE** agrees that in any suit, action or claim brought by anyone not a party to this Agreement based on actions of **NUCYCLE**, **NUCYCLE** shall not pursue any actions to enter the Government as a party in such suit, action or claim unless the Government has some liability under the Federal Tort Claims Act.

FRAUNHOFER is solely responsible for its actions and the actions of those acting for FRAUNHOFER in the performance of this Agreement and for any damages that may arise from any suit, action, or claim, and for any costs from or incidental to any suit, action, or claim, including but not limited to settlement and defense costs. Further, **FRAUNHOFER** agrees that in any suit, action or claim brought by anyone not a party to this Agreement based on actions of **FRAUNHOFER**, **FRAUNHOFER** shall not pursue any actions to enter the Government as a party in such suit, action or claim unless the Government has some liability under the Federal Tort Claims Act.

9.3 Force Majeure

No Collaborator shall be liable for the consequences of any force majeure that (1) is beyond its reasonable control; (2) is not caused by the fault or negligence of such Collaborator; (3) causes such Collaborator to be unable to perform its obligations under this Agreement; and (4) cannot be overcome by the exercise of due diligence. In the event of the

occurrence of a force majeure, the Collaborator unable to perform shall promptly notify the other Collaborators. The remaining Collaborators may choose to continue performance without the non-performing Collaborator or they may choose to suspend performance only for such period of time as is necessary for the non-performing Collaborator to overcome the result(s) of the force majeure and shall use their best efforts to resume performance as quickly as possible.

Article 10. GENERAL PROVISIONS

10.1 Characteristics of the Agreement

10.1.1 Entire Agreement

This Agreement constitutes the entire agreement between the Collaborators concerning the present Cooperative Work and supersedes any prior understanding or written or oral agreement relative to the Cooperative Work between **NUCYCLE** and **NMRC.**

10.1.2 Severability

The illegality or invalidity of any Article of this Agreement shall not impair, affect, or invalidate any other Article of this Agreement.

10.1.3 Interpretation of Headings

Headings of the Articles of this Agreement are for convenience of reference only and do not form a part of this Agreement and shall in no way affect the interpretation thereof.

10.2 Agreements Between Collaborators

10.2.1 Governing Laws

United States Federal Laws shall govern this Agreement for all purposes.

10.2.2 Independent Parties/Entities

The relationship of the Collaborators to this Agreement is that of independent parties and not as agents of each other, partners, or participants in a joint venture. Each Collaborator shall maintain sole and exclusive control over its personnel and operations.

10.2.3 Assignment/Subcontracting

10.2.3.1 No Collaborator may allow third parties to perform any part of the Cooperative Work under this Agreement without express written consent of the other Collaborators. If consent is obtained, the Collaborator requesting such consent shall remain fully responsible for the portion of the Cooperative Work to be accomplished under a third-party agreement, and the third party is not a Collaborator of this Agreement. Any third-party agreement to perform a portion of the Cooperative Work shall contain terms consistent with this Agreement.

10.2.3.2 This Agreement shall not be assigned or otherwise transferred by any Collaborator without the prior written consent of the other Collaborators, except to the successor of that part of a Non-Navy Collaborator's business to which this Agreement pertains.

10.2.3.31f any Non-Navy Collaborator or its successor or assignee is a U.S. company, and becomes, during the term of this Agreement or thereafter, directly or indirectly owned, controlled, or influenced by a foreign company or government (FOCI), then that Non-Navy Collaborator or its successor or assignee shall promptly notify NMRC to that effect.

10.2.4 Disputes

10.2.4.1 Settlement and Resolution

NMRC, **NUCYCLE** and **FRAUNHOFER** agree to use reasonable efforts to reach a fair settlement of any dispute. If such efforts are unsuccessful, remaining issues in dispute will be referred to the signatories of this Agreement or their successors for resolution. If a dispute continues, the remaining issues may be submitted to the Chief of Naval Research (CNR), or the CNR designee, for resolution. This Agreement does not prevent any Collaborator from pursuing disputes in a U.S. Federal court of competent jurisdiction. No Collaborator will pursue litigation in a U.S. Federal court until after the CNR, or the CNR designee, decides the dispute, or until sixty (60) days after the dispute was first submitted to the CNR, or the CNR designee, whichever comes first.

10.2.4.2 Continuation of Cooperative Work

If payments or installment payments are to be made as stated under Article 5, **NMRC** will not start or continue cooperative work until payments or installment payments are received.

10.2.5 Waivers

None of the provisions of this Agreement shall be considered waived by any Collaborator unless such waiver is given in writing to the other Collaborators, signed by the executing official of this Agreement or the official's successor having the authority to bind the Collaborator making the waiver. The failure of any Collaborator to insist upon strict performance of any of the terms and conditions herein, or failure or delay to exercise any rights provided herein or by law shall not be deemed a waiver of any right of any Collaborator under this Agreement.

10.2.6 Use of Name or Endorsements

Except as provided for in Article 7.2.3, neither **NUCYCLE** nor **FRAUNHOFER** shall use the name of **NMRC** or any other Government entity on any product or service that is directly or indirectly related to either this Agreement or any patent license or assignment associated with this Agreement without the prior approval of **NMRC**. By entering into this Agreement, **NMRC** does not directly or indirectly endorse any product or service provided, or to be provided, by **NUCYCLE** or **FRAUNHOFER**, or their successors, assignees, or licensees. Neither **NUCYCLE** nor **FRAUNHOFER** shall in any way imply that the Department of the Navy endorses any such product or service.

Except as provided for in Article 7.2.3, neither **NMRC** or the Navy shall use the name of **NUCYCLE** or **FRAUNHOFER** on any product or service that is directly or indirectly related to either this Agreement or any patent license or assignment associated with this Agreement without the prior approval of **NUCYCLE**. By entering into this Agreement, **NUCYCLE** does not directly or indirectly endorse any product or service provided, or to be provided, by **NMRC** or the Government, or their successors, assignees, or licensees. Neither **NMRC** nor the Navy or other Governmental entity shall in any way imply that either **NUCYCLE** or **FRAUNHOFER** endorses any such product or service.

10.3 Environment, Safety, and Health

Each Collaborator shall be responsible for the handling, control, and disposition of any and all hazardous substances or waste in its custody during the course of this Agreement. At the conclusion of this Agreement, each Collaborator shall be responsible for the handling, control, and disposition of any and all hazardous substances or waste still in its possession. Each Collaborator shall obtain at its own expense all necessary permits and licenses as required by U.S. Federal, State, and local law and shall conduct such handling, control, and disposition in a lawful and environmentally responsible manner. Each Collaborator is responsible for all required environmental, safety, and health compliance, notice, and monitoring related to its facility in accordance with U.S. Federal, State, and local law and regulations. Collaborators shall abide by the environmental, safety, and health directives of the host facility in which the Cooperative Work is being performed, and any U.S. Federal, State, or local laws and regulations pertaining to environment, safety, and health that are applicable to the host facility.

10.4 U.S. Competitiveness

NUCYCLE and **FRAUNHOFER** agree that any product, process, or service using Intellectual Property arising from the performance of this Agreement shall be manufactured substantially in the United States.

10.5 Public Release of This Agreement

This Agreement, without funding information (Article 5) and Appendices, may be released to the public.

Article 11. MODIFICATIONS AND NOTICES

11.1 Amendments

If a Collaborator wishes to modify this Agreement, the Collaborators shall confer in good faith to determine the desirability of such modification. Such modification shall not be effective until a written amendment is signed by all executing officials of the Collaborators of this Agreement or their successors.

11.2 Termination

11.2.1 Termination by Mutual Consent

The Collaborators may elect to terminate this Agreement at any time by mutual consent of all Collaborators. Such termination shall not be effective until a written termination agreement is signed by the executing officials of all Collaborators of this Agreement or their successors.

11.2.2 Unilateral Termination

NMRC may unilaterally terminate this entire Agreement at any time by giving the other Collaborators written notice signed by its executing official of this Agreement or his/her successor, not less than thirty (30) days prior to the desired termination date. NUCYCLE or FRAUNHOFER may unilaterally terminate its involvement in this Agreement at any time by giving the other Collaborators written notice signed by its executing official of this Agreement or his/her successor, not less than thirty (30) days prior to the desired termination date. If NUCYCLE or FRAUNHOFER unilaterally terminates its involvement in this Agreement, any option for an Exclusive License to a Subject Invention and any Exclusive License to a Subject Invention granted by or pursuant to this Agreement shall simultaneously be terminated with respect to that entity.

If the remaining Non-Navy Collaborator and NMRC also wish to terminate this Agreement, they may do so in accordance with Article 11.2.1. If the remaining Non-Navy Collaborator and NMRC wish to continue this Agreement, an amendment in accordance with Article 11.1 will be written to modify the Agreement to accommodate this change and the withdrawal of the exiting Non-Navy Collaborator. This amendment will be signed after the termination date of the unilaterally terminating Collaborator.

11.3 Notices

All notices pertaining to or required by Articles of this Agreement, except those pertaining solely to the prosecution of any patent, trademark, or service mark, shall be in writing and shall be signed by an authorized representative of the Technology Transfer Office for **NMRC** or the preferred contact for **NUCYCLE** and **FRAUNHOFER**, and all such notices shall be delivered by hand, sent by courier with proper registration, or sent by certified mail, return receipt requested, with postage prepaid, addressed as follows:

If to Naval Medical Research Center:

Office of Technology Transfer
Naval Medical Research Center
503 Robert Grant Ave.
Silver Spring, MD 20910-7500

If to NUCYCLE:
Dr. Orn Adalsteinsson
NUCYCLE Therapy, Inc.
415 McFarlan Rd.
Kennett Square, PA 19348
Eric Friedman
Integrated BioPharma, Inc.
225 Long Av.
Hillside, NJ 07205

If to FRAUNHOFER:

Dr. Vidadi Yusibov
Fraunhofer USA Center for Molecular Biotechnolgy
9 Innovation Way, Suite 200
Newark, DE 19711

A Collaborator shall notify the other Collaborators of a change of address in the manner set forth above.

Notices pertaining solely to the prosecution of any patent, trademark, or service mark related to this Agreement shall be in writing and shall be signed by and sent to the Collaborator's legal counsel for Intellectual Property. Legal counsel for Intellectual Property for each Collaborator shall send a copy of any such notice to the Technology Transfer Office for **NMRC**. If any Collaborator fails to identify such counsel upon request, then such notices shall be sent to the points of contact specified above.

Article 12. SURVIVING PROVISIONS

The Articles covering Definitions, Representations and Warranties, Funding, Reports and Publications, Intellectual Property, Tangible Property, Liability, General Provisions, Modifications and Notices, and Surviving Provisions shall survive the completion, termination, or expiration of this Agreement.

Article 13. DURATION

This Agreement expires on August 30, 2005, unless otherwise extended in writing according to the provisions of Article 11 and funding is available. This Agreement may be extended by mutual written consent, under the same terms, for one (1) year intervals .

Article 14. SIGNATURES

For NUCYCLE:

I, the undersigned, am duly authorized to bind NUCYCLE THERAPY, INC. to this Agreement and so so by affixing my signature hereto.

Entered into this _17_ day of August 2004,

By: /s/ Orn Adalsteinsson
Name: Orn Adalsteinsson
Title: President

For FRAUNHOFER:

I, the undersigned, am duly authorized to bind FRAUNHOFFR USA, Inc. to this Agreement and do so by affixing my signature hereto.

Entered into this _17_ day of August 2004,

By: /s/ William F. Hartman
Name: William F. Hartman
Title: Vice President

For the Department of the Navy:

I, the undersigned, by 15 U.S. Code 3710a and Navy regulations, am duly authorized to bind the U.S. Navy to this Agreement and do so by affixing my signature hereto.

Entered into this 10th day of September 2004

By: /s/ Richard B. Oberst
Name: RICHARD B. OBERST
CAPT, MSC, USN
Title: Commanding Officer
Navy Organization: Naval Medical Research Center

APPENDIX A

STATEMENT OF WORK

Between

NMRC,

NUCYCLE

AND

FRAUNHOEFER

The collaborators agree to perform the following tasks:

The purpose of this study is to determine if a plant expressed vaccine for anthrax given orally can stimulate a memory recall response in volunteers who have been previously immunized with the licensed human anthrax vaccine AVA. The vaccine has been designed as a joint effort between **Fraunhofer** USA, Inc and the Biological Defense Research Directorate at the **Naval Medical Research Center** and will be formulated and produced in collaboration with **NUCYCLE** Therapy. Production and encapsulation of candidate vaccine will be done at **Fraunhofer.** IND application approvals will be obtained by **NUCYCLE** (**Fraunhofer** will provide technical information and data required for these applications). Upon FDA approval of IND application Biological Defense Research Directorate at the **NMRC** will furnish IRB and recruit volunteers and conduct the study. IRB and Material collected from volunteers will be assessed at **NMRC** and **Fraunhofer.**
We propose to undertake a phase I clinical trial at the **Naval Medical Research Center.** The study groups will be as follows;

Propose the following study groups,

Group	background	Vaccine	Numbers
1	AVA	3 doses of test a two week intervals	10
2	AVA	3 doses of placebo two week ints	10
3	AVA	single AVA boost	5-10

Blood samples will be collected from all three groups at days 0,14,28,42 and 90 and forwarded to BDRD for analyzing which will include PA specific IgG and toxin neutralization titers.

Once individuals in groups 1 and 2 have completed the study they will be receive a single dose of AVA (need to return them to their vaccination schedule).

The specific tasks to be performed are described below:

A. **NMRC** will be responsible for the following tasks:

a. Obtain Institutional approval for Study.

b. Recruit human volunteers and conduct study using plant-based candidate anthrax vaccine, produced by **FRAUNHOFER.**

c. Assessing immune responses resulting from oral delivery of candidate vaccine. B cell responses will be assessed.

d. NMRC scientists working on this project will be:
   i. CAPT. Darrell R. Galloway, MSC, USNR, Deputy Director BDRD, **NMRC** (5 % effort)
   ii. Dr David Tribble MD, MPH Head Clincial Studies Branch, EDD (20% effort)
   iii. Les Baillie, Ph.D., **NMRC** (20% effort)
   iv. Research Technician to be determined/hired (100%).

B. FRAUNHOFER will be responsible for the following tasks under Cooperative Agreement # _____:

a. Generation of root cultures producing recombinant lichenase that contain Domain 4 (145 amino acid) of PA antigen of anthrax bacteria. Root culture biomass containing/equivalent to 150 mg of each, wild type Lichenase and LicKM-PAD4 will be produced for evaluation of candidate vaccine efficacy by Navy collaborator in human volunteers.

b. Fraunhoefer scientists working on this project will be.
   i. Vidadi Yusibov, Ph.D., Principal Investigator, (15% effort)
   ii. Vadim Mett, Ph.D. (20% effort)
   iii. Konstantin Musiychuk, Ph.D., (100% effort)
   iv. Marina Skarginskaia, Ph.D. (20% effort)

C. **NUCYCLE** will be responsible for the following tasks:

a. **NUCYCLE** will prepare, file and obtain FDA approval for Investigational New Drug Application.

b. **NUCYCLE** scientist working on this project
   i. Orn Adalsteinsson, Ph.D.

DETAILED BUDGET					FROM 08.01.04		THROUGH 07.30.05
PERSONNEL *(Applicant organization only)*					DOLLAR AMOUNT REQUESTED *(omit cents)*		
NAME	ROLE ON PROJECT	TYPE APPT. *(months)*	% EFFORT ON PROJ.	INST. BASE SALARY	SALARY REQUESTED	FRINGE BENEFITS	TOTALS
Dr. Vidadi Yusibov	Principal	12	15				
Dr. Vadim Mett		12	20				
Dr. Konstantin Musiychuk			100				
Dr. Marina Skarginskaia			20				
	SUBTOTALS →				$	$	
CONSULTANT COSTS							
EQUIPMENT *(Itemize)* None							$
SUPPLIES *(Itemize by category)* film, antibodies, chemicals, media, disposable tissue culture plastic ware glassware, gloves, greenhouse supplies, etc.							
TRAVEL							
PATIENT CARE COSTS	INPATIENT						
	OUTPATIENT						
ALTERATIONS AND RENOVATIONS *(Itemize by category)*							
OTHER EXPENSES *(Itemize by category)*							
TOTAL DIRECT COSTS							
TOTAL INDIRECT COSTS							
CONSORTIUM/CONTRACTUAL COSTS	DIRECT COSTS						
	INDIRECT COSTS						
TOTAL COSTS							**$xxxx**

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APPENDIX B

CONFIRMATORY LICENSE AGREEMENT	*1. APPLICATION FOR (Title of Invention)*
2. INVENTOR(S) AND AFFILIATION	
3. PATENT APPLICATION SERIAL NO.	*4. PATENT APPLICATION FILING DATE*
5. NAVY ACTIVITY (Name, address, point of contact)	*6. NON-NAVY ACTIVITY (Name, address, point of contact)*
7. CRADA AGREEMENT NO.	*8. DATE OF THIS AGREEMENT*

9. The Invention identified above is a "Subject Invention" under Article 7 Intellectual Property included with the CRADA identified in Box 7 between the Department of the Navy and Non-Navy Activity identified in Box 6.

This document is confirmatory of the nonexclusive, irrevocable, paid-up license to practice the identified Subject Invention or have that Subject Invention practiced throughout the world by or on behalf of the receiving party, and of all other rights acquired by the receiving party by the referenced clause.

This license is granted to: (Select one)

_____ *the Government*

_____ *Non-Navy Activity identified in Box 6*

under this CRADA in the identified Invention, Patent Application and any resulting patent.

The licensee is hereby granted an irrevocable power to inspect and make copies of the above-identified Patent Application.

_____ *ACTIVITY NAME OF LICENSOR*

_____ *SIGNATURE*

_____ *NAME (Typed or Printed)*

_____ *TITLE*

_____ *BUSINESS TELEPHONE*

APPENDIX C

As provided in paragraph 10.2.3.1 of this Agreement, **NMRC/NUCYCLE/FRAUNHOFER,** desires to have **[Third party],** a U.S. not for profit entity located at **[address of Third Party],** perform administrative services on **[NMRC/NUCYCLEIFRAUNHOFER's]** behalf as part of the Cooperative Work listed in Appendix A of this Agreement. **[NMRC/NUCYCLE/FRAUNHOFER]** shall remain fully responsible for the portion of the Cooperative Work to be accomplished by **[Third Party],** and **[Third Party]** shall not be a Collaborator of this Agreement. **[Third Party]** agrees to perform their Cooperative Work in accordance with the Terms of this Agreement.

The **[Third Party]** is aware that employee A is being assigned to work on tasks assigned to **NMRC/NUCYCLE/FRAUNHOFER** under this Agreement. The **[Third Party]** has read the terms and conditions of this Agreement and in the event that any Subject Invention is made by Employee A while performing tasks under this Agreement, the **[Third Party]** agrees that the NMRC will have a nonexclusive, irrevocable, paid-up license to practice the Subject Invention, and the **NUCYCLE/FRAUNHOFER** the right to negotiate for a Co-Exclusive License in any such Subject Invention, under the terms and conditions set forth in this Agreement.

For **NUCYCLE:**
I, the undersigned, am duly authorized to bind **NUCYCLE THERAPY, INC.** to this Agreement and do so by affixing my signature hereto.

Entered into this 17 day of August 2004
By: /s/ Orn Adalsteinsson
Name: Orn Adalsteinsson
Title: President

For **FRAUNHOFER:**
I, the undersigned, am duly authorized to bind **FRAUNHOFER USA, Inc.** to this Agreement and do so by affixing my signature hereto.

Entered into this 17 day of August 2004

By: /s/ William Hartman
Name: William Hartman
Title: Vice President

For the **NMRC**:
I, the undersigned, Consent to **[Third Party]'s** performance of this Cooperative Work under this CRADA, and in accordance with 15 USC 3710a and Navy regulations, am duly authorized to bind the U.S. Navy to this Agreement and do so by affixing my signature hereto.

Entered into this___day of___2004

By: _____
Name: CAPT Richard Oberst
Title: Commanding Officer
Naval Medical Research Center

SIGNATURE PAGE
William Harman, Ph.D., Vice President

Orn

APPENDIX D

FUNDING AGREEMENT

Between

NUCYCLE

AND

FRAUNHOEFER

Pursuant to Article 5 of this Agreement, **NUCYCLE** and **FRAUNHOFER** hereby agree to fund their efforts set forth in this Agreement as follows:

A. Payment Schedule

NUCYCLE agrees to pay **FRAUNHOFER** the following fees/costs in accordance with the payment schedule below:

For the preparation of material for human trials and analysis of T and B-cell responses resulting from feeding, **NUCYCLE** shall pay **FRAUNHOFER** a fee of One Hundred Thousand Dollars (USD$l00,000.00) and for any testing done in accord with the Statement of Work, with a total for all fees not to exceed One Hundred Thousand Dollars (US$100,000.00) for whole project period according to the following payment schedule:

i) Twenty Five Thousand Dollars ($25,000) upon signing this CRADA,
ii) Twenty Five Thousand Dollars ($25,000) when the root culture biomass is ready,
iii) Twenty Five Thousand Dollars ($25,000) upon delivery of material to NMRS, and
iv) Twenty Five Thousand Dollars ($25,000) delivery of final Report.

B. Invoices shall be sent quarterly to:

Mail the original invoice to:

Dr. Orn Adalsteinsson
NuCycle Therapy, Inc.
415 McFarlan Rd.
Kennett Square, PA 19348

Mail a photocopy (marked "COPY") to:

Eric Friedman
Integrated BioPharma, Inc.
225 Long Av. Hillside, NJ 07205

Fax copy to be sent to:

Seymour Flug Facsimile: 973-926-1735

C. Checks will be payable to:

Fraunhofer USA Center for Molecular Biotechnology.

Each check and its cover correspondence shall refer to this CRADA number "NCRADA-**NMRC-04-1954.**"

D. Checks will be mailed to:

Dr. Vidadi Yusibov
Fraunhofer USA Center for Molecular Biotechnolgy
9 Innovation Way, Suite 200
Newark, DE 19711

E. Insufficient and Excess Funds.

FRAUNHOFER may discontinue performance under this Agreement if the funds provided by **NUCYCLE** for performance by **FRAUNHOFER** are insufficient or are not provided as specified above in part A. In the event **NUCYCLE** fails to tender the **FRAUNHOFER** the required payment within thirty (30) days after its respective due date, **NUCYCLE** shall be in default under this Agreement for failure to make payments. If **NUCYCLE** is in default for this reason, **FRAUNHOFER** shall notify **NUCYCLE** in writing. If **NUCYCLE** does not cure the default within thirty (30) days of the mailing date of notice, **FRAUNHOFER** may proceed to terminate the Agreement in accordance with Article 11.2.2, may cancel any option for an Exclusive License to a Subject Invention, and may terminate any Exclusive License granted pursuant to this Agreement.

F. No New Commitments.

FRAUNHOFER shall make no new commitments concerning this Agreement after receipt of a written termination notice from **NUCYCLE** in accordance with Article 11.2 and shall, to the extent practicable, cancel all outstanding commitments by the termination date by means of the least additional cost possible. Should such cancellation result in any costs incurred by **FRAUNHOFER, NUCYCLE** agrees that such reasonable costs shall be chargeable against any funding that it provided to **FRAUNHOFER**.

G. Accounting Records.

FRAUNHOFER shall maintain current accounts, records, and other evidence supporting all its expenditures against funding provided by **NUCYCLE** under this Agreement and shall retain such records for at least twelve (12) months after the completion, expiration, or termination of this Agreement. **FRAUNHOFER** shall provide **NUCYCLE** a financial report within four (4) months after completion, expiration, or termination of this Agreement or as reasonably requested by **NUCYCLE.**

IN WITNESS WHEREOF, the parties have caused this Appendix D to the Agreement to be duly executed by their respective duly authorized officers.

For **NUCYCLE:**

I, the undersigned, am duly authorized to bind NUCYCLE THERAPY, INC. this Funding Agreement and do so by affixing my signature hereto.

Entered into this _17____ day of August 2004,

By: /s/ Orn Adalsteinsson
Name: Orn Adalsteinsson
Title: President

For **FRAUNHOFER:**

I, the undersigned, am duly authorized to bind FRAUNHOFER USA, Inc. to this Funding Agreement and do so by affixing my signature hereto.

Entered into this __17___ day of August 2004,

By: /s/ William F. Hartman
Name: William F. Hartman
Title: Vice President

SUPPLY LICENSE AGREEMENT

This Supply License Agreement (this ***"Agreement"),*** dated as of March 22, 2006, is entered into by and between Mannatech, Inc., a Texas corporation having a place of business at 600 South Royal Lane, Suite 200, Coppell, TX 75019 ***("Buyer")*** and JnB:Biotechnologies, Inc., a New Jersey corporation having a place of business at 255 Long Avenue, Hillside, New Jersey 07205 ***("Seller").***

RECITALS

WHEREAS, Seller is engaged in the business of manufacturing and supplying certain types of plant-derived mineral nutrition technologies, including but not limited to the nutritional supplements and methods for the production thereof disclosed and claimed in U.S. Patent No. 6,270,809 (collectively, ***"Plant-Derived Mineral:Nutrition Products");***

WHEREAS, Buyer develops and sells proprietary nutritional supplements and topical products (collectively, ***"Buyer Products")*** through a network marketing system throughout the United States, Canada, Australia, New Zealand, the United Kingdom, Denmark, South Korea, Taiwan and Japan by distributors referred to as Independent Associates ***("Distributors"):***

WHEREAS, Buyer and Seller now wish to set forth the terms by which Seller grants to Buyer an exclusive license under Seller's intellectual property and the terms on which Buyer will, during the period set forth in this Agreement, order and purchase Plant-Derived Mineral Nutrition Products that are manufactured by Seller (the ***"InB:B Technology").***

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Intellectual Property License.

(a) License. During the Term (defined below) and subject to the terms and conditions contained herein, Seller hereby grants to Buyer an exclusive license for the Field and Territory (as defined below) and subject to minimum purchase requirements as set forth in paragraph 2 hereof under Seller's intellectual property, including U.S. Patent No. 6,270,809, and any other related intellectual property (collectively the ***"Seller Intellectual Property").*** Buyer's license under the Seller Intellectual Property shall include the right to make, have made, use, sell and have sold Buyer Products that include InB:B Technology. Buyer's license under the Seller Intellectual Property shall not include the right to grant sub-licenses to third parties, however, notwithstanding anything to the contrary herein, Seller acknowledges and agrees that the Distributors of Buyer Products shall have the right to sell Buyer Products that include Plant-Derived Mineral Nutrition Products.

(b) ***"Field"*** The field ***("Field"*** of Buyer's license under the Seller Intellectual Property is for InB:B Technology containing six or more mineral ingredients in a single formula, such as products sold under the trade name MultiminsTM and products that include the "InB:B-MM Formula," which is

agrees that insofar as this Agreement is concerned, Buyer shall not be restricted from including the 1nB:B Technology in any Buyer Products or from combining the InB:B Technology with any other ingredients.

(c) ***"Territory"*** The territory shall be worldwide and exclusive with respect to InB:B Technology sold in a multi-level marketing and as related to China, in a direct sales distribution system.

(d) ***"Manufacturing"*** During the Term (defined below), Buyer shall not, directly or indirectly, engage in or arrange to subcontract for the manufacture of InB:B Technology; provided that Buyer shall not be restricted from manufacturing the InB:B Technology during the Term if Seller permanently ceases the manufacture of 1nB:B Technology or Seller is unable to fulfill Buyer's orders for InB:B Technology by the Shipment Date in accordance with Section 3.

(e) ***"Buyer Non-Exclusivity".*** *This* Agreement does not prohibit, and shall not be construed or deemed to prohibit, Buyer from obtaining Plant-Derived Mineral Nutrition Products or any other dietary or nutritional supplement, product or ingredient therefore from any supplier of such items other than Seller, provided that the sale and purchase of such other products do not violate Seller's intellectual property rights and provided further that Buyer is not in default of its obligations to Seller under this Agreement.

(f) ***"Term"*** shall mean the period beginning on the date hereof for a ten (10) year period or unless earlier terminated by either party subject to sections 2(d) and 10 hereof

(g) ***"Renewals"*** The term of this Agreement may be extended for additional ten (10) year terms by mutual written agreement between the parties.

2. Supply of InB:B Technology. In order to obtain and maintain its rights hereunder, during the Term and subject to the terms and conditions contained herein, Buyer will order and purchase the minimum quantities of InB:B: Technology from Seller set forth in this Section 2 (each a "Purchase Commitment"). Seller warrants that the InB:B Technology will comply with GMP standards applicable to such products and meet the product specifications set forth in the Quality Agreement as defined in paragraph 7 hereof.

(a) First Twelve (12) Month Period. Concurrently with the execution of this Agreement, Buyer will place an irrevocable purchase order for 5,000 Kg of InB:B Technology but may arrange for shipment of this Initial Purchase Commitment over the course of the first eleven- (11) month period after the date of this Agreement, with payment in relation to each shipment such that full payment for this Purchase Commitment will be made before the end of twelve (12) months after the date of this Agreement.

(b) Second Twelve (I2) Month Period. In order to maintain its exclusive license hereunder, not later than ninety (90) days before the second twelve (12) month period of the Term ***("Second Agreement Year***"), Buyer will place an irrevocable purchase order for not less than 10,000 Kg. of InB:B Technology but may arrange for shipment of such Purchase Commitment over the course of the first eleven (11) months of the Second Agreement Year, with payment in relation to each shipment such that

full payment for such Purchase Commitment will be made before the end of the Second Agreement Year.

(c) Additional Twelve (12) Month Periods. In order to maintain its exclusive license hereunder, not later than ninety (90) days before the commencement of any subsequent twelve (12) month period during the Ten ("***Subsequent Agreement Year***"), Buyer will place an irrevocable purchase order for not less than 15,000 Kg. of InB:B Technology but may arrange for shipment of such Purchase Commitment over the course of the first eleven (11) months of any Subsequent Agreement Year, with payment in relation to each shipment such that full payment for such Purchase Commitment will be made before the end of any such Subsequent Agreement Year.

(d) Conversion. In the event Buyer shall not meet or exceed the Purchase Commitments set forth in Sections 2(b) or (c) above for any twelve (12) month period, Seller shall have the right, upon sixty (60) days notice, to convert the License granted in Section 1 from exclusive to nonexclusive, or, if Buyer has not met its Purchase Commitment set forth in Section 2(a) and at least fifty percent (50%) of any subsequent Purchase Commitment, Seller shall be entitled to cancel the license completely without further obligation of either party other than to satisfy any accrued liabilities and obligations including the obligation to accept and pay for any open balance of a Purchase Commitment created by Buyer's delivery of an irrevocable order pursuant to this Section 2. The foregoing notwithstanding, Seller shall have a reasonable period of time to exhaust its current inventory of Buyer's Products containing Seller's InB:B Technology. Buyer may, however, maintain the exclusivity of its license, notwithstanding any notice from Seller, if prior to expiration of the sixty (60) day notice period, Buyer shall pay to Seller a sum which is equal to the price of InB:B Technology necessary to bring Buyer's orders of InB:B Technology up to the specified minimum for such twelve (12) month period. Failure of Seller to give the notice provided for in this Section 2(d) shall not constitute a waiver of the right to give such notice in reference to any subsequent twelve (12) month period during the Term.

3. Orders.

(a) Buyer may place orders for InB:B Technology in such manner and on such form as Buyer and Seller may agree upon from time to time; provided, that in the absence of such agreement, each order shall (i) be in writing, (ii) specify the quantity of InB:B Technology ordered, (iii) subject to Section 3(b), specify the date on which the InB:B Technology must be shipped to Buyer or its designee (the ***"Shipment Date"),*** and (iv) be faxed to Seller at (302) 737-2708 or such other fax number as Seller shall designate in accordance with Section 14(e). Each order placed by Buyer for InB:B Technology during the Term shall be subject to the terms of this Agreement (including without limitation the price and other terms set forth in Section 6), whether or not either party signs and delivers a purchase order, invoice or other document, instrument or agreement that includes terms that are in conflict with the terns of this Agreement.

(b) The Shipment Date for any order placed for the purchase of less than 1,000 Kg of Seller's Products shall be no earlier than 60 days from the date that the order is placed by Buyer. The Shipment Date for any order placed for the purchase of 1,000 Kg or more but less than 2,500 Kg of Seller's Products shall be no earlier than 120 days from the date that the order is placed by Buyer. The Shipment Date for any order placed for the purchase of 2,500 Kg or more of Seller's Products shall be no earlier than 120 days from the date the order is placed by Buyer. If Buyer makes a written request for

The calculation of permitted Shipment Dates for any new order placed while a prior order is still in process will use the Shipment Date of the prior order as the first point from which the minimum period before the next Shipment Date is measured.

4. Credit Against Commitment Amount. Each order for InB:B Technology submitted to Seller by Buyer in accordance with the terms of this Agreement, shall be deemed to satisfy a portion of the applicable Purchase Commitment amounts set forth in Section 2, in an amount equal to the ordered quantity of such TnB:B Technology, whether or not (i) Seller determines not to accept the order under Section 5 or (ii) Seller otherwise fails to manufacture, procure or supply such InB:B Technology; provided, however, that accepted orders that are subsequently canceled by Buyer (for any reason other than material nonperformance by Seller) shall not be deemed to satisfy a portion of the applicable Purchase Commitment amounts; provided further, that No Response Orders (defined below) that are not resubmitted by Buyer in accordance with Section 5 shall not be deemed to satisfy a portion of the applicable Purchase Commitment amounts.

5. Acceptance. After receiving an order for Seller's Products from Buyer, Seller may accept the order and confirm the Shipment Date only by delivering to Buyer a written response not later than the tenth business day after Seller's receipt of the order. If Seller does not timely notify Buyer in writing of such acceptance (a, ***"No Response Order"*** then Buyer may resubmit the order to Seller via facsimile in accordance with Section 14(e) hereof If Buyer does not receive a response within two business days after such resubmission, then (1) the order shall be deemed to have been rejected and Buyer shall have no obligation thereunder (but the order shall count as satisfaction of a portion of the then applicable Purchase Commitment amount); and (ii) Buyer shall be permitted to manufacture or have manufactured the Seller's Products in the quantity set forth in the No Response Order. If Buyer receives a response within two business days after such resubmission, then for the purposes of Section 3(b), the order shall be deemed to have been placed on the date of its resubmission in accordance with this Section 5.

6. Price.

(a) Price. All InB:B Technology ordered by Buyer from Seller during the Term shall be ordered (and, if such order is accepted, and such InB:B Technology actually are sold, purchased and shipped) at prices no greater than those set forth on the price schedule attached hereto as Exhibit A, plus applicable freight and shipping charges and taxes, and subject to the other terms set forth in this Agreement. The terms of payment are two percent (2%) discount for payment within ten (10) days of shipment, the scheduled price for payment between eleven (11) and thirty (30) days after shipment, and interest at one and one-half percent (1 %2%) per month thereafter, provided, however, that payment in full is due before the thirty-first (31^{st}) day and failure to make such payment shall constitute a default hereunder.

(b) Invoices. Simultaneously with or after shipment to Buyer of InB:B Technology ordered by Buyer pursuant to an order that was accepted in accordance with Section 5 of this Agreement, Seller

shall deliver a written invoice to Buyer. If the order calls for the shipment of InB:B Technology in separate truckloads over a period of time, then Seller may deliver separate invoices to Buyer simultaneously with, or after, each truckload shipment to Buyer of InB:B Technology.

(c) Payment Terms.

(i) During the Term, Buyer shall be entitled to a two percent (2%) discount on all invoices that are remitted in full within ten days of receipt of the applicable invoice by Buyer. All other invoices submitted by Seller shall be paid within 30 days of receipt of the applicable invoice by Buyer (the ***"Normal Payment Period")*** unless Buyer provides written notice of a good faith dispute with respect to such invoice (each, *a* ***"Dispute Notice")*** to Seller before the expiration of the Normal Payment Period. For example, the basis for Buyer to provide a Dispute Notice might include a dispute relating to the quantity, condition, price or shipment of InB:B Technology corresponding to a particular invoice, but product warranty or product liability claims would not be a basis for a Dispute Notice; provided, however, that the rejection of any InB:B Technology within 30 days after such product has been delivered to Buyer shall not be deemed a product warranty claim. The Dispute Notice shall state the date and the dollar amount of the disputed invoice. If only a portion of an invoice is disputed, the Dispute Notice shall state the dollar amount of the disputed portion and the amount of the undisputed portion of the invoice shall be paid on or before the end of the Noiiual Payment Period. Buyer and Seller shall use commercially reasonable efforts to resolve any invoice dispute within 10 days of the date of the Dispute Notice. After such time, either Buyer or Seller may submit such dispute to arbitration pursuant to Section 14(m).

(ii) All portions of invoices that are not the subject of a Dispute Notice and are not remitted by Buyer within 30 days of the receipt thereof shall accrue simple interest (calculated effective as of the 31St day following receipt of invoice) at a rate of one and one-half percent (1 1/2) % per month.

(e) Shipment Terms. InB:B Technology is sold and priced F.O.B. at Seller's warehouse facility at 225 Long Avenue, Hillside, New Jersey. If Buyer determines to provide or arrange its own freight with respect to any InB:B Technology ordered during the Term, then Seller shall be notified of such determination in writing at the time such lnB:B Technology are ordered. Seller shall prepay all freight and insurance charges from the origin for shipments that are arranged or provided by Seller, at the request of Buyer; provided, such amounts shall be added to invoices and not included in product prices. Title to InB:B Technology furnished in accordance with this Agreement, and risk of loss or damage to such InB:B Technology, shall pass to Buyer (or to such Buyer's customer or designee who receives such Seller's Products) upon delivery of such InB:B Technology to the freight provider designated by Buyer, or if none is designated, chosen by Seller. Seller warrants and guarantees to Buyer that when the title to such InB:B Technology passes to Buyer (or to such Buyer's customer or designee who receives such InB:B Technology), such title shall be good and marketable title, free and clear of liens and encumbrances.

(f) Warranty Terms. The currently applicable warranty terms for InB:B Technology are included in the Quality Assurance Agreement incorporated in paragraph 7 hereof.

7. Quality Assurance

The Parties understand and agree that the Quality Assurance Agreement, incorporated by reference herein and executed contemporaneously with this Agreement (the ***"Quality Agreement"),*** *sets* forth the parties' responsibility for Quality Assurance.

8. Name and Trademarks

(a) Buyer has the right, in its sole discretion, to place such names or trademarks on the Buyer Products that include InB:B Technology as Buyer deems advisable. Prior to shipping the InB:B Technology, Seller shall, if requested by Buyer, place such serial numbers, trade names, trademarks or other marks or identification on the InB:B Technology.

(b) Buyer shall not be obligated to use any of Seller's trademarks or trade names, including but not limited to the mark "Multimins^{TM}" in connection with Buyer's marketing and sale of Buyer Products that include Plant-Derived Mineral Nutrition Products, but Buyer shall be required to include on packaging and collateral the clause "Manufactured under U.S. Patent No. 6,270,809".

(c) Seller shall not use Buyer's corporate name or any trademark or trade name used by Buyer, or any confusingly similar name or trademark without the prior written consent of Buyer.

9. Limitation of Liability.

(a) Direct Damages. Notwithstanding any other provision of this Agreement, in the event either party is entitled to recover damages under this Agreement, such claims or relief shall be limited to direct damages.

(b) Consequential Damages. In no event shall either party hereto shall be liable to the other party for any damages, direct or indirect, consequential, incidental, punitive, special or indirect damages, including but not limited to any damages based on any loss (or anticipated loss) of income, business, sales, profits or earnings, or based on expenditures, investments, costs, actions taken or commitments made or entered into in reliance of or in any way related to the performance of this Agreement or resulting from the use of or inability to use the InB:B Technology or the performance or non-performance of any services, including the failure of essential purpose, even if such party has been notified of the possibility or likelihood of such damages occurring.

10. Termination. This Agreement may be terminated prior to the expiration of the Term or any extension thereof, as follows:

(a) Mutual. By mutual written agreement of Buyer and Seller.

(b) By Buyer. (i) if Seller breaches in any material respect the terms, covenants or agreements set forth in this Agreement and fails to cure such breach within 30 days of its receipt of written notice thereof, (ii) the freight or shipping charges associated with InB:B Technology sold hereunder materially increase in the aggregate as a result of the relocation of the production facilities of

this Section 10(b), provided such 30-day period shall not commence until Buyer obtains knowledge of such right to terminate or, if Buyer's right to terminate is conditioned upon providing Seller notice and an opportunity to cure, upon the expiration of such cure period (provided Seller has not cured the applicable breach).

(c) By Seller. By Seller if (i) Buyer breaches in any material respect the terms, covenants or agreements set forth in this Agreement and, except with respect to non-payment breaches, fails to cure such breach within 30 days of its receipt of written notice thereof, (ii) (A) Buyer fails to pay any invoices, or portions thereof, that are not the subject of a Dispute Notice for 40 days after the date of Buyer's receipt of such invoices. Seller shall only have 30 days to exercise aright of termination under this Section 10(c), provided such 30-day period shall not commence until Seller obtains knowledge of such right to terminate, or if Seller's right to terminate is conditioned upon providing Buyer notice and an opportunity to cure, upon the expiration of such cure period (provided Buyer has not cured the applicable breach).

(d) By Buyer or Seller. By Buyer or Seller (if such party has not breached in any material respect the terms, covenants or agreements set forth in this Agreement) by written notice to the other party, after the occurrence of one of the following events of a Bankruptcy with respect to the other party:

(i) the filing of an application by the party for, or a consent to the appointment of, a trustee or receiver of its assets;

(ii) the filing by the party of a voluntary petition in bankruptcy or the filing of a pleading in any court of record admitting in writing its inability to pay its debts as they come due;

(iii) the making by the party of a general assignment for the benefit of its creditors;

(iv) the filing by the party of an answer admitting the material allegations of, or its consenting to, or defaulting in answering, a bankruptcy petition filed against it in any bankruptcy proceeding; or

(v) the entry by any court of competent jurisdiction of an order for relief of the party under Chapter 7 or 11 of United States Code, the entry of any order, judgment or decree having a similar effect under any other applicable law or the entry of any order, judgment or decree appointing a trustee or receiver of the assets of the party, and any such order, judgment or decree continuing unstayed and in effect for a period of 30 days after the entry;

11. Effect of Termination. Upon termination of this Agreement (either pursuant to Section 10 or upon expiration or completion of the Term) all obligations of Buyer and Seller created under this Agreement (including without limitation, the Purchase Commitments set forth in Section 2) shall immediately cease and be of no further force and effect and Buyer and Seller shall not have any

termination of this Agreement:

(a) Warranty, Indemnity and Defense Payment Obligations. Seller shall remain obligated under all contractual warranties applicable to InB:B Technology previously sold, furnished, or provided to Buyer pursuant to this Agreement, and to the obligations described in Sections 14(k) and 14(m) hereof.

(b) Seller Payment Obligations. Seller shall continue to be obligated to pay or credit amounts due under, or to refund or credit amounts overcharged or otherwise refundable under any invoice for InB:B Technology actually delivered hereunder.

(c) Buyer Payment Obligations. Buyer shall continue to be liable for the payment of all accrued obligations, including amounts due under any invoice, plus any accrued interest thereon, for InB:B Technology actually delivered hereunder and the obligation to accept and pay for any InB:B Technology subsequently shipped or tendered by Seller to fulfill the balance of any Purchase Commitments outstanding as of the date of termination.

(d) Termination Due to Default. If the termination is due to a default by one of the parties, then such defaulting party shall remain liable to the non-defaulting party for damages, if any, in accordance with this Agreement.

(e) Buyer Inventory. Buyer will have a reasonable period of time to exhaust all inventory of sales, marketing and promotional materials and Buyer Products incorporating InB:B Technology.

12. Representations.

(a) Seller Representations. Seller represents and warrants to Buyer as follows:

(i) Seller has the legal capacity and full power and authority to enter into this Agreement. This Agreement constitutes a legal, valid and binding obligation of Seller, enforceable against Seller in accordance with the terms thereof. The execution, delivery and performance by Seller of this Agreement and the compliance by Seller with the provisions hereof will not conflict with, or result in any violation of or default by Seller under any agreement or instrument to which Seller is a party or by which Seller or the Seller Intellectual Property may be bound.

(ii) Seller owns or has the rights to the entire right, title and interest in and to the Seller Intellectual Property, free and clear of all liens and encumbrances, except for and subject to liens for maintenance fees not yet due or payable. The relevant Seller Intellectual Property rights are in Seller's exclusive possession and control.

(iii) Seller has not received any notice of infringement, misappropriation or conflict from any third party with respect to the Seller Intellectual Property or the InB:B Technology and Seller has no knowledge of any reasonable basis for a claim that the Seller Intellectual Property

any third party for patent, trademark, service mark or copyright infringement relating to the Seller Intellectual Property or the InB:B Technology.

(iv) To the knowledge of Seller, there is no action, suit, claim, judgment, investigation or legal, administrative, arbitration or other proceeding, or governmental investigation or examination, pending or to the knowledge of Seller threatened against or affecting Seller, Seller Intellectual Property or the InB:B Technology, at law or in equity, before or by any governmental entity and no reasonable basis exists for any such action, suit, claim, investigation or proceeding.

(b) Buyer Representations. Buyer represents and warrants to Seller as follows:

(i) Buyer has the legal capacity and full power and authority to enter into this Agreement. This Agreement constitutes a legal, valid and binding obligation of Buyer, enforceable against Buyer in accordance with the terms thereof. The execution, delivery and performance by Buyer of this Agreement and the compliance by Buyer with the provisions hereof will not conflict with, or result in any violation of or default by Buyer under any agreement or instrument to which Buyer is a party or by which Buyer may be bound.

(ii) All Buyer Products will be produced and marketed in accordance with all relevant laws, regulations, and safety provisions.

(iii) Buyer has not received any notice of infringement, misappropriation or conflict from any third party with respect to the production or use of Buyer Products and Buyer has no knowledge of any reasonable basis for a claim that the Buyer Products infringe or otherwise conflict with any proprietary infoiniation of any third party.

13. Obligations

(a) Joint Obligations

(i) Insurance. Within ten (10) days after the commencement of the Term of this Agreement, each of Seller and Buyer shall deliver to the other a certificate of insurance pertaining to liability coverage including product liability coverage, which shall specifically state that the receiving party, its subsidiaries and its affiliates are named as an additional insured on a primary basis. Such evidence of insurance shall specify the date when such insurance expires and that all insurance coverages will not be canceled without giving the receiving party thirty (30) days advance written notice. In the event such notice of cancellation is given, unless within said 30 day period prior to cancellation, new insurance acceptable is obtained, the party responsible to provide such insurance shall have committed a material breach of this Agreement.

the required minimum coverage of the policies required to be provided by Seller and Buyer as the context in Exhibit D to this Agreement.

(ii) Indemnification. Each party shall indemnify and hold the other party harmless from any actions, suits proceedings, damages, expenses and fees (including any reasonable attorney fees) which the other party incurs as a result of (x) any breach of warranty of such party's product, (y) any failure by such party to comply with any applicable laws or regulations, or (z) any liability to third parties (including reasonable attorney's fees) for any personal injury, property damage or economic loss, or claim therefor, including death or other loss, cost or expense, to the extent caused by the products of such party (whether sounding in tort, contract, negligence, strict liability, or any other legal theory), except to the extent that such claim is determined to be due to the gross negligence or intentional misconduct of, the other party, its customers, its employees, or its agents. In the event of any such claim for indemnity, the party seeking indemnity shall promptly notify the indemnifying party in writing, and the indemnifying party shall have the exclusive right to defend such action, through legal counsel of its own choosing and at its own expense.

(b) Seller Obligations

(i) Patent Maintenance. During the Term, Seller shall pay any and all maintenance fees and annuities to maintain the enforceability of U.S. Patent No. 6,270,809 and any and all other patents and/or patent applications included in the Seller Intellectual Property.

14. Miscellaneous.

(a) Governing Law:, Attorneys' Fees. This Agreement shall be governed by, construed, interpreted and applied in accordance with the laws of the State of Delaware, without giving effect to any conflict of laws rules that would refer the matter to the laws of another jurisdiction.

Seller and Buyer hereby irrevocably submit to the jurisdiction of the state or federal courts located in the city of Wilmington, Delaware, for the purposes of any action arising out of this Agreement, or the subject matter hereof, brought by the other party.

To the extent permitted by applicable law, Seller and Buyer hereby waive and agree not to assert, by way of motion, as a defense or otherwise in any such action, any claim (i) that it is not subject to the jurisdiction of the above-named courts, (ii) that the action is brought in an inconvenient forum, (iii) that it is immune from any legal process with respect to itself or its property, (iv) that the venue of the suit, action or proceeding is improper or (v) that this Agreement, or the subject matter hereof or thereof, may not be enforced in or by such courts.

The prevailing party in any action or proceeding relating to this Agreement shall be entitled to recover reasonable attorneys' fees and other costs from the non-prevailing party, in addition to any other relief to which such prevailing party may be entitled.

successors, heirs, executors and administrators of the parties hereto. This Agreement may not be assigned without the written consent of the other party and any attempted assignment without such consent shall be null and void.

(c) Entire Agreement: Amendment. This Agreement constitutes the full and entire understanding and agreement between the parties and supersedes any other agreement, written or oral, with regard to the subject matter hereof. Except as expressly provided herein, neither this Agreement nor any term hereof may be amended, waived, discharged or terminated, except by a written instrument signed by the parties hereto.

(d) No Strict Construction. The parties hereto confirm that they have each participated in the negotiation and. preparation of this Agreement and that this Agreement represents the joint agreement and understanding of the parties. The language used in this Agreement has been mutually chosen by the parties hereto, and no rule of strict construction construing ambiguities against the draftsperson shall be applied.

(e) Notices, Etc. Except as specifically provided herein with respect to orders and acceptances of orders hereunder, all notices and other communications required or permitted hereunder shall be in writing and shall be mailed by certified or registered mail, postage prepaid with return receipt requested, telecopy (with hard copy delivered by overnight courier service), or delivered by hand, messenger or overnight courier service, and shall be deemed given when received at the addresses of the parties set forth below, or at such other address furnished in writing to the other parties hereto.

If to Seller:	InB:Biotechnologies, Inc. 225 Long Avenue Hillside, New Jersey 07205 Attn: Dina Masi. Chief Financial Officer Tel: (973) 926-0816 Fax: (973) 926-1735
If to Buyer:	Mannatech, Inc. 600 South Royal Lane, Suite 200 Coppell, TX 75019 Attn: General Counsel Tel: (972) 471-7388 Fax: (972) 471-7387

(f) No Agency. Nothing contained in this Agreement shall create a joint venture, partnership or agency relationship between the parties hereto.

(g) Reformation; Severability. If a court having jurisdiction holds any provision hereof to be invalid, illegal or unenforceable, such provision shall be reformed to best effectuate the intent of the parties and permit enforcement thereof, and the validity, legality and enforceability of the remaining

provisions shall not in any way be affected or impaired thereby; only such provision shall be severed from this Agreement and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

(h) Counterparts. This Agreement maybe executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one and the same instrument. Any counterpart may be delivered by facsimile; provided that attachment thereof shall constitute the representation and warranty of the person delivering such signature that such person has full power and authority to attach such signature and to deliver this Agreement. Any facsimile signature shall be replaced with an original signature as promptly as practicable.

(i) Titles and Subtitles. The titles of the paragraphs and subparagraphs hereof are for convenience of reference only and are not to be considered in construing this Agreement. References to "Sections" herein are references to sections of this Agreement. The words "herein," "hereof," "hereto" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular section or other subdivision.

(j) Expenses. Except as otherwise expressly provided herein, each party hereto shall bear its respective costs and expenses incurred in connection with the preparation, execution and performance of this Agreement and the transactions contemplated herein or therein, including without limitation all fees and expenses of agents, representatives, counsel and accountants.

(k) Confidentiality. During the Term and thereafter, the parties shall treat the terms of this Agreement as being confidential and shall undertake reasonable precautions to safeguard the confidentiality of the terms and provisions hereof to the same extent that the parties safeguard their confidential information in the ordinary course of their respective businesses; provided, however, that the foregoing restriction shall not limit any party from disclosing information about this Agreement, the disclosure of which is required by law, or disclosure in any legal proceeding undertaken primarily to enforce this Agreement; provided, further, that any party that determines that disclosure of this Agreement or any of its contents is required by law shall notify the other party in advance of such disclosure and shall reasonably cooperate with the party hereto who requests that the proposed disclosing party take reasonable actions (including without limitation by seeking a protective order or confidential treatment determination) to limit the information disclosed or the number of persons or entities to whom such information is disclosed.

(l) Force Majeure. If the performance by either party to this Agreement, or of any obligation arising out of or in connection with this Agreement, is prevented, restricted or interfered with by an event or events of force majeure (including but not limited to acts of God, acts of civil, governmental or military authority, fires, floods, earthquakes, strikes, riots and wars) that are beyond the reasonable control of the party affected, the party so affected shall, upon giving prior written notice to the other party, be excused from any nonperformance under this Agreement to the extent of such prevention, restriction or interference, provided, that the party so affected shall use its commercially reasonable efforts to mitigate the effects of such, and shall commence performance hereunder whenever such cause or causes are removed or avoided.

This Agreement has been executed and delivered as of the date first written above.

SELLER:

INB: BIOTECHNOLOGIES, INC.

By: /s/ E. Gerald Kay
E. Gerald Kay, Chairman

BUYER:

MANNATECH, INC.

By: /s/ Samuel L. Caster
Samuel L. Caster, Chairman & CEO

PRICE SCHEDULE:

$80/Kg for 5,000 Kg of InB:B Technology
$75/Kg. for 10,000Kg. of InB:B Technology
$70/Kg. for >15,000 Kg. of InB:B Technology

The price schedule of this Exhibit A is on a per order basis. For instance, a purchase order for 15,000 Kg. of lnB:B Technology shall be priced at $1,050,000.00.

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MINIMUM INSURANCE COVERAGE

Commercial General Liability:

Each occurrence limit: US$ 1,000,000
General aggregate limit: US$2,000,000

Product Liability:

Each occurrence: $5,000,000
Policy aggregate: $5,000,000

for

Multimins^{TM} Mannatech-MM Formula

Description of Product

Multimin^{TM} is a trade name for products that has been grown by a patented process for hydroponic growth of edible plants which causes them to accumulate high levels of nutritional minerals. The Multimin manufactured for Mannatech by $^{InB:}$ Biotechnologies uses *Brassica juncea* (indian mustard) seeds. The plant is grown and processed in the US and contains various minerals at the concentration levels as shown in the product specifications below. OTHER PRODUCTS Product may contain 0.5% silicon dioxide as a grinding agent.

Quality Assurance Requirements

An effective QAP must be maintained by lnB: Biotechnologies Inc. (Biotechnologies) to manage, perform and verify all work affecting quality of the product. This plan describes the minimum quality assurance requirements that the company must implement in the manufacture, packaging and testing of the product. The QAP consist of the quality assurance controls necessary to produce a product that consistently meets the predetermined specifications as described below

Quality Assurance Controls

1.1 Defined roles and responsibilities of personnel involved in production and quality control of the product. The company conforms to GMP and performs all required functions associated with GMP with adequate number of staff with the education and qualifications necessary to perform Their assigned duties; facilities must be of adequate size and be maintained in a clean and orderly manner; avoid mix-ups and cross contamination. Equipment must be properly maintained and cleaned and sanitized to avoid contamination with lubricants, metals, other foreign substances and microbiological organisms.

1.2 Established procedures for the manufacture and testing of the product. Lot history records (batch records) must be prepared for each lot of product manufactured. Any changes in the manufacturing and testing of the product that affects product specification will be reported to Mannatech for their approval.

1.3 Only approved raw materials and starting materials that have met established quality specifications may be used in the manufacture of the product. Specifications for these materials must be pre-established.

1.4 A calibration program must be in place that ensures that gauges temperature devices, scales and testing equipment are properly functioning.

1.5 The company policy on audits and inspections allows for examination to audit the downstream processing steps of Multimins Mannatech products which include the grinding/milling/blending process plus QA test procedures of the product that is bulk packaged for shipping to Mannatech.

1.6 The company must maintain a lot numbering system that allows for traceability of the product in case of recall.

1.7 A **lot specific certificate of analysis must be provided** detailing the individual lot results as listed in the product specification (below) must be provided to Mannatech with each shipment.

MULTIMINS^{TM} MANNATECH-MM FORMULA

{Brassica Juncea, (Indian mustard)}

PRODUCT SPECIFICATION

Characteristic:	**Method**	***Specification***
Packaging		
Containers are properly labeled	Visual	Product name, code number, lot number, supplier, and expiration date are legible on each container
Containers are intact and have no visible signs of damage or foreign matter	Visual	Containers are intact, no damage or signs of foreign matter.
Identity	IR	The IR of the sample is identical to that of the internal reference standard
Appearance	visual	Brown Powder with no visible foreign matter
Odor	Per Mannatech SOP	Cabbage like
Physical		
Bulk density	Current version USP , tapped	Minimum 0.4g/ml
Particle size	Current version USP	100% through 20 mesh NLT 50% through 60 mesh NMT 30% through 100 mesh
Moisture	Per Mannatech SOP, LOD	Maximum 5%
pH of a 1% solution	pH meter,	4-8
Chemical		
Mineral profile	ICP	THIS Needs to be +/- 20%
Zinc		35 mg/g
Iron		12 mg/g
Manganese		6 mg/g
Chromium		600 mcg/g
Copper		4 mg/g
Selenium		400 mcg/g
Vanadium		200 mcg/g
Molybdenum		200 mcg/g

Boron		2 mg/g
Iodine		200 mg/g
Strontium		2 mg/g
Chemical Impurity		
*pesticides	Current version of USP	Passes test
*Heavy metals	EPA; ICP	Arsenic; <10ppb; Lead: <15ppb; Mercury: <5ppb
Microbiological	Current version of USP	
Aerobic Plate count		Less than 10, 000 cfu/g
Total yeast and mold		Less than 100 cfulg
coliforms		Absent
Salmonella		Absent
E coli		Absent
Staphylococcus aureus		Absent
Other		(1) Material cannot be treated with ETO. (2) scheduled to get kosher certified (3) must not contain added carriers or preservatives (4) must be certified non-GMO.

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

SCHEDULE 14C

INFORMATION REQUIRED IN INFORMATION STATEMENT
SCHEDULE 14C INFORMATION

Information Statement Pursuant to Section 14(c) of the Securities Exchange Act of 1934 (Amendment No. 2)

Check the appropriate box:
|X| Preliminary Information Statement
[ ] Confidential, For Use of the Commission Only (as permitted by Rule 14c-5(d) (2))
[ ] Definitive Information Statement

Integrated BioPharma, Inc.
(Name of Registrant as Specified in Its Charter)

Payment of Filing Fee (Check the appropriate box):
[ ] No fee required
|X| Fee computed on table below per Exchange Act Rules 14c-5(g) and 0-11.

(1) Title of each class of securities to which transaction applies:
Common Stock

(2) Aggregate number of securities to which transaction applies: 14,491,126

(3) Per unit price or other underlying value of transaction computed

pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction: $42,000,000

(5) Total fee paid: $1,650

[X] Fee paid previously with preliminary materials.
[ ] Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:
(2) Form, Schedule or Registration Statement No.:
(3) Filing Party: Integrated BioPharma, Inc.
(4) Date Filed:

Preliminary and Subject to Completion, dated June ___, 2008

INFORMATION STATEMENT

IBIOPHARMA, INC.

iBioPharma, Inc.

Common Stock

(Par value $0.001 per share)

This information statement is being furnished in connection with the distribution of 100% of the issued and outstanding shares of iBioPharma, Inc. ("iBioPharma") common stock by Integrated BioPharma, Inc. ("Integrated BioPharma") to its holders of common stock. References in this information statement to "we," "us" or "our Company" refer to iBioPharma. Immediately following the distribution, we will complete a private offering of shares of our common stock to a limited number of investors for gross proceeds of approximately $5.0 million and will also issue additional shares of our common stock to Integrated BioPharma in lieu of intercompany debt. As a result of these subsequent transactions, we expect that the current stockholders of Integrated BioPharma will own 84.6% of the issued and outstanding shares of iBioPharma common stock, the investors in the private offering will own an aggregate of 10% of such shares, and Integrated BioPharma will own 5.4% of such shares.

Shares of our common stock will be distributed to holders of Integrated BioPharma common stock of record as of the close of business on _____, 2008, which will be the record date. These stockholders will receive one share of our common stock for every one share of Integrated BioPharma common stock held as of the record date. The distribution of our shares will be made in book-entry form, and physical stock certificates will be issued only upon request. The distribution will be effective at 11:59 p.m. Eastern time on or about _____, 2008. As discussed more fully in the "Description of the Distribution" section of this information statement, if you sell shares of Integrated BioPharma common stock between the record date and _____, 2008, the distribution date, you will be selling your right to receive those shares of our common stock in the distribution.

No stockholder approval of the distribution is required or sought. **WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY.** Integrated BioPharma stockholders will not be required to pay for the shares of our common stock to be received by them in the distribution, or to surrender or to exchange shares of Integrated BioPharma common stock in order to receive our common stock or to take any other action in connection with the distribution. There is no current trading market for our common stock. However, we expect that a limited market, commonly known as a "when-issued" trading market, for our common stock will develop on or shortly before the record date for the spin-off, and we expect "regular way" trading of our common stock will begin the first trading day after the spin-off. When-issued trading refers to a sale or purchase made conditionally because the security has been authorized but not yet issued. Regular way trading refers to trading after a security has been issued and typically involves a transaction that settles on the third full business day following the date of the transaction. We expect that our common stock will be quoted on the OTC Bulletin Board following the distribution under the symbol "_____."

In reviewing this information statement, you should carefully consider the matters described under the caption "Risk Factors" beginning on page 10.

these securities or determined if this information statement is truthful or complete. Any representation to the contrary is a criminal offense.

This information statement does not constitute an offer to sell or the solicitation of an offer to buy any securities.

The date of this information statement is _____, 2008,
and it is first being mailed to stockholders of Integrated BioPharma, Inc.
on or about _____, 2008.

Dear Integrated BioPharma Stockholder:

I am pleased to inform you that on November 9, 2007, the Board of Directors of Integrated BioPharma, Inc., approved a plan to distribute its equity interests in our subsidiary, iBioPharma, Inc. (formerly known as InB:Biotechnologies, Inc.), to our stockholders. This process is commonly referred to as a spin-off. iBioPharma, Inc., a Delaware corporation, will become the successor to InB:Biotechnologies, Inc., a New Jersey corporation, prior to effecting the spin-off. iBioPharma was incorporated in Delaware on April 17, 2008 and is expected to become the successor corporation to InB:Biotechnologies, Inc. by reincorporation in June ___, 2008. Accordingly, this Information Statement refers throughout to iBioPharma as if such reincorporation has occurred. Integrated BioPharma stockholders will receive one share of iBioPharma common stock for each share of Integrated BioPharma common stock owned as of the record date, which is _____, 2008.

Following the spin-off, iBioPharma will be a public company with stock expected to be traded on the OTC Bulletin Board. If you are an owner of Integrated BioPharma stock on the record date, then on the effective date of the spin-off, _____, 2008, you will own shares in both Integrated BioPharma and iBioPharma. As discussed more fully in the "Description of the Distribution" section of this information statement, if you sell shares of Integrated BioPharma common stock between the record date and _____, 2008, the distribution date, you will be selling your right to receive shares of iBioPharma common stock in the distribution. Integrated BioPharma common stock will continue to trade under the symbol "INBP." iBioPharma expects to have its common stock quoted on the OTC Bulletin Board under the symbol "_____."

Stockholder approval of the spin-off is not required, and you are not required to take any action to receive your iBioPharma common stock.

The enclosed information statement, which is being mailed to all Integrated BioPharma stockholders as of the record date, describes the distribution of shares of iBioPharma common stock in detail and contains important information, including financial statements, about iBioPharma. I suggest that you read it carefully.

If you have any questions regarding the spin-off of iBioPharma common stock, please contact the transfer agent of iBioPharma, Continental Stock Transfer & Trust Company, 17 Battery Place, New York, New York 10004, (212) 509-4000.

Sincerely,
E. Gerald Kay,
Chief Executive Officer

Dear iBioPharma Stockholder:

It is my pleasure to welcome you as a stockholder of iBioPharma, Inc. We are a biopharmaceutical company focused on using, and promoting the use by others of, our proprietary plant-based technology platform, with an emphasis on applications for the prevention and treatment of serious infectious diseases.

As a separate company, iBioPharma will have the ability to focus exclusively on the growth and development of our plant-based biopharmaceutical businesses. Our goals are to:

- Continue the development of product candidates based upon our proprietary plant-based technology platform.
- Pursue opportunities for commercial partnerships and alliances and to begin clinical development of our potential products.
- Expand our production capabilities and conduct preclinical and clinical studies of vaccines and antibodies for prevention and treatment of influenza, HPV, anthrax and plague infections.

We expect to have our common stock quoted on the OTC Bulletin Board under the symbol "____".

As a separate and independent public company, iBioPharma will provide the opportunity to its initial stockholders and to those who subsequently become stockholders to be invested in a company devoted to the development of new-generation vaccines and antibodies in the growing infectious disease and biodefense markets. We invite you to learn more about iBioPharma and its opportunities as an independent public company in the attached information statement.

Sincerely,
Robert B. Kay
Executive Chairman

iBioPharma, Inc.

SUMMARY

The following is a summary of what we believe is the most important information contained in this information statement regarding our business and the distribution of shares of our common stock. For a complete understanding of our business and the distribution, we urge you to read this entire document carefully, including the risk factors, our historical and pro forma financial statements and the notes to those financial statements.

iBioPharma, Inc.

iBioPharma, Inc. (the "Company") is a biopharmaceutical company focused on using and promoting the use of our proprietary plant-based technology platform (which we refer to herein as the platform, our platform, the "iBioLaunch™ technology" or the "iBioLaunch™ platform") by which targeted proteins can be produced in plants for the development and manufacture of novel vaccines and therapeutics for use in humans and for certain veterinary applications. References in this information statement to "we," "us" or "our company" refer to iBioPharma.

This platform was invented and developed by Fraunhofer USA Center for Molecular Biotechnology ("FhCMB"), a not-for-profit translational research institution. In January 2004, we acquired the platform from FhCMB together with FhCMB's commitment for the maintenance and support necessary to further protect the intellectual property comprising the platform, including filing and prosecuting patent applications, providing scientific support for patent counsel's activities on behalf of the Company and otherwise to maintain in force and good standing the Company's intellectual property rights.

Our business model contemplates that, in addition to using our platform to create and advance our own product candidates, we will license the platform to, or enter into joint ventures or other arrangements with, other parties (we refer to these third parties collectively as licensees) who wish to use the platform for the development and/or production of their own product candidates. In order to attract appropriate licensees and increase the value of the Company's share of such arrangements, the Company engaged FhCMB in October 2004 to perform research and development activities to apply the platform to create our first product candidate. The Company selected a plant-based flu vaccine for human use as the product candidate to exemplify the value of the platform particularly for products that require rapid, highly-scalable and economic production. Performance of this first research agreement, which requires us to make payments to FhCMB against the achievement of stated research milestones, has progressed through preclinical challenge studies in the ferret model. Clinical trials are expected to begin in the second quarter of 2009.

In addition, in 2006, the Company engaged FhCMB to create a prototype production module for products made through the use of the platform. The purpose for this engagement was to demonstrate the ease and economy with which platform-based products could be manufactured, again in order to attract potential licensees and increase the value of the Company's share of commercial 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. Fabricated equipment for the prototype is scheduled to be delivered to FhCMB by November 2008. Equipment in the facility is scheduled to be commissioned, and the facility validated for current Good Manufacturing Practices (called cGMP) production in the first quarter of 2009. The facility will then be used for pilot scale production of protein targets for clinical trials of product candidates which use our platform technology.

In addition to our direct funding of FhCMB's application of the platform technology to our human and veterinary product candidate, we have 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.

Historically, we have also used plants as sources of high-quality nutritional supplements. 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. Following the spin-off, we will continue to engage the services of various wholly-owned subsidiaries of Integrated BioPharma for the production, marketing and sales of these phytomineral products.

Strategy

Through (i) the Company/FhCMB contracts and (ii) the non-commercial arrangements described above, 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 of which they granted or were granted funding, and (b) to FhCMB for research purposes and applications in other fields. This business structure enables us to obtain commercial rights to various applications of our platform technology funded by government entities and NGOs. It also helps us demonstrate the validity and apparent value of the platform to parties to whom we will offer licenses or other business opportunities. Our use of FhCMB to perform research and development work allows us to develop our product candidates, and thereby promote the value of our platform for licensing and other collaboration purposes, without bearing the full risk and expense of establishing and maintaining our own research and development staff and facilities.

Using this business structure, we have applied our platform technology to create a pipeline of proprietary product candidates which we can offer to licensees, including vaccine and therapeutic candidates against seasonal and pandemic influenza, human papilloma virus (HPV), and other pathogens of public health significance. All of our product candidates are in the preclinical development stage, and to date, none of our product candidates has been approved by the U.S. Food and Drug Administration ("FDA").

We have exclusive control over and the rights to ownership of the intellectual property related to human health and veterinary influenza applications of the plant-based technology developed by FhCMB. Current development projects include expansion of production capabilities, conducting proof-of-principle preclinical studies and planning clinical studies of proprietary influenza and HPV vaccines and antibodies for potential treatment and diagnosis of influenza infections.

Technology

Our iBioLaunch technology is a platform that uses green plants for the accelerated development and manufacture of high value proteins of interest as product candidates. We believe that our platform technology is applicable to 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. The table below summarizes the results of tests to date to assess the breadth of applicability of the iBioLaunch technology. Some, but not all, of the listed targets

the validity being pursued as product candidates by the Company to document the effectiveness of our platform technology.

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

Our iBioLaunch technology is based on using molecular "launch vectors," which are DNA molecules that have the ability to turn on genes that we want to deliver into the cells and tissues of growing green plants. These launch vectors can be used to rapidly produce high levels of target protein in hydroponically-grown green plants. We believe that the use of green plants provides a safer supply of proteins than many natural or animal-based sources and contributes to a prospective cost advantage over traditional bioreactor technology, where cells are grown in expensive vessels. When combined with novel approaches to the design of subunit vaccines (vaccines composed of parts of disease-causing viruses or bacteria rather than the entire virus or bacterium), the iBioLaunch platform may eliminate the need for culturing dangerous human pathogens, and in the case of influenza vaccines, since eggs are not required for use of the iBioLaunch technology, our platform may eliminate the risk that a particular strain of influenza will prove lethal to chicken eggs, the most common source of flu vaccines.

Based upon the preclinical data developed for us by FhCMB to date, we expect that with iBioLaunch technology, the high yield of target protein per unit of biomass, the low fluid volumes required for biomass processing, and rapid production cycle times may enable the manufacture of pharmaceutical grade proteins with less total capital investment in manufacturing facilities than is required for microbial or mammalian cell bioreactor production processes. We estimate that the manufacturing facility capital requirements for deployment of our platform are less than half that required for conventional facilities. Our estimate is based on protein yields obtained in laboratory experiments and on preliminary engineering design for the pilot plant under construction in the facilities of FhCMB. In addition, we expect that once our technology is in commercial use, surge capacity for emergency response to disease outbreaks can be quickly established by simply increasing the number of green plants under

cultivation rather than by installing additional bioreactors, or maintaining bioreactor capacity in idle standby status.

The technical features and applications of our iBioLaunch technology have been described in peer-reviewed scientific publications including the journals “Vaccine,” “Transgenic Research,” and “Influenza.”

Product Candidates

In addition to seeking appropriate licensees of our platform, our near-term commercial focus is on advancing development of and establishing licenses for product candidates comprising vaccines for influenza, an avian influenza-specific antibody with potential use in both diagnostic and therapeutic applications and a therapeutic vaccine for HPV. In accordance with our business structure, we are also developing products for the biodefense market and for infectious diseases important in the developing world. None of our product candidates has yet entered the human clinical testing phase.

Diagnostic Product for Pandemic Avian Influenza. While predicting the timing of an avian influenza pandemic is not possible, reducing the potentially devastating impact of an outbreak requires an efficient method to distinguish avian influenza infections from other respiratory diseases, including seasonal influenza. There currently are no rapid diagnostic tests available for this purpose. We have discovered an antibody that distinguishes highly pathogenic avian influenza strains--a total of 19 strains from clades 1, 2a and 2b (“clade” is the designation for different categories of influenza virus; each clade is composed of several strains) from human seasonal influenza viruses. With the financial and technical support of a future commercial partner, we may be able to develop this proprietary antibody as a point of care diagnostic product.

Seasonal Influenza Vaccine. We are developing candidate 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). Our near-term objective is to complete preclinical evaluation and transition selected vaccine candidates into Phase 1 human clinical trials.

Pandemic Influenza Vaccine. We are developing vaccine candidates targeting highly pathogenic avian influenza (H5N1) viruses. These candidates are in the preclinical development stage. They have been proven to generate an immune response (also referred to as immunogenicity) and have been successfully tested in mice and ferrets for protective efficacy. The Bill and Melinda Gates Foundation has committed significant funding to FhCMB for preclinical development of pandemic influenza vaccines using our platform technology. Our long term goal is the application of our platform to a combined vaccine effective for preventing both seasonal and pandemic influenza infections.

Therapeutic Antibody for Influenza. Our prototype product for treatment of patients hospitalized with avian influenza is an antibody that specifically inhibits neuraminidase (neuraminidase is an influenza virus protein that is essential to the continued function of the virus) activity of highly pathogenic avian influenza virus strains from clades 1 and 2. Antibodies are proteins that recognize other molecules based on unique shapes and bind to the recognized molecule. Sometimes when an antibody binds to its target it can inactivate the function of the target molecule. Other times antibody binding does not change the function of the target, but can serve to identify the specific target and distinguish it from other non-target molecules that are similar but not identical. When an antibody binds to viral neuraminidase tightly enough, it can shut down the function of the protein and stop the virus from spreading. The neuraminidases of different strains of influenza viruses are unique to each strain, and an antibody that binds to one particular type of neuraminidase can be used to distinguish that virus strain from other virus

strains. We have preclinical evidence that the antibody FhCMB discovered for us is effective against drug-resistant influenza virus samples. This antibody has potential for prophylactic use and as a first line therapy in a flu pandemic. The antibody is in the preclinical development stage.

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.

Biodefense Products. We have commercial rights pursuant our business structure 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 candidate product. Under Department of Defense sponsorship, FhCMB is also conducting rabbit and primate studies on a proprietary multi-agent anthrax and plague vaccine candidate.

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.

Challenges and Risks

To achieve commercial success with any of our product candidates, we and/or our potential licensees must overcome a number of challenges and risks inherent in the new drug development process and also in developing our platform to be used at scale. Each of these risks could adversely affect our business, financial condition and operating results as well as adversely affect the value of our common stock. Please see "Risk Factors – Risks Related to Our Business," "Risk Factors – Risks Relating to Our Relationship with and Spin-Off from Integrated BioPharma," "Risk Factors – Risks Relating to the Distribution", and "Risk Factors – Risks Relating to Ownership of our Common Stock" for more detailed descriptions of the matters described below.

- Our product candidates are at an early stage of development, and if we are not able to successfully develop and commercialize them, we may not generate sufficient revenues to continue our business operations.
- Even if we 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 biologics license application.
- We will not be able to commercialize our product candidates if our preclinical studies do not produce successful results or our clinical trials do not demonstrate safety and efficacy in humans.
- We will need substantial additional funding and may be unable to raise capital when needed, which would force us to delay, reduce or eliminate our product development programs.

We face competition from many different sources, including commercial 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.

- We will depend significantly on agreements with licencees to develop and commercialize our product candidates, and these agreements have not been entered into.
- If third parties on whom we 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 face substantial uncertainty in our ability to protect our patents and proprietary technology.
- Our business could suffer if our systems and infrastructure are inadequate or we cannot replace the other benefits previously provided by Integrated BioPharma.

SUMMARY OF THE DISTRIBUTION

The following is a brief summary of the terms of the distribution. Please see "Description of The Distribution" for a more detailed description of the matters described below.

Distributing company: Integrated BioPharma Inc., which is primarily engaged in manufacturing, distributing, marketing and sales of vitamins, nutritional supplements and herbal products; the manufacture and distribution of Paclitaxel, which is the primary chemotherapeutic agent in the treatment of breast cancer; and pharmaceutical technical services through its contract research organization.

Distributed company:iBioPharma, Inc., a specialty pharmaceutical company which licenses and uses its patented plant-based technology to produce vaccines and therapeutic antibodies.

Reasons for the distribution: The board of directors of Integrated BioPharma believes that the separation of iBioPharma from Integrated BioPharma will enhance the success of both Integrated BioPharma and iBioPharma, and thereby maximize stockholder value over the long-term for each company, by providing each company the ability to focus exclusively on maximizing opportunities for their distinct businesses. Integrated BioPharma's board of directors believes that a tax-free distribution of shares in iBioPharma offers Integrated BioPharma and its stockholders the greatest long-term value and is the most tax efficient way to separate the companies. Please see "Description of the Distribution – Reasons for the Distribution" for more detailed information.

Securities to be distributed: Approximately _____ shares of our common stock, representing 100% of our issued and outstanding shares of common stock.

Distribution ratio: Each holder of Integrated BioPharma common stock as of the record date will receive one share of our common stock for every one share of Integrated BioPharma common stock held on the record date.

Method of distribution: For registered Integrated BioPharma stockholders, our transfer agent will credit their share of common stock to book-entry accounts established to hold their shares of our common stock. Book-entry refers to a method of recording stock ownership in the records of our stock registrar in which no physical certificates are issued. For stockholders who own Integrated BioPharma common stock

through a broker or other nominee, their shares of our common stock will be credited to their accounts by the broker or other nominee. Following the distribution, stockholders whose shares are held in book-entry form may request the transfer of their shares of our common stock to a brokerage or other account at any time or the delivery of physical stock certificates for their shares, in each case without charge for such transfer or delivery. However, if you sell your Integrated BioPharma shares after the record date and before the end of trading on the distribution date of the iBioPharma common stock, NASDAQ Global Market "ex dividend" rules require that the right to receive the corresponding shares of iBioPharma common stock will automatically be conveyed with the sale of your Integrated BioPharma stock. See "Trading of Integrated BioPharma, Inc. Common Stock between the Record Date and Distribution Date."

Record date: The record date is the close of business on _____ , 2008.

Distribution date: 11:59 p.m. on _____, 2008.

OTC Bulletin Board quotation: Currently there is no public market for our common stock. We expect our common stock to be quoted on the OTC Bulletin Board under the symbol "_____." We anticipate that trading will commence on a "when-issued" basis shortly before the record date. When-issued trading refers to a transaction made conditionally because the security has been authorized but not yet issued. On the first trading day following the distribution date, when-issued trading in respect of our common stock will end and "regular way" trading will begin. Regular way trading refers to trading after a security has been issued and typically involves a transaction that settles on the third full business day following the date of the transaction. We cannot predict the trading prices for our common stock before or after the distribution date. In addition, Integrated BioPharma's common stock will remain outstanding and will continue to trade on the NASDAQ Global Market. We cannot predict any change that may occur in the trading price of Integrated BioPharma's common stock as a result of the distribution.

Transfer agent and registrar for the shares: Continental Stock Transfer & Trust Company, will be the transfer agent and registrar for the shares of our common stock.

Distribution agent for the shares: Continental Stock Transfer & Trust Company will be the distribution agent to distribute the shares of our common stock to all Integrated BioPharma stockholders.

Subsequent share issuances: Immediately following the distribution, we will issue additional shares of our common stock to Integrated BioPharma in lieu of intercompany debt. We will also complete a private offering of shares of our common stock to a limited number of investors for gross proceeds of approximately $5.0 million. We expect to issue an aggregate of 10% of our common stock outstanding as of the record date to these investors. As a result of these subsequent transactions, we expect that the current stockholders of Integrated BioPharma will own 84.6% of the issued and outstanding shares of iBioPharma common stock, the investors in the private offering will own an aggregate of 10% of such shares, and Integrated BioPharma will own 5.4% of such shares.

The sale of shares of iBioPharma common stock in the private offering has not been registered under the Securities Act of 1933, as amended, and will be 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.

Dividend policy: Payment of future cash dividends, if any, will be at the discretion of our board of directors in accordance with applicable law after taking into account various factors, including our financial condition, operating results, current and anticipated cash needs, plans for expansion and contractual restrictions with respect to the payment of dividends.

entered into in connection with the distribution for the tax resulting from the application of Section 355(e) of the U.S. Internal Revenue Code of 1986, as amended, (the "Internal Revenue Code") as a result of any acquisition or issuance of our stock sale of a material portion of our business, or other action taken by us that would trigger such tax. The possibility of this potential tax liability could discourage, delay or prevent a change of control of iBioPharma. For instance, any cumulative 50% change of ownership in either Integrated BioPharma or iBioPharma within the four-year period beginning two years before the date of the spin-off will be presumed to be part a plan or series of related transactions pursuant to which one or more persons acquire, directly or indirectly, stock representing a 50% or greater interest in either Integrated BioPharma or iBioPharma. If this presumption applies, it would need to be rebutted to avoid a large taxable gain. In addition, a merger, recapitalization or acquisition, or issuance or redemption of common stock of iBioPharma after the spin-off could, in some circumstances, be counted toward the 50% change of ownership threshold. In this regard, we have agreed to refrain from taking future actions (as specified in the tax responsibility allocation agreement referred to above) and to provide further assurances that the distribution will qualify as tax-free. See "Relationships Between Our Company and Integrated BioPharma, Inc.—Agreements Between Us and Integrated BioPharma—Tax Responsibility Allocation Agreement." In addition, some provisions of our certificate of incorporation, our by-laws and Delaware law may also have the effect of making more difficult an acquisition of control of us in a transaction not approved by our board of directors. See "Relationship Between Our Company and Integrated BioPharma, Inc." and "Description of Capital Stock."

Relationship with Integrated BioPharma: Immediately after the distribution, Integrated BioPharma will convert approximately $2.7 million of intercompany debt due from us by acquiring 6% of our common stock then outstanding and will cease to control iBioPharma. However, due to several relationships between the two companies that existed prior to the distribution, Integrated BioPharma and iBioPharma will enter into one or more agreements regarding the effects of the distribution, and the allocation of various obligations and liabilities between them. Please refer to "Relationships between Our Company and Integrated BioPharma, Inc." and "Risk Factors – Risks Relating to our Relationship with and Spin-off from Integrated BioPharma," below, for more information.

U.S. Federal Income Tax Consequences: Integrated BioPharma has structured the distribution to conform to the requirements of Section 355 of the Internal Revenue Code with the intention of the distribution qualifying as a tax-free event. Please refer to "U.S. Federal Income Tax Consequences of Distribution," for additional information. Because personal circumstances are unique to each individual stockholder, you are also urged to consult your own tax advisor to determine the tax consequences of the distribution to you.

Risk Factors: iBioPharma's business is subject both to general and specific business risks relating to its operations. In addition, iBioPharma's spin-off from Integrated BioPharma presents risks relating to it being a separately traded public company as well as risks relating to the nature of the spin-off transaction itself. Please refer to the section titled "Risk Factors" on page 10 for a discussion of the various risks to our business and the value of your holdings of our common stock.

QUESTIONS AND ANSWERS ABOUT THE DISTRIBUTION

What do stockholders need to do to participate in the spin-off?

Nothing. You are not required to take any action to receive iBioPharma common stock in the distribution, although we urge you to read this entire document carefully. No stockholder approval of the distribution is required by applicable law, and we are not seeking such stockholder approval.

Do I have to pay anything for the iBioPharma stock?

No. You do not have to pay anything for the iBioPharma stock you receive in the distribution. The distribution is in effect a dividend of certain property owned by Integrated BioPharma to its stockholders.

Do I have to send in my Integrated BioPharma stock certificate?

No. You do not have to do anything to receive the iBioPharma stock. If you are a Integrated BioPharma stockholder as of the record date of the distribution, you will be automatically credited with shares of iBioPharma common stock. However, see "Trading of Integrated BioPharma, Inc. Common Stock between the Record Date and Distribution Date" for consequences of a sale of Integrated BioPharma stock after the record date of the distribution.

How many shares of iBioPharma common stock will I receive?

You will receive one share of iBioPharma common stock for each share of Integrated BioPharma stock you own as of the distribution record date. The record date for the distribution is _____, 2008.

Will I get a stock certificate?

No. You will not automatically receive a paper certificate for your shares of iBioPharma common stock. Prior to the effective date of the distribution, our transfer agent will create an account for each Integrated BioPharma stockholder. On the effective date of the distribution, the transfer agent will credit the shares issued to each registered stockholder to their respective accounts with the transfer agent. The transfer agent will mail to each registered stockholder a statement of the shares of iBioPharma stock held in their account. This is called a "book-entry" system. For stockholders who own Integrated BioPharma stock through a broker or nominee, their shares of our common stock will be credited to their brokerage accounts by such broker or nominee. After the distribution, stockholders may request the delivery of a physical stock certificate for their shares.

Will my Integrated BioPharma stock continue to be publicly traded?

Yes. The Integrated BioPharma common stock will continue to be traded on the NASDAQ Global Market. After the effective date of the distribution, both the Integrated BioPharma common stock and the iBioPharma common stock will be publicly traded.

Where can Integrated BioPharma stockholders get more information?

You should direct inquiries relating to the distribution to the transfer agent and registrar of our common stock at:

Continental Stock Transfer and Trust Company
17 Battery Place
New York, New York 10004-1123
(212) 509-4000
www.continentalstock.com

You should direct inquiries relating to your investment in Integrated BioPharma common stock to:

Integrated BioPharma, Inc.
225 Long Avenue
Hillside, New Jersey 07205
(888) 319-6962
www.ibiopharma.com

after the distribution, you should direct inquiries relating to our common stock to:

iBioPharma, Inc.
9 Innovation Way, Suite 100
Newark, Delaware 19711
(302) 355-0650
www.inb-biotechnologies.com

Information on these websites does not constitute part of this information statement.

SUMMARY FINANCIAL INFORMATION

The following table presents a summary of selected financial information derived from our audited financial statements for the fiscal years ended June 30, 2005, 2006 and 2007, each of which are included elsewhere in this information statement, the unaudited financial statements for the fiscal years ended June 30, 2003 and 2004, the unaudited financial statements for the nine months ended March 31, 2008 and 2007, and the unaudited pro forma statement of operations for the fiscal year ended June 30, 2007, the nine months ended March 31, 2008 and the unaudited pro forma balance sheet as of March 31, 2008, which are also included elsewhere herein. The historical information presented in the following table may not be indicative of the results of operations or financial position that would have been obtained if we had been an independent company during the periods shown, or of our future performance as an independent company.

You should read the summary financial information in conjunction with our audited financial statements and the notes to the audited financial statements. You should also read the section "Management's Discussion and Analysis of Financial Condition and Results of Operations." The summary financial information is qualified by reference to these sections, the audited financial statements and the notes to the audited financial statements, each of which is included elsewhere in this information statement.

	Fiscal Years Ended June 30,					Nine Months Ended March 31,		Pro Forma Fiscal Year Ended June 30,	Pro Forma Nine Months Ended March 31,
	2003	2004	2005	2006	2007	2007	2008	2007	2008
Statement of Operations									
Net sales	$ 76,731	$ 163,024	$ 21,082	$ 18,680	$ 896,273	$ 664,321	$ 893,855	$ 896,273	$ 893,855
Cost of sales	-	-	-	1,911	445,721	329,818	426,125	799,961	793,021
Gross profit	76,731	163,024	21,082	16,769	450,552	334,503	467,730	96,312	100,834
Research and development	50,000	-	181,742	429,554	673,225	223,225	250,000	673,225	250,000
Other operating expenses	75,118	664,549	987,360	1,024,603	1,442,510	932,450	1,454,674	1,542,510	1,529,674
Total operating expenses	125,118	664,549	1,169,102	1,454,157	2,115,735	1,155,675	1,704,674	2,215,735	1,779,674
Operating loss before income taxes	(48,387)	(501,525)	(1,148,020)	(1,437,388)	(1,665,183)	(821,172)	(1,236,944)	(2,119,423)	(1,678,840)
Provision (benefit) for income taxes	176	(84,659)	1,000	(485,236)	851	851	3,660	851	3,660
Net loss	$ (48,563)	$ (416,866)	$ (1,149,020)	$ (952,152)	$ (1,666,034)	$ (822,023)	$ (1,240,604)	$ (2,120,274)	$ (1,682,500)
Net loss per common share - basic and diluted	$ (485.63)	$ (4,168.66)	$ (11,490.20)	$ (9,521.52)	$ (16,660.34)	$ (8,220.23)	$ (12,406.04)	$ (0.12)	$ (0.10)
Weighted average common shares outstanding	100	100	100	100	100	100	100	17,365,297	17,365,297

	As of June 30,					As of March 31,		Pro Forma March 31,
Balance Sheet Data	2003	2004	2005	2006	2007	2007	2008	2008
Current assets	$ 11,991	$ 29,867	$ 10,676	$ 23,545	$ 175,972	$ 273,808	$ 347,130	$ 5,097,130
Intangible assets, net	$ -	$ 720,833	$ 1,125,000	$ 1,801,218	$ 3,324,225	$ 2,106,624	$ 3,341,976	$ 3,341,976
Total assets	$ 11,991	$ 750,700	$ 1,135,676	$ 1,824,763	$ 3,768,291	$ 2,642,634	$ 3,703,700	$ 8,453,700
Current liabilities	$ 131,349	$ 84,242	$ 275,830	$ 123,447	$ 1,422,299	$ 179,354	$ 1,677,097	$ 2,043,993
Due to Parent	$ 29,847	$ 1,232,529	$ 2,574,937	$ 4,368,559	$ 6,329,269	$ 5,952,546	$ 7,599,460	$ -
Total liabilities	$ 161,196	$ 1,316,771	$ 2,850,767	$ 4,492,006	$ 8,101,568	$ 6,131,900	$ 9,276,557	$ 2,043,993
Total stockholder's (deficiency) equity	$ (149,205)	$ (566,071)	$ (1,715,091)	$ (2,667,243)	$ (4,333,277)	$ (3,489,266)	$ (5,572,857)	$ 6,409,707
Total liabilities and stockholder's (deficiency) equity	$ 11,991	$ 750,700	$ 1,135,676	$ 1,824,763	$ 3,768,291	$ 2,642,634	$ 3,703,700	$ 8,453,700

You should carefully consider the risks described below, in addition to the other information in this information statement, before purchasing shares of our common stock. Each of these risk factors could adversely affect our business, financial condition and operating results as well as adversely affect the value of an investment in our common stock.

Risks Related to Our Business

Our plant-based technology platform has not previously been used by others to successfully develop 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, the Company will not generate the revenues presently contemplated by its business plan to support its continuing operations.

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 continue our business operations.

We have five internal product candidates and two additional categories--biodefense and developing world--made through the application of our technology platform, none of which has entered human clinical trials and for none of which an investigational new drug application (IND) has been filed with the FDA. Our success in establishing licenses to our platform will substantially depend on our ability to successfully complete clinical trials, obtain 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.

We will not be able to commercialize our product candidates if our preclinical studies do not produce successful results or our 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. We may experience numerous unforeseen events during, or as a result of, preclinical testing and the clinical trial process that could delay or prevent our ability to commercialize our product candidates, including the following:

- Our preclinical or clinical trials may produce negative or inconclusive results, which may require us to conduct additional preclinical testing or clinical trials or to abandon projects that we expect to be promising. For example, we may obtain promising animal data about the immunogenicity of a vaccine candidate and then our human tests may result in no or inadequate immune responses. In addition, we may encounter unexpected safety concerns 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, we may obtain data that suggest a desirable immune response from one of our vaccine candidates in a small human study, but then when tests are conducted on larger numbers of people, we may not see the same extent of immune response. 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 clinical trials may be slower than we currently anticipate, 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.

- We might have to suspend or terminate our 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. We will not know the risk of any candidate product 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 we ultimately obtain may be limited or subject to restrictions or post-approval commitments that render the product not commercially viable.

- The effects of our product candidates may not be the desired effects or may include undesirable side effects.

If we are required to conduct additional clinical trials or other testing of our product candidates beyond those that we currently contemplate, if we are unable to successfully complete our clinical trials or other testing, or if the results of these trials or tests are not positive or are only modestly positive, we may be delayed in obtaining marketing approval for our product candidates, we may not be able to obtain marketing approval or we may obtain approval for indications that are not as broad as intended. Our product development costs will also increase if we experience delays in testing or approvals. We do not know whether planned clinical trials will begin as planned, will need to be restructured or will be completed on schedule, if at all. Significant clinical trial delays could allow our competitors to bring products to market before we do and impair our ability to commercialize our products or product candidates. 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 shepherd our product candidates through the clinical testing process and may be unable to raise capital when needed, which would force us to delay, reduce or eliminate our product development programs or commercialization efforts.

We expect our research and development expenses to increase in connection with our ongoing activities, particularly as the scope of the clinical trials that we are conducting expands. In addition, subject to regulatory approval of any of our product candidates, we expect to incur significant

commercialization expenses for product sales, marketing, manufacturing and distribution. 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 research and development programs or commercialization efforts.

We believe that our existing cash resources, along with our $5.0 million private placement of common stock that we anticipate will close after the distribution of our shares, as described herein, and committed funding from FhCMB collaborators will be sufficient to meet our projected operating requirements only through the third calendar quarter of 2009. Our future funding requirements will depend on many factors, including:

- the scope and results of our clinical trials;
- our ability to advance additional product candidates into development;
- the success of our anticipated commercial agreements with pharmaceutical companies;
- 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 product 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.

We estimate we would need to raise additional funds of approximately $35 million over the next three years to operate our business and independently fund a Phase 3 clinical trial of one of our product candidates. Our funding needs would likewise increase as we move additional product candidates through the clinical trial process.

If we are unsuccessful in raising additional capital or other alternative financing, we might have to abandon our efforts to commercialize the intellectual property obtained from FhCMB and cease operations as we might no longer have the financial support of Integrated BioPharma.

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 of our product candidates are successfully completed, we will be able to submit a biologics license application (BLA), to the FDA or that any BLA we submit 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 fail to commercialize any of our product candidates, 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.

If commercialized, our product candidates may not be approved for sufficient governmental or third-party reimbursements, which would adversely affect our ability to market our product candidates.

In the United States and elsewhere, sales of pharmaceutical products depend in significant part on the availability of reimbursement to the consumer from third-party payers, such as government and private insurance plans. Since we currently have no commercial products, we have not had to face this issue yet; however, third-party payers are increasingly challenging the prices charged for medical products and services. It will be time consuming and expensive for us to go through the process of seeking reimbursement from Medicaid, Medicare and private payers for any of our product candidates. Our products may not be considered cost effective, and coverage and reimbursement may not be available or sufficient to allow us to sell our products on a competitive and profitable basis. The passage of the Medicare Prescription Drug and Modernization Act of 2003 imposes new requirements for the distribution and pricing of prescription drugs which may negatively affect the marketing of our potential products.

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. For example, large pharmaceutical companies are in the influenza vaccine business. 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, these large companies would be our competitors.

Smaller or early stage companies may also prove to be significant competitors, particularly through business arrangements with large and established companies that may reduce the potential demand for access to our platform. For example, Novavax is conducting human clinical trials of vaccines for influenza and other infectious diseases using cell culture processes for manufacturing, and Medicago has announced preclinical experiments to produce influenza vaccines in green plants.

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 that are safer, more effective, have fewer side effects or are less expensive than any products that we may develop. For example, the drugs oseltamivir, amantadine, and zanamivir are used to treat certain influenza infections, and Merck's vaccine to prevent HPV infection has been approved by the FDA with a similar vaccine developed by GlaxoSmithKline in late-stage development. 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 all of our product candidates are likely to be their efficacy, safety profile, price and convenience.

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 and our thinly-staffed employment structure is to establish arrangements with licensees, particularly leading pharmaceutical and biotechnology companies, 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

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

The Company 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 management time. We ultimately may not be successful in addressed it, these management may not be successful.

If third parties on whom we 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 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 or our licensors' 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 biopharmaceutical companies like us are highly uncertain and involve complex legal and factual questions. To date, we have 22 U.S. applications pending and 34 applications pending in Europe, Canada, Australia, China, India, Brazil, Japan, Hong Kong and New Zealand for the intellectual property developed by FhCMB. 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 "Description of Our 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

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 products 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

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.

Risks Relating to Our Relationship with and Spin-Off from Integrated BioPharma

Our business could suffer if our systems and infrastructure are inadequate or we cannot replace the other benefits previously provided by Integrated BioPharma.

Since our inception, we have relied on Integrated BioPharma for various services which we have only recently developed for ourselves, including:

- legal;
- treasury;
- tax;
- employee benefits;
- insurance;
- investor relations; and
- executive oversight and other services.

Following the distribution, we will operate as a separate publicly traded company. We have developed and implemented systems and infrastructure to support our current and future business, and our responsibilities as a public company. These systems and infrastructure may be inadequate, however, and we may be required to develop or otherwise acquire other systems and infrastructure, or to obtain certain corporate services from Integrated BioPharma to support our current and future business such as legal, strategic financial planning, tax and SEC reporting services. For further detail, please see “Relationship Between Our Company and Integrated BioPharma, Inc. – Agreements Between Us and Integrated BioPharma.”

After the distribution, we will not be able to obtain financing from Integrated BioPharma.

Our plans to expand our business and to continue to improve our products may require funds in excess of our cash flow and may require us to seek financing from third parties. In the past, Integrated BioPharma has provided capital for our general corporate purposes, and we used cash provided by

finance our operations. Without the opportunity to obtain financing from Integrated BioPharma, we will in the future need to obtain additional financing from banks, or through public offerings or private placements of debt or equity securities, strategic relationships or other arrangements. We cannot give assurances at this time that we will be able to obtain such funding. In addition, the terms, interest rates, costs and fees of new credit facilities may not be as favorable as those historically enjoyed with Integrated BioPharma. For example, Integrated BioPharma did not charge us with any fees or costs for the intercompany borrowing, nor were there any covenants regarding financial ratios or prohibition on certain transactions in the loan arrangement with Integrated BioPharma. Our inability to obtain financing on favorable terms could restrict our operations and reduce our profitability. See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources."

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.

Our business involves exposure to potential product liability risks that are inherent in the production and manufacture of pharmaceutical products. Currently, we receive product liability coverage from the product liability insurance policy from Integrated BioPharma, and we have maintained this product liability insurance until now for sales of our phytomineral products. Clinical trial and product liability insurance, however, 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;
- 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 are entering into with Integrated BioPharma in connection with the distribution could restrict our operations.

In connection with the distribution, we and Integrated BioPharma are entering into a number of agreements that will govern our spin-off from Integrated BioPharma and our future relationship. Each of these agreements has been or will be 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 will include obligations and restrictive provisions, including, but not limited to:

- an 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 entering into with Integrated BioPharma in connection with the distribution and for any of our liabilities; and

- an agreement with regard to tax matters between ourselves and Integrated BioPharma which restricts our ability to engage in certain strategic or capital raising transactions.

For a further discussion of our agreements with Integrated BioPharma, see "Relationship Between Our Company and Integrated BioPharma, Inc. – Agreements Between Us and Integrated BioPharma."

Risks Relating to the Distribution

If the spin-off is determined to be a taxable transaction, you and Integrated BioPharma could be subject to material amounts of taxes.

Integrated BioPharma and its Board of Directors have structured the distribution to qualify as a tax-free distribution to its stockholders under Section 355 of the Internal Revenue Code of 1986. If, however, the IRS determines that the distribution does not qualify as a tax-free transaction because of its structure, alleged lack of business purpose, or subsequent acquisitions or issuance of 50% or more of our common stock, you and Integrated BioPharma could be subject to material amounts of taxes. See "The Distribution – U.S. Federal Income Tax Consequences of the Distribution."

Under some circumstances, we could be prevented from engaging in strategic or capital raising transactions, and we could be liable to Integrated BioPharma for any resulting adverse tax consequences.

It is possible that Integrated BioPharma could recognize a large taxable gain if the IRS were to assert that the distribution is part of a plan or series of related transactions pursuant to which one or more persons acquire, directly or indirectly, stock representing a 50% or greater interest in either Integrated BioPharma or iBioPharma. Any cumulative 50% change of ownership in either Integrated BioPharma or iBioPharma within the four-year period beginning two years before the date of the spin-off will be presumed under applicable law to be part of such a plan. If this presumption applies, it would need to be rebutted to avoid a large taxable gain. A merger, recapitalization or acquisition, or issuance or redemption of our common stock after the spin-off could, in some circumstances, be counted toward the 50% change

might consider favorable, or to structure potential transactions in the manner most favorable to us. Further, our tax responsibility allocation agreement with Integrated BioPharma precludes us from engaging in some of these transactions and requires us to indemnify Integrated BioPharma for the adverse tax consequences resulting from these types of transactions.

Certain adverse tax consequences could arise by reason of the distribution.

It is possible that our stockholders could recognize a taxable gain if the IRS were to assert that the distribution was without sufficient business purpose to iBioPharma. This would have adverse consequences to Integrated BioPharma, which may then have to recognize a taxable capital gain on the difference between the fair market value of the 100% interest in iBioPharma it is distributing to its stockholders and Integrated BioPharma's tax basis in its iBioPharma stock. Furthermore, if the IRS successfully challenges the tax-free status of the distribution, those Integrated BioPharma stockholders who receive iBioPharma stock in the distribution may suffer adverse tax consequences resulting from the characterization of the distribution as a taxable dividend to such stockholders. See "The Distribution – U.S. Federal Income Tax Consequences of the Distribution."

Risks Relating to Ownership of Our Common Stock

Our common stock has no prior public market.

There has been no prior trading market for our common stock. While we expect our common stock will be quoted on the OTC Bulletin Board, there can be no assurance as to the price at which our common stock will trade or that a public trading market will develop.

We cannot predict the price range in which our common stock will trade or its volatility after the distribution which may harm our stockholders.

The securities of many biotechnology companies have experienced extreme price and volume fluctuations in recent years, often unrelated to the companies' operating performance. Continued market fluctuations could result in extreme volatility in the price of our common stock, which could cause a decline in its value. Price volatility might be worse if the trading volume of our common stock is low.

The market price of our common stock could fluctuate significantly as a result of many factors related to the economy in general or the biopharmaceutical industry in which we operate, including the following:

- economic and stock market conditions generally and specifically as they may affect the biopharmaceutical industry;
- earnings and other announcements by our competitors, and changes in the market's perception of the biopharmaceutical industry in general; and
- changes in business or regulatory conditions affecting our industry

In addition, there are various factors related to our business in particular that could cause the market price of our common stock to fluctuate, including the following:

announcement or implementation by us or our competitors of innovations or new products and services using similar plant-based technology that may make our platform less valuable;

- the introduction by competitors of new products that make our product candidates obsolete or less valuable;
- litigation judgments or settlements;
- our earnings and results of operations and other developments affecting our business;
- changes in financial estimates and recommendations by securities analysts that follow our stock; and
- trading volume of our common stock.

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

It is possible that our quarterly revenues and operating results may vary significantly in the future and that period-to-period comparisons of our revenues and 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 revenues and 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.

On the distribution date, our corporate governance structure, including provisions in our certificate of incorporation and by-laws, our stockholder rights plan and Delaware law, may prevent a change in control or management that stockholders may consider desirable.

Our certificate of incorporation and by-laws contain provisions that might enable our management to resist a takeover of our Company or discourage a third party from attempting to take over our Company. These provisions include:

- a classified board of directors;
- limitations on the removal of directors; and
- the ability of our board of directors to designate the terms of and issue new series of preferred stock without stockholder approval.

Certain statements in this information statement that are not historical facts -- but rather reflect our current expectations concerning future results and events -- constitute forward-looking statements. The words "believes," "expects," "intends," "plans," "anticipates," "intend," "estimate," "potential," "continue," "hopes," "likely," "will," and similar expressions, or the negative of these terms, identify such forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of iBioPharma, or industry results, to differ materially from future results, performance or achievements expressed or implied by such forward-looking statements.

Important factors that might cause our actual results to differ materially from the results contemplated by these forward-looking statements are contained in "Risk Factors" on page 10 and elsewhere in this report and our future filings with the Securities and Exchange Commission.

Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's view only as of the date of this information statement. We undertake no obligation to update the result of any revisions to these forward-looking statements which may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events, conditions or circumstances.

DESCRIPTION OF THE DISTRIBUTION

General

Given the evolution of the distinct and highly competitive environments in which Integrated BioPharma and iBioPharma operate, Integrated BioPharma believes the best way to enhance the success and maximize stockholder value of both businesses over the long term is to enable each one to pursue its particular strategy. After the distribution, Integrated BioPharma will continue to focus on the manufacture, distribution, marketing and sales of vitamins, nutritional supplements and herbal products, and iBioPharma will continue to focus on the development and production of biopharmaceutical products.

The separation of iBioPharma from Integrated BioPharma will be accomplished through a pro rata distribution of 100% of the common stock of iBioPharma held by Integrated BioPharma to Integrated BioPharma stockholders, which we refer to as the distribution, or the spin-off, which is expected to occur on _____, 2008, the distribution date. As a result of the distribution, each Integrated BioPharma stockholder will:

- receive one share of our common stock for every one share of Integrated BioPharma common stock they own; and
- retain their shares of Integrated BioPharma.

Manner of Effecting the Distribution

The general terms and conditions relating to the distribution will be set forth in the separation and distribution agreement between Integrated BioPharma and us. Under that agreement, the distribution will be effective at 11:59 p.m. Eastern time on the distribution date, _____, 2008. The board of directors of Integrated BioPharma approved the distribution at a meeting of the board on November 9, 2007. As a result of the distribution, each Integrated BioPharma stockholder of record will receive one share of our common stock for every one share of Integrated BioPharma common stock owned by such stockholders

as of the record date of the distribution in order to be entitled to receive shares of our common stock in the distribution, Integrated BioPharma stockholders must be stockholders at the close of business of the NASDAQ Global Market on the record date, _____, 2008 subject to the NASDAQ Global Market's "ex dividend" rules discussed below. For registered Integrated BioPharma stockholders, our transfer agent will credit their shares of our common stock to book-entry accounts established to hold their shares of our common stock. Our distribution agent will send these stockholders a statement reflecting their ownership of our common stock. Book-entry refers to a method of recording stock ownership in our records in which no physical certificates are issued. For stockholders who own Integrated BioPharma common stock through a broker or other nominee, their shares of our common stock will be credited to their accounts by the broker or other nominee. Each share of our common stock that is distributed will be validly issued, fully paid and non-assessable and free of preemptive rights. See "Description of Capital Stock." Following the distribution, stockholders whose shares are held in book-entry form may request the transfer of their shares of our common stock to a brokerage or other account at any time as well as the delivery of physical stock certificates for their shares, in each case without charge for such transfer or delivery.

Integrated BioPharma stockholders will NOT be required to pay for shares of our common stock received in the distribution or to surrender or exchange shares of Integrated BioPharma common stock in order to receive our common stock or to take any other action in connection with the distribution. No vote of Integrated BioPharma stockholders is required or sought in connection with the distribution, and Integrated BioPharma stockholders have no appraisal rights in connection with the distribution.

Trading of Integrated BioPharma, Inc. Common Stock Between the Record Date and Distribution Date

In accordance with the trading rules of the NASDAQ Global Market, if you own shares of Integrated BioPharma, Inc. common stock at 5:00 p.m., New York City time, on the record date (_____, 2008) and sell those shares prior to the end of trading on the distribution date of the iBioPharma shares, you will also be selling the shares of iBioPharma common stock that would have been distributed to you pursuant to the distribution. The shares of iBioPharma common stock distributed with respect to such shares will be automatically routed and delivered by the clearing broker to the purchaser of such shares.

Reasons for the Distribution

Integrated BioPharma's board of directors believes that separating iBioPharma from Integrated BioPharma's other businesses in the form of a tax-free distribution to Integrated BioPharma stockholders of our new publicly traded common stock is appropriate and advisable for Integrated BioPharma and its stockholders. Integrated BioPharma's board of directors believes that our separation from Integrated BioPharma will provide both companies with the opportunity to focus exclusively on their respective businesses and their opportunities for long-term growth and profitability. In addition, the separation will enable each company to enhance its strategic, financial and operational flexibility.

The key benefits of the separation include:

Sharper Strategic Focus; Allocation of Capital Resources

Both we and Integrated BioPharma anticipate that the separation will allow each company to focus exclusively on the unique opportunities facing its respective business. For many years, our business has operated within Integrated BioPharma's broadly diversified nutraceutical and pharmaceutical

improvement funds, and other investment resources with Integrated BioPharma's other major businesses. Furthermore, these competing businesses within Integrated BioPharma may have pursued different strategies from our own market strategies, or Integrated BioPharma may have elected to advance the interests of some of its other businesses in preference to or in conflict with the interests of our business. As separate entities, both we and Integrated BioPharma can use our respective resources to invest in opportunities targeted to each of our distinct strategies and markets. In addition, each company can devote more management time and attention toward meeting the unique needs of its respective customers. We believe this focused approach will allow each management team to make decisions more quickly and efficiently.

Flexibility to Pursue Independent Strategies

As a separate company, we will have greater flexibility to expand on our position in the biopharmaceutical industry by being more independent of Integrated BioPharma corporate constraints, i.e., having to solicit parent approval for major initiatives, especially those involving capital expenditure, and having to conform to a variety of Integrated BioPharma policies including benefits, accounting, information technology protocols, bonus criteria and salary administration. As a separate company, we will be better positioned to focus on our strategic growth initiatives.

Targeted Incentives for Employees

As an independent company, we will have the opportunity to reward employees using equity-based compensation plans that align the incentives of management and employees with the overall financial performance of our business. The results of our business will no longer be impacted by Integrated BioPharma's other businesses, thus creating greater incentives for employees whose stock ownership will be more directly tied to our performance. The impact of this form of incentive system on our performance is expected to grow as management and employee ownership increases through the use of stock options and participation in other equity incentive programs.

Direct Access to Capital

Historically, our ability to access capital was constrained by Integrated BioPharma's larger strategic priorities. Operating as a separate publicly traded company, we will have direct access to the capital markets. In addition, we will have the option to use our own equity as acquisition currency should appropriate strategic opportunities arise.

Greater Market Recognition of iBioPharma Value

Growth in the biopharmaceutical business may be obscured by the overall financial results of Integrated BioPharma. By becoming a public company, iBioPharma will have a greater visibility in the equity markets through a simpler business model and more visible financial reporting results. This greater visibility could lead to a greater valuation of iBioPharma than may be currently accorded to it as part of Integrated BioPharma.

Use of iBioPharma Stock for Acquisitions

While the growth of the iBioPharma business has been a result of new product development and innovation that has been accomplished almost exclusively through the internal resources of iBioPharma, in the future, there may be opportunities for iBioPharma to expand its strategic businesses through the acquisition of one or more complementary businesses. There can be no assurance that at the time of the

prospective acquisition that iBioPharma would have the access to capital or resources to finance such an acquisition exclusively through its own reserves through the issuance of equity securities or through debt financing. With a publicly traded equity stock, iBioPharma would also have the flexibility of acquiring other businesses with its own capital stock, through debt financing, or through a combination of the two financing alternatives.

As noted in "Description of Capital Stock – Anti-Takeover Provisions" and "Relationship Between Our Company and Integrated BioPharma, Inc. – Agreements Between Us and Integrated BioPharma," however, iBioPharma may be prohibited from engaging in any such acquisition if the structure of such a transaction would cause a "change in control" of iBioPharma, and violate the strictures contained in the continuing agreements with Integrated BioPharma regarding the acquisition or issuance of our common stock.

Integrated BioPharma's board of directors considered a number of potentially negative factors in evaluating the distribution, including the following:

- the possibility that we may experience disruptions to our business as a result of the distribution;
- the reaction of Integrated BioPharma stockholders to the distribution;
- the one-time and ongoing costs of the distribution;
- the loss of funding from Integrated BioPharma; and
- the relative lack of liquidity associated with the trading of our common stock on the OTC Bulletin Board.

Integrated BioPharma's board of directors concluded that the potential benefits of the separation outweigh these factors, and that separating our business from Integrated BioPharma's other businesses in the form of a tax-free distribution to Integrated BioPharma stockholders is appropriate and advisable for Integrated BioPharma and its stockholders. Because Integrated BioPharma believes a tax-free distribution to Integrated BioPharma stockholders is the most economical means of separating our business for Integrated BioPharma and its stockholders, we did not pursue other means of separating the business.

Results of the Distribution

After the distribution, we will be a separate public company operating our current businesses. Immediately after the distribution , we expect to have approximately _____ record and beneficial stockholders of our common stock, and approximately _____ shares of our common stock issued and outstanding. This figure does not reflect any options that may be exercised by Integrated BioPharma officers prior to the record date of the distribution for the purchase of Integrated BioPharma common stock.

Subsequent Share Issuances

Immediately following the distribution, we will complete a private offering of shares of our common stock to a limited number of investors for gross proceeds of approximately $5.0 million. We expect to issue an aggregate of 10% of our common stock outstanding as of the record date to these investors. We will also issue additional shares of our common stock to Integrated BioPharma in lieu of intercompany debt. As a result of these subsequent transactions, we expect that the current stockholders

of Integrated BioPharma will own 84.6% of the issued and outstanding shares of iBioPharma common stock, the investors in the private offering will own an aggregate of 10% of such shares, and Integrated BioPharma will own 5.4% of such shares.

The sale of shares of iBioPharma common stock in the private offering has not been registered under the Securities Act of 1933, as amended, and will be 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.

Our Relationship with Integrated BioPharma after the Distribution

Following the distribution and the subsequent private placement and conversion of intercompany debt, we will be an independent public company, and Integrated BioPharma will only have minority ownership interest in iBioPharma. Prior to the distribution, we will enter into one or more agreements with Integrated BioPharma for providing services by Integrated BioPharma for our benefit, which may include legal, finance, purchasing, and similar corporate services, and allocating liabilities relating to our business, including product liability, tax and other liabilities and obligations attributable to periods prior to, and in some cases, after the distribution. The agreement or agreements also include an agreement that we generally will indemnify Integrated BioPharma against liabilities arising out of our business.

U.S. Federal Income Tax Consequences of Distribution

In general, this discussion summarizes all the material U.S. federal income tax consequences of the distribution. This discussion does not, however, address the aspects of U.S. federal income taxation that may be relevant to Integrated BioPharma stockholders to which special provisions of U.S. federal income tax law may apply based on their particular circumstances or status. For example, the discussion does not address all aspects of U.S. federal income taxation that may be relevant to:

- Integrated BioPharma stockholders liable for alternative minimum tax;
- Integrated BioPharma stockholders whose "functional currency" is not the U.S. dollar;
- financial institutions;
- tax-exempt organizations;
- traders who acquired their shares of stock by exercising employee stock options or as some other form of compensation;
- qualified retirement plans;
- regulated investment companies; or
- real estate investment trusts.

Integrated BioPharma has received a legal opinion from Greenberg Traurig, LLP as to the federal income tax treatment of the distribution. In essence, the legal opinion letter states that the distribution should qualify as a transaction described in Section 355(a) of the Internal Revenue Code. The discussions of the material federal income tax consequences of the distribution set forth below under "Tax Consequences to Integrated BioPharma Stockholders" and under "Tax

Consequences to Integrated BioPharma and iBioPharma" are based on the U. S. Federal income tax law, as in effect on the date hereof, which law is subject to change potentially with retroactive effect.

The legal opinion is subject to the accuracy of factual representations and assumptions described in the opinion. If the factual representations or assumptions are incorrect in any material respect, the holdings of the opinion would be jeopardized. We and Integrated BioPharma are not aware of any facts or circumstances which would cause the representations and assumptions to be untrue. Additionally, events occurring after the distribution could potentially cause some of the representations and assumptions to be untrue and the distribution to be taxable. For instance, any cumulative 50% change of ownership in either Integrated BioPharma or iBioPharma within the four-year period beginning two years before the date of the spin-off will be presumed to be part a plan or series of related transactions pursuant to which one or more persons acquire, directly or indirectly, stock representing a 50% or greater interest in either Integrated BioPharma or iBioPharma. If this presumption applies, it would need to be rebutted to avoid a large taxable gain. In addition, a merger, recapitalization or acquisition, or issuance or redemption of common stock of iBioPharma after the spin-off could, in some circumstances, be counted toward the 50% change of ownership threshold. In this regard, we have agreed to refrain from taking future actions (as specified in a tax responsibility allocation agreement to be entered into by us and Integrated BioPharma) and to provide further assurances that the distribution will qualify as tax-free. In addition, we have agreed to indemnify Integrated BioPharma for taxes incurred by Integrated BioPharma from the distribution if the distribution becomes taxable to Integrated BioPharma as a result of future events involving our stock or assets, as set forth in the tax responsibility allocation agreement. See "Relationships Between Our Company and Integrated BioPharma, Inc.—Agreements Between Us and Integrated BioPharma—Tax Responsibility Allocation Agreement."

If the distribution were not to qualify as tax-free to Integrated BioPharma stockholders, each Integrated BioPharma stockholder who receives our common stock in the distribution would be treated as if such stockholder received a taxable dividend equal to the value of our common stock received in the distribution. If the distribution were not to qualify as tax-free to Integrated BioPharma, a corporate level capital gains tax would be payable by Integrated BioPharma based upon the difference between the fair market value of the stock distributed and Integrated BioPharma's adjusted basis in the stock.

Tax Consequences to Integrated BioPharma Stockholders. Assuming the distribution qualified as tax-free under Section 355 of the Internal Revenue Code:

- No income, gain or loss will be recognized by a Integrated BioPharma stockholder as a result of the distribution.
- The aggregate basis of a stockholder's Integrated BioPharma common stock and our common stock immediately after the distribution will be the same as the basis of the stockholder's Integrated BioPharma common stock immediately before the distribution, allocated between our common stock and the Integrated BioPharma common stock in proportion to their relative fair market values.
- The holding period of our common stock received by a Integrated BioPharma stockholder, will include the holding period of the Integrated BioPharma common stock with respect to which our common stock was distributed.

U.S. Treasury regulations require each Integrated BioPharma stockholder that receives our stock in the distribution to attach to the stockholder's U.S. federal income tax return for the year in which the distribution occurs a detailed statement setting forth information as may be appropriate to show the applicability of Section 355 of the Internal Revenue Code. Integrated BioPharma will provide Integrated

BioPharma stockholders will receive our stock in the distribution with the information necessary to comply with this requirement.

Tax Consequences to Integrated BioPharma and iBioPharma. Assuming the distribution qualified as tax-free under Section 355 of the Internal Revenue Code:

- No material amount of gain or loss will be recognized by either Integrated BioPharma or iBioPharma as a result of the distribution.

THE SUMMARY OF THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE DISTRIBUTION SET FORTH ABOVE DOES NOT ADDRESS THE U.S. FEDERAL INCOME TAX CONSEQUENCES THAT MAY APPLY TO STOCKHOLDERS THAT ARE NOT U.S. HOLDERS AND DOES NOT ADDRESS ALL OF THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF U.S. HOLDERS THAT ARE SUBJECT TO SPECIAL TREATMENT UNDER THE INTERNAL REVENUE CODE. ALL INTEGRATED BIOPHARMA STOCKHOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS TO DETERMINE THE PARTICULAR TAX CONSEQUENCES OF THE DISTRIBUTION TO THEM, INCLUDING THE EFFECT OF ANY STATE, LOCAL OR FOREIGN INCOME AND OTHER TAX LAWS.

Listing and Trading of our Common Stock

There is currently no public market for our common stock. We expect our common stock to be quoted on the OTC Bulletin Board under the symbol "____." We anticipate that trading of our common stock will commence on a when-issued basis shortly before the record date. When-issued trading refers to a sale or purchase made conditionally because the security has been authorized but not yet issued. On the first trading day following the distribution date, when-issued trading with respect to our common stock will end and regular way trading will begin. Regular way trading refers to trading after a security has been issued and typically involves a transaction that settles on the third full business day following the date of the transaction. We cannot predict what the trading prices for our common stock will be before or after the distribution date. In addition, we cannot predict any change that may occur in the trading price of Integrated BioPharma's common stock as a result of the distribution.

The shares of our common stock distributed to Integrated BioPharma's stockholders will be freely transferable except for shares received by persons that may have a special relationship or affiliation with us. Persons that may be considered our affiliates after the distribution generally include individuals or entities that control, are controlled by or are under common control with us. This may include some or all of our officers and directors. Persons that are our affiliates will be permitted to sell their shares only pursuant to an effective registration statement under the Securities Act of 1933, as amended, or an exemption from the registration requirements of the Securities Act, such as the exemptions afforded by Section 4(1) of the Securities Act or Rule 144 thereunder.

Distribution Conditions and Terminations

We expect that the distribution will be effective on the distribution date _____, 2008, provided that, among other things:

- the SEC has declared effective our registration statement on Form 10, of which this information statement is a part, under the Securities Exchange Act of 1934, and no stop order relating to the registration statement is in effect;

Integrated BioPharma has received an opinion from Greenberg Traurig that based on certain facts represented to Greenberg Traurig, the distribution should qualify as a tax free transaction under Section 355 of the Internal Revenue Code;

- we and Integrated BioPharma have received all permits, registrations and consents required under the securities or blue sky laws of states or other political subdivisions of the United States or of foreign jurisdictions in connection with the distribution; and

- no order, injunction or decree issued by any court of competent jurisdiction or other legal restraint or prohibition preventing consummation of the distribution or any of the transactions related thereto, including the transfers of assets and liabilities contemplated by the separation and distribution agreement, is in effect.

The fulfillment of the foregoing conditions will not create any obligation on Integrated BioPharma's part to effect the distribution, and Integrated BioPharma's board of directors has reserved the right to amend, modify or abandon the distribution and the related transactions at any time prior to the distribution date. Integrated BioPharma's board of directors may also waive any of these conditions.

Reason for Furnishing this Information Statement

This information statement is being furnished solely to provide information to Integrated BioPharma stockholders who will receive shares of iBioPharma common stock in the distribution. It is not and is not to be construed as an inducement or encouragement to buy or sell any of our securities . We believe that the information contained in this information statement is accurate as of the date set forth on the cover. Changes may occur after that date and neither Integrated BioPharma nor we undertake any obligation to update the information except in the normal course of our respective public disclosure obligations.

DIVIDEND POLICY

Payment of future cash dividends, if any, will be at the discretion of our board of directors in accordance with applicable law after taking into account various factors, including our financial condition, operating results, current and anticipated cash needs, plans for expansion and contractual restrictions with respect to the payment of dividends.

CAPITALIZATION

The following table sets forth our capitalization on an actual basis as of March 31, 2008, and as adjusted to give effect to the following transactions as though they had been completed on March 31, 2008:

(1) Recapitalization of company's stock authorizing 50,000,000 shares of common stock, par value $0.001 and 1,000,000 shares of preferred stock, no shares issued and outstanding;

(2) Contribution of intercompany debt of approximately 4.9 million to Additional Paid in Capital; and

(3) Issuance of 14,691,126 shares of common stock as a result of Integrated BioPharma's spin-off of its 100% investment in iBioPharma to its shareholders;

(4) Conversion of approximately $2.7 million of iBioPharma's payable to Integrated BioPharma to capital, resulting in the issuance of 937,731 shares of common stock, representing

approximately 8% of the company's 19,020,857 shares of common stock outstanding subsequent to the issuance of said shares, pursuant to its Separation Agreement; and

(5) An additional capital investment of $5.0 million, net of related costs of approximately $250,000, resulting in the issuance of 1,736,540 shares of common stock, representing 10% of the company's 17,365,397 shares of common stock outstanding subsequent to the issuance of said shares.

This table should be read in conjunction with "Summary Financial Information" "Unaudited Pro Forma Financial Statements," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements and the notes to our financial statements included elsewhere in this information statement.

	AS OF MARCH 31, 2008			
	Actual	Pro Forma Adjustments		Pro Forma
Current portion of Long Term Debt	$ -	$ -		$ -
Due to Integrated BioPharma	7,599,460	(4,899,460)	(2)	
		(2,700,000)	(3)	-
Preferred Stock, no par value, shares authorized 2,000,000 and 5,000,000 respectively, no shares issued and outstanding	-	-		-
Common Stock, Actual-no par value 8,000,000 shares authorized, 100 shares issued and outstanding; Pro Forma-$.001 par value, 50,000,000 shares authorized, 17,365,397 issued and outstanding	575,000	(575,000)	(1)	
		14,691	(3)	
		938	(4)	
		1,737	(5)	17,365
Additional Paid in Capital	-	575,000	(1)	
		4,899,460	(2)	
		(14,691)	(3)	
		2,699,062	(4)	
		4,998,263	(5)	
		(250,000)	(5)	12,907,095
Accumulated deficit	(6,147,857)			(6,147,857)
Total stockholders' (deficiency) equity	(5,572,857)	12,924,460		6,776,603
Total Capitalization	$ 2,026,603	$ 4,750,000		$ 6,776,603

UNAUDITED PRO FORMA FINANCIAL STATEMENTS

The unaudited pro forma financial statements presented below consist of the unaudited pro forma statement of operations for the fiscal year ended June 30, 2007 and the nine months ended March 31, 2008 and the unaudited pro forma balance sheet as of March 31, 2008. The unaudited pro forma financial statements have been prepared to reflect certain adjustments to our historical financial information, which are described in the Notes to Unaudited Pro Forma Financial Statements, to give effect to the spin-off and other capital transactions, as if they had been completed on March 31, 2008 for balance sheet purposes and July 1, 2006 for the statements of operations. The unaudited pro forma financial statements are derived from our unaudited financial statements for the nine months ended March 31, 2008 and the audited financial statements for the fiscal year ended June 30, 2007, which are included elsewhere in the information statement but do not purport to represent our financial position and results of operations had the distribution occurred on July 1, 2006 or to project our financial performance for any future period. The unaudited pro forma financial statements should be read in conjunction with "*Management's Discussion and Analysis,*" our historical audited financial statements, and the related notes included elsewhere in this information statement.

INB:BIOTECHNOLOGIES, INC.
(A WHOLLY OWNED SUBSIDIARY OF INTEGRATED BIOPHARMA, INC.)
UNAUDITED PRO FORMA STATEMENT OF OPERATIONS
FOR THE NINE MONTHS ENDED MARCH 31, 2008

	Historical	Pro Forma Adjustments		Pro Forma
Net Sales	$ 893,855	$ -		$ 893,855
Cost Of Sales	426,125	366,896	(6)	793,021
Gross Profit	467,730	(366,896)		100,834
Research and Development	250,000	-		250,000
Other Operating Expenses	1,412,710	75,000	(7)	1,487,710
Stock Based Compensation	41,964	-		41,964
Operating Expenses	1,704,674	75,000		1,779,674
Operating Loss and Loss Before Income Taxes	(1,236,944)	(441,896)		(1,678,840)
Provision For Income Taxes	3,660	-		3,660
Net Loss	$ (1,240,604)	$ (441,896)		$ (1,682,500)
Basic and Diluted Loss Per Share	$ (12,406.04)	$ (0.03)		$ (0.10)
Basic and Diluted Weighted Average Shares Outstanding	100	17,365,297	(8)	17,365,397

See Notes to the Unaudited Pro Forma Financial Statements following.

(A WHOLLY OWNED SUBSIDIARY OF INTEGRATED BIOPHARMA, INC.)
UNAUDITED PRO FORMA STATEMENT OF OPERATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Historical	Pro Forma Adjustments		Pro Forma
Net Sales	$ 896,273	$ -		$ 896,273
Cost Of Sales	445,721	354,240	(6)	799,961
Gross Profit	450,552	(354,240)		96,312
Operating Expenses:				
Research and Development	673,225	-		673,225
Other Operating Expenses	1,408,763	100,000	(7)	1,508,763
Stock Based Compensation	33,747	-		33,747
Total Operating Expenses	2,115,735	100,000		2,215,735
Operating Loss and Loss Before Income Taxes	(1,665,183)	(454,240)		(2,119,423)
Provision For Income Taxes	851	-		851
Net Loss	$ (1,666,034)	$ (454,240)		$ (2,120,274)
Basic and Diluted Loss Per Share	$ (16,660.34)	$ (0.03)		$ (0.12)
Basic and Diluted Weighted Average Shares Outstanding	100	17,365,297	(8)	17,365,397

See Notes to the Unaudited Pro Forma Financial Statements following.

(A WHOLLY OWNED SUBSIDIARY OF INTEGRATED BIOPHARMA, INC.)
UNAUDITED PRO FORMA BALANCE SHEET
AS OF MARCH 31, 2008

	Historical	Pro Forma Adjustments		Pro Forma
Assets				
Current Assets:				
Cash and Cash Equivalents	$ 56,654	$ 5,000,000	(5)	
		(250,000)	(5)	$4,806,654
Accounts Receivable-net	246,340	-		246,340
Other Current Assets	44,136	-		44,136
Total Current Assets	347,130	4,750,000		5,097,130
Fixed Assets	14,594	-		14,594
Intangible assets, net	3,341,976	-		3,341,976
Total Assets	$3,703,700	$ 4,750,000		$8,453,700
Liabilities and Stockholders' (Deficiency) Equity				
Current Liabilities:				
Accounts Payable	$ 130,749	$ 366,896	(6)	$ 497,645
Due to Fraunhofer	1,050,000	-		1,050,000
Other Accrued Liabilities	496,348	-		496,348
Total Current Liabilities	1,677,097	366,896		2,043,993
Due to Parent	7,599,460	(4,899,460)	(2)	
		(2,700,000)	(6)	-
Total Liabilities	9,276,557	(7,232,564)		2,043,993
Stockholders' (Deficiency) Equity:				
Preferred Stock, no par value, shares authorized 2,000,000 and 5,000,000 respectively, no shares issued and outstanding	-	-		-
Common Stock, Actual-no par value	575,000	(575,000)	(1)	
8,000,000 shares authorized, 100 shares		14,691	(2)	
issued and outstanding; Pro Forma-$.001		938	(6)	
par value, 50,000,000 shares authorized,		1,737	(5)	
17,365,397 issued and outstanding				17,366
Additional Paid In Capital	-	575,000	(1)	
		4,899,460	(2)	
		(14,691)	(2)	
		2,699,062	(6)	
		4,998,263	(5)	
	-	(250,000)	(5)	12,907,094
Deficit	(6,147,857)	(366,896)	(6)	(6,514,753)
Total Stockholders' (Deficiency) Equity	(5,572,857)	11,982,564		6,409,707
Total Liabilities and Stockholders' (Deficiency) Equity	$3,703,700	$ 4,750,000		$8,453,700

See Notes to the Unaudited Pro Forma Financial Statements following.

IBIOPHARMA, INC.
(A WHOLLY OWNED SUBSIDIARY OF INTEGRATED BIOPHARMA, INC.)
NOTES TO
UNAUDITED PRO FORMA FINANCIAL STATEMENTS

The accompanying Unaudited Pro Forma Financial Statements have been prepared to reflect the following adjustments to our historical financial statements to give effect to the spin-off as if it had occurred on March 31, 2008 for balance sheet purposes and July 1, 2006 for the statements of operations purposes. These Unaudited Pro Forma Financial Statements reflect all adjustments that, in the opinion of management, are necessary to present fairly the pro forma results of our operations and financial position. This information should be read in conjunction with our historical financial statements and related notes which are included elsewhere in this information statement.

(1) Recapitalization of company's stock authorizing 50,000,000 shares of common stock, par value $0.001 and 1,000,000 shares of preferred stock, no shares issued and outstanding;

(2) Contribution of intercompany debt of approximately $4.9 million to Additional Paid in Capital;

(3) Issuance of 14,691,126 shares of common stock as a result of Integrated BioPharma's spin-off of its 100% investment in iBioPharma to its shareholders;

(4) Conversion of approximately $2.7 million of iBioPharma's payable to Integrated BioPharma to capital, resulting in the issuance of 937,731 shares of common stock, representing approximately 6% of the company's 15,628,857 shares of common stock outstanding subsequent to the issuance of said shares, pursuant to its Separation Agreement;

(5) An additional capital investment of $5.0 million, net of related costs of approximately $250,000, resulting in the issuance of 1,736,540 shares of common stock, representing 10% of the company's 16,926,074 shares of common stock outstanding subsequent to the issuance of said shares;

(6) Increase in cost of goods sold from 50% to 90% effective subsequent to the spin-off, $366,896 in the pro forma nine month period ended March 31, 2008 and $354,240 in the pro forma fiscal year ended June 3, 2007;

(7) The company expects that it will incur approximately $100,000 of additional operating expenses, on a per annum basis based on the pro forma statement of operations for the fiscal year ended June 30, 2007, ($133,100 for the nine months ended March 31, 2008), subsequent to the spin-off relating to expenses it expects to incur as a public company in excess of the amount the company is currently being charged by Integrated BioPharma as corporate overhead allocations which will not be charged subsequent to the spin-off. Corporate overhead charges were approximately $430,000 and $264,400 in the fiscal year ended June 30, 2007 and the nine months ended March 31, 2008, respectively and will be replaced with the following estimated expenses which are based on estimated annual costs for legal and other professional fees to be incurred by us as a stand alone entity, the increased staffing requirements required for us to take over the accounting and other administrative functions currently performed by Integrated BioPharma and charged through the corporate support allocation charges and estimated listing fees for operating as a separate public company from our Parent:

	Nine Months Ended March 31, 2008	Fiscal Year Ended June 30, 2007
Legal fees	$ 52,500	$ 70,000
Accounting, tax and audit fees	93,750	125,000
Listing fees	60,000	80,000
Compensation and employee benefits	116,250	155,000
Transitional service fees	75,000	100,000
	397,500	530,000
Less Corporate support	(264,411)	(430,000)
Incremental increase in operating expenses	$ 133,089	$ 100,000

and;

(8) The Company's weighted average shares outstanding will increase from 100 shares to 17,365,397 in both pro forma periods presented and is calculated as follows:

	Pro Forma Nine Months Ended March 31, 2008	Pro Forma Fiscal Year Ended June 30, 2007
Shares outstanding, at beginning of period	100	100
Shares issued to shareholders of Integrated BioParma, July 1, 2007 and 2006, respectively	14,691,126	14,691,126
Shares issued to Integrated BioPharma, July 1, 2007 and 2006, respectively	937,731	937,731
Shares issued to New Investors, July 1, 2007 and 2006, respectively	1,736,540	1,736,540
Shares outstanding, at end of period	17,365,497	17,365,497

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

The unaudited pro forma consolidated financial statements presented below consist of the unaudited pro forma consolidated statement of operations for the fiscal year ended June 30, 2007 and nine months ended March 31, 2008 and the unaudited pro forma consolidated balance sheet as of March 31, 2008. The unaudited pro forma consolidated financial statements have been prepared to reflect certain adjustments to our historical financial information, which are described in the Notes to Unaudited Pro Forma Consolidated Financial Statements, to give effect to the spin-off, as if it had been completed on March 31, 2008 for balance sheet purposes and July 1, 2006 for the consolidated statements of operations. The unaudited pro forma financial statements are derived from our unaudited consolidated financial statements for the nine months ended March 31, 2008 and the audited consolidated financial statements for the fiscal year ended June 30, 2007, which are incorporated by reference from Integrated BioPharma, Inc.'s Forms 10-Q and 10-K as filed with the Securities and Exchange Commission and do not purport to represent our consolidated financial position and consolidated results of operations had the distribution occurred on July 1, 2006 or to project our consolidated financial performance for any future period. The unaudited pro forma consolidated financial statements should be read in conjunction with "*Management's Discussion and Analysis,*" our historical audited consolidated financial statements, and the related notes as filed with the Securities and Exchange Commission and are incorporated by reference in this information statement.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE NINE MONTHS ENDED MARCH 31, 2008
(dollars in thousands, except for share and per share amounts)

	Historical	Pro Forma Adjustments		Pro Forma
Net Sales	$ 37,538	$ (894)	(1)	$ 37,449
		438	(2)	
		367	(3)	
Cost Of Sales	30,965	(446)	(1)	30,956
		438	(2)	
Gross Profit	6,573	(80)		6,493
Operating Expenses:				
Research and Development	250	(250)	(1)	-
Other Operating Expenses	15,229	(1,391)	(1)	14,102
		264	(4)	
Stock Based Compensation	1,587	(42)	(1)	1,545
Total Operating Expenses	17,065	(1,419)		15,646
Operating Loss	(10,492)	1,339		(9,154)
Other income (expenses), net	(741)	75	(5)	(666)
Loss Before Income Taxes	(11,233)	1,413		(9,820)
Provision (Benefit) For Income Taxes	982	(4)	(1)	978
Net loss	(12,215)	1,417		(10,798)
Deemed dividend from beneficial conversion feature of Series C Preferred stock dividend	(65)	-		(65)
Series C Preferred stock dividend	(24)	-		(24)
Net loss applicable to common shareholders	$ (12,304)	$ 1,417		$ (10,887)
Basic and Diluted Loss Per Common Share	$ (0.86)	$ 0.10	(6)	$ (0.76)
Basic and Diluted Weighted Average Common Shares Outstanding	14,241,615	14,241,615		14,241,615

See Notes to the Unaudited Pro Forma Consolidated Financial Statements following.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(dollars in thousands, except for share and per share amounts)

	Historical	Pro Forma Adjustments		Pro Forma
Net Sales	$ 60,160	$ (896)	(1)	$ 60,060
		442	(3)	
		354	(3)	
Cost Of Sales	42,739	446	(1)	42,735
		(442)	(3)	
Gross Profit	17,421	(96)		17,325
Operating expenses:				
Research and Development	699	(673)	(1)	26
Other Operating Expenses	18,245	(1,408)	(1)	
		430	(4)	17,267
Stock Based Compensation	438	(34)	(1)	404
Total Operating Expenses	19,382	(1,685)		17,697
Operating Loss	(1,961)	1,589		(372)
Other income (expenses)	(639)	100	(3)	(539)
Loss Before Income Taxes Benefit, Net and minority interest	(2,600)	1,689		(911)
Provision (Benefit) For Income Taxes	(518)	(1)	(1)	(519)
Loss Before minority interest	(2,082)	1,690		(392)
Minority interest	38	-		38
Net Loss	(2,044)	1,690		(354)
Deemed dividend from benficial conversion feature of Series B Preferred stock	(1,809)	-		(1,809)
Series B Preferred stock dividend	(1,554)	-		(1,554)
Net Loss applicable to common shareholders	$ (5,407)	$ 1,690		$ (3,717)
Basic and Diluted Loss Per Share	$ (0.40)	$ 0.12	(1)	$ (0.27)
Basic and Diluted Weighted Average Shares Outstanding	13,594,276	13,594,276		13,594,276

UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET
AS OF MARCH 31, 2008
(dollars in thousands)

	Historical	Pro Forma Adjustments		Pro Forma
Assets				
Current Assets:				
Cash and Cash Equivalents	$ 1,583	$ (57)	(7)	$ 1,526
Accounts Receivable-net	3,902	(246)	(7)	
		367	(3)	
		114	(8)	4,137
Inventories, net	12,058	-		12,058
Other Current Assets	1,100	(44)	(7)	
		75	(5)	1,131
Total Current Assets	18,643	209		18,852
Fixed Assets, net	3,942	(15)	(7)	3,927
Intangible assets, net	6,051	(3,342)	(7)	2,709
Investment in InB:Biotechnologies	-	175	(9)	
		4,635	(10)	
		(4,810)	(11)	
		2,700	(12)	2,700
Other assets	6,256	-		6,256
Total Assets	$ 34,892	$ (448)		$ 34,444
Liabilities and Stockholders' Equity				
Current Liabilities:				
Notes Payable, net of discount	$ 6,557	$ -		$ 6,557
Due to Fraunhofer	1,050	(1,050)	(7)	-
Accounts Payable	4,300	(131)	(7)	
		114	(8)	4,284
Other Accrued Liabilities	2,957	(496)	(7)	2,461
Total Current Liabilities	14,864	(1,563)		13,302
Convertible note payable, net of discount	3,715	-		3,715
Series C Convertibel Preferred Stock, net of beneficial conversion feature, $1,000 par value; 10,000 shares authorized; 6,000 shares issued; liquidation preference of $6,000	4,808	-		4,808
Stockholders' Equity:				
Common Stock, $0.002 oar value; 25,000,000 shares authorized; 14,726,026 and 14,691,126 shares issued and outstanding, respectivley	29			29
Additional Paid In Capital	39,159	(4,635)	(11)	34,348
		(175)	(9)	
Treasury Stock, at cost, 34,900 shares	(99)			(99)
Deficit	(27,584)	5,573	(7)	
		175	(9)	
		75	(5)	
		367	(3)	
		(265)	(2)	(21,659)
Total Stockholders' Equity	11,505	1,115		12,619
Total Liabilities and Stockholders' Equity	$ 34,892	$ (448)		$ 34,444

See Notes to the Unaudited Pro Forma Consolidated Financial Statements following.

NOTES TO UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

(1) The accompanying Unaudited Consolidated Pro Forma Financial Statements have been prepared to reflect the following adjustments to our historical consolidated financial statements to give effect to the spin-off as if it had occurred on March 31, 2008 for balance sheet purposes and July 1, 2006 for the consolidated statements of operations purpose. These Unaudited Pro Forma Consolidated Financial Statements reflect all adjustments that, in the opinion of management, are necessary to present fairly the pro forma results of our consolidated operations and financial position. This information should be read in conjunction with our historical consolidated financial statements and related notes which are incorporated by reference herein. Elimination of income and expense items for the periods presented;

(2) Add back intercompany sales and cost of goods sold eliminated in Historical Consolidated Financials of Integrated BioPharma;

(3) An increase in sales of $366,896 in the nine months ended March 31, 2008 and $354,240 in the fiscal year ended June 30, 2007 as a result of increasing the amount charged to iBioPharma for oversight of the Mannatech Supply Agreement from 50% to 90%;

(4) Add back Corporate Support Charges charged to iBioPharma included in other operating expenses in the amount of $264,400 in the nine months ended March 31, 2008 and $430,000 in the fiscal year ended June 30, 2007;

(5) Represents estimated transitional services revenue to be earned from iBioPharma in the periods presented, we expect the transitional services to be charged on a monthly basis for at least six months, however we do not expect the transition to exceed one year from the date of the spin-off;

(6) Impact on Basic and Diluted Earnings per Share of adjustments (1) through (4) above in the periods presented;

(7) Elimination of iBioPharma Assets, Liabilities and Capital Accounts;

(8) Add back intercompany receivable/payable from/to iBioPharma eliminated in Historical accounts receivable and accounts payable;

(9) Add back initial investment in iBioPharma eliminated in Historical Consolidated Financials of Integrated BioPharma;

(10) Increase in Investment in iBioPharma from additional capital contribution of intercompany account of approximately $4.6 million;

(11) Dividend of 100% of Investment in iBioPharma to the shareholders of Integrated BioPharma; and

(12) Purchase of 6% of iBioPharma common stock through the contribution of the remaining balance of Integrated BioPharma's intercompany receivable account of approximately $2.7 million.

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 information statement. This section of the information statement contains forward-looking statements. Please see the section titled "Cautionary Note Regarding Forward-looking Statements" for a discussion of the uncertainties, risks and assumptions associated with these statements.

Overview

iBioPharma, Inc. is a biopharmaceutical company focused on using and promoting the use of our proprietary plant-based technology platform by which targeted proteins can be produced in plants for the development and manufacture of novel vaccines and therapeutics for use in humans and for certain veterinary applications.

This platform was invented and developed by FhCMB, a not-for-profit translational research institution. In January 2004, we acquired the platform from FhCMB together with FhCMB's commitment for the maintenance and support necessary to further protect the intellectual property comprising the platform, including filing and prosecuting patent applications, providing scientific support for patent counsel's activities on behalf of the Company and otherwise to maintain in force and good standing the Company's intellectual property rights.

Our business model contemplates that, in addition to using our platform to create and advance our own product candidates, we will license the platform to, or enter into joint ventures or other business arrangements with, other parties (collectively, we refer to these third parties as licensees) who wish to use the platform for the development and/or production of their own product candidates. In order to attract appropriate licensees and increase the value of the Company's share of such business arrangements, the Company engaged FhCMB in October 2004 to perform research and development activities to apply the platform to create our first product candidate. The Company selected a plant-based flu vaccine for human use as the product candidate to exemplify the value of the platform particularly for products that require rapid, highly-scalable and economic production. Performance of this first research agreement, which requires us to make payments to FhCMB against the achievement of stated research milestones, has progressed through preclinical challenge studies in the ferret model. Clinical trials are expected to begin in the second quarter of 2009.

In addition, in 2006, the Company engaged FhCMB to create a prototype production module for products made through the use of the platform. The purpose for this engagement was to demonstrate the ease and economy with which platform-based products could be manufactured, again in order to attract potential licensees and increase the value of the Company's share of contractual 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. Fabricated equipment for the prototype is scheduled to be delivered to FhCMB by November 2008. Equipment in the facility is scheduled to be commissioned and the facility validated for current Good Manufacturing Practices (called cGMP) production in the first quarter of 2009. The facility will then be used for pilot scale production of protein targets for clinical trials of product candidates which use our platform technology.

In addition to our direct funding of FhCMB's application of the platform technology to our human flu vaccine product candidate, we have 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, 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 of which they granted or were granted funding, and (b) to FhCMB for research purposes and applications in other fields. This business structure enables us to obtain commercial rights to various applications of our platform technology funded by government entities and NGOs. It also helps us demonstrate the validity and apparent value of the platform to parties to whom we will offer licenses or other business opportunities. Our use of FhCMB to perform 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.

Using this business structure, we have applied our platform technology to create a pipeline of proprietary product candidates which we can offer to licensees, including vaccine and therapeutic candidates against seasonal and pandemic influenza, human papilloma virus (HPV), and other pathogens of public health significance. All of our product candidates are in the preclinical development stage, and to date, none of our product candidates has been approved by the FDA.

Historically, we have also used plants as sources of high-quality nutritional supplements. 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. Following the spin-off, we will continue to engage the services of various wholly-owned subsidiaries of Integrated BioPharma for the production, marketing and sales of these phytomineral products.

In the nine months ended March 31, 2008, our operating expenses increased to $1.4 million or approximately 54% from $932,500 for the nine months ended March 31, 2007. The significant increase was primarily due to increases in salary and benefits of approximately $143,300 as a result of the Company hiring its own staff, the number of employees increased from one in the nine months ended March 31, 2007 to four in the nine months ended March 31, 2008, including the addition of our president in October 2007. Another contributing factor to the Company's increased expenses was a result of the loss on an investment of $253,500. In December 2006, the Company made an investment in a private biotech company that was in its initial stages of filing to become a public company. In the three month period ended December 31, 2007, the Company, based in part on information from public filings filed in February 2008 by this biotech company, which stated that if the company was unsuccessful in its efforts to raise additional capital, it only had enough cash on hand to cover operating expenses through May 2008, and, if it were successful in obtaining additional funding, such financings would have a dilutive effect to current stockholders. Furthermore, this biotech company is not a public company, the financial statements included in the public filing stated that there was substantial doubt about the company's ability to continue as a going concern and there is no established market for the investment we hold, we therefore recorded a valuation reserve equal to our entire investment of $253,500, in this biotech company.

For the fiscal year ended June 30, 2007, our operating expenses increased to $2.1 million or approximately 45% from $1.5 million for the fiscal year ended June 30, 2006. The significant increases were in both our research and development costs, and amortization expense, approximately $244,000 and

$500,000, respectively as we continued to develop applications that use our intellectual property, expand our patent portfolio and achieve significant milestones under our research agreements with FhCMB.

Effect of Spin-off from Integrated BioPharma

After the distribution, the contribution of additional capital from Integrated BioPharma and the $5.0 million private placement, Integrated BioPharma will own approximately 5.4% of our common stock, and will cease to control iBioPharma. However, due to several relationships between the two companies that existed prior to the distribution, we have or will enter into one or more agreements regarding the effects of the distribution and ongoing business relationships under our supply agreement with Mannatech, Inc. ("Mannatech"), whereby, we engage the services of other wholly-owned subsidiaries of Integrated BioPharma. It is expected that our cost of goods sold under this agreement will increase from an average of 50% to 90%. As of January 1, 2008, an employee of ours was transferred to the payroll of one of the wholly owned subsidiaries of Integrated BioPharma, and this cost will be transferred from operating expenses to cost of goods sold as a result of this change in business arrangement.

Critical Accounting Policies and Estimates

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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. The most significant estimates include:

- sales returns and allowances;
- allowance for doubtful accounts;
- valuation and recoverability of intangible assets, including the values assigned to acquired intangible assets;
- income taxes and valuation allowances on deferred income taxes; and
- accruals for, and the probability of, the outcome of litigation, if any.

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.

Allowances for Doubtful Accounts and Sales Returns

The Company makes judgments as to its ability to collect outstanding receivables and provides allowances for the portion of receivables when collection becomes doubtful. Provisions are made based upon a specific review of all significant outstanding amounts. We continuously monitor payments from

We performed a sensitivity analysis to determine the impact of fluctuations in our estimates for our allowance for doubtful accounts. As of March 31, 2008, we did not provide for an allowance for doubtful accounts as we believe that our customers will pay for their outstanding receivables as of March 31, 2008. If we were in error by one percent of the account receivable balance, the impact would be $2,500 of expense. In recording any additional allowances, a respective charge against income is reflected in the general and administrative expenses and would reduce the operating results in the period in which the increase is recorded.

The Company's return policy is to only accept returns for defective products. If defective products are returned, it is the Company's agreement with its customers that the Company cure the defect and reship the product. Our policy is that when the product is shipped we make an estimate of any potential returns or allowances. As of March 31, 2008, we had estimated that a reserve of approximately $15,000 was needed as an allowance for potential returns or allowances of our sales for the nine months ended March 31, 2008. If we were in error by plus or minus one percent of the sales for this period, the impact would be approximately $9,200 of additional income or expense. In recording any additional allowances, a respective charge against income is reflected in sales, net and would reduce the operating results in the period in which the increase is recorded.

Other Intangible Assets

The Financial Accounting Standards Board ("FASB") has issued Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142"). SFAS 142 requires that goodwill and intangible assets with indefinite lives no longer be amortized against earnings, but instead tested for impairment at least annually based on a fair-value approach as described in SFAS 142.

Intangible assets with finite lives are amortized over their estimated useful lives. The useful life of an intangible asset is the period over which the asset is expected to contribute directly or indirectly to future cash flows. The carrying value of intangible assets with finite lives is evaluated whenever events or circumstances indicate that the carrying value may not be recoverable. The carrying value is not recoverable when the projected undiscounted future cash flows are less than the carrying value. Tests for impairment or recoverability require significant management judgment, and future events affecting cash flows and market conditions could result in impairment losses.

If our estimated useful lives on our intangible assets are off by 10%, either the estimated useful lives should be longer or shorter than their current estimated lives, our amortization expense would be approximately $125,600 more on a per annum basis if the estimate useful lives should be shorter by 10% than our current estimates and approximately $101,800, per annum, less if the estimated useful lives should be longer by 10% of our current estimates.

Deferred Taxes

The Company accounts for income taxes pursuant to SFAS No. 109, "Accounting for Income Taxes" (SFAS 109"). SFAS 109 is an asset-and-liability approach that requires the recognition of deferred tax assets and liabilities for the expected tax consequences and events that have been recognized in the Company's financial statements or tax returns. In the fiscal year ended June 30, 2007, the Company had net income tax expense of approximately $1,000 compared to a net income tax benefit of approximately $485,000 in the fiscal year ended June 30, 2006. Our ability to recognize an income tax

benefit is dependent on the consolidated federal taxable income (loss) of Integrated BioPharma's controlled group for federal income tax purposes. In the fiscal year ended June 30, 2007, the controlled group of Integrated BioPharma had a taxable loss and, therefore, did not utilize any of the losses generated by us and as stand alone taxable entity, we would have to reserve 100% of our resulting deferred tax asset generated from the net operating loss as it is more likely than not that, in the near term, we will generate sufficient taxable income to offset with our Fiscal 2007 taxable loss. In the fiscal year ended June 30, 2006, Integrated BioPharma's controlled group for federal income tax purposes had taxable income and used $1.4 million of our net operating losses which resulted in a federal tax benefit of approximately $486,000. Our deferred tax asset relating to our federal and state net operating losses are fully reserved in a valuation allowance account since it is more likely than not that we will not have sufficient taxable income in the near future to offset any income taxes resulting from taxable income. Since we expect that we will continue to have future losses, we do not expect to have to pay any federal income taxes and pay only any minimum taxes in the states we operate in.

General Litigation

From time to time, the Company could be a defendant or plaintiff in various legal actions which arise in the normal course of business. As such, we would be required to assess the likelihood of any adverse outcomes to these matters as well as potential ranges of probable losses. A determination of the amount of the provision required for these commitments and contingencies, if any, which would be charged to earnings, would be made after careful analysis of each matter. Any resulting provision may change in subsequent periods due to new developments or changes in circumstances. Changes in the provision could increase or decrease the Company's earnings in the period the changes are made.

General

The Company recognizes revenue in accordance with the Securities and Exchange Commission's Staff Accounting Bulletin 104. The Company recognizes product sales revenue, the prices of which are fixed and determinable, when title and risk of loss have transferred to the customer, when estimated provisions for product returns, charge-backs and other sales allowances are reasonably determinable, and when collectibility is reasonably assured. Accruals for these items are presented in the financial statements as reductions to sales. The Company's net sales represent gross sales invoiced to customers, less certain related charges for discounts, returns and other allowances. Cost of sales includes the cost of raw materials and overhead associated with the packaging of the products.

Recent Accounting Pronouncements

In July 2006, the FASB issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes-an interpretation of FASB Statement No. 109" ("FIN 48"), which clarifies the accounting for uncertainty in income tax positions. FIN 48 requires that we recognize in our financial statements, the impact of a tax position that is more likely than not to be sustained upon examination based on the technical merits of the position. This interpretation was effective as of July 1, 2007. The adoption of FIN 48, did not have a material impact on the Company's consolidated financial position, results of operations and cash flows for the nine months ended March 31, 2008.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurement" ("SFAS 157"). SFAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 17, 2007 and interim periods within those fiscal years. We do not expect SFAS 157 to have a material impact on the Company's financial position, results of operations and cash flows.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" ("SFAS 159"). SFAS 159 permits an entity to choose, at specified election dates, to measure eligible financial instruments and certain other items at fair value that are not currently required to be measured at fair value. An entity shall report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date. Upfront costs and fees related to items for which the fair value option is elected shall be recognized in earnings as incurred and not deferred. SFAS No. 159 also establishes presentation and disclosure requirements designed to facilitate comparisons between entities that choose different measurement attributes for similar types of assets and liabilities. SFAS No. 159 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. At the effective date, an entity may elect the fair value option for eligible items that exist at that date. The entity shall report the effect of the first remeasurement to fair value as a cumulative-effect adjustment to the opening balance of retained earnings. We do not expect SFAS No. 159 to have a material impact on the Company's financial position, results of operations and cash flows.

In June 2007, the FASB's Emerging Issues Task Force reached a consensus on EITF Issue No. 07-3, "Accounting for Nonrefundable Advance Payments for Goods or Services to Be Used in Future Research and Development Activities" that would require nonrefundable advance payments made by the Company for future R&D activities to be capitalized and recognized as an expense as the goods or services are received by the Company. EITF Issue No. 07-3 is effective for the Company with respect to new arrangements entered into beginning July 1, 2008. Currently we do not expect EITF Issue No. 07-3 to have a material impact on the Company's financial position, results of operations and cash flows.

In December 2007, the Emerging Issues Task Force ("EITF") issued EITF 07-1 entitled "Accounting for Collaborative Arrangements." EITF 07-1 defines collaboration arrangements and establishes reporting requirements for transactions between participants in a collaborative arrangement and between participants in the arrangement and third parties. EITF 07-1 is effective for fiscal years beginning after December 15, 2008. The Company does not expect the adoption of EITF 07-1 to have a material effect on its financial position or results of operations.

Results of Operations

Nine months ended March 31, 2008 Compared to the Nine months ended March 31, 2007

Net Sales. Net Sales for the nine months ended March 31, 2008 and 2007 were $893,900 and $664,300, respectively, an increase of $229,600 or 35%. Sales under our supply agreement with Mannatech represent substantially all our net sales in both periods.

For the nine months ended March 31, 2008, approximately 95% of net sales were derived from two customers. These two customers, JB Laboratories, Inc and Natural Alternatives International, became our customers under our supply agreement with Mannatech at the direction of Mannatech for the purpose of supplying certain raw materials in the manufacturing process of Mannatech's nutraceutical product lines. For the nine months ended March 31, 2007, substantially all of our net sales (98.6%) were derived from three customers: Mannatech (60.3%), Natural Alternatives International (21.4%) and JB Laboratories, Inc. (16.9%), all in connection with our supply agreement with Mannatech. The loss of any of these customers would have an adverse affect on the Company's operations.

Cost of sales. Cost of sales increased to $446,400 for the nine months ended March 31, 2008, as compared to $329,800 for the nine months ended March 31, 2007. Cost of sales, as a percentage of sales, were 49.9% and 49.6%, respectively for the nine months ended March 31, 2008 and 2007.

2008 compared to $223,225 in the nine months ended March 31, 2007. Research and development costs consist primarily of payments made or owed to FhCMB in reaching milestones under our research agreements with them.

Selling and Administrative Expenses. Selling and administrative expenses were $1,433,350 for the nine months ended March 31, 2008, an increase of $500,900 or 54% as compared with $932,500 for the nine months ended March 31, 2007. A tabular presentation of the changes in selling and administrative expenses is as follows:

	Nine Months Ended March 31,		Dollar Increase (Decrease)	Percentage Change
	2008	2007	2008 vs 2007	2008 vs 2007
Corporate support	$ 264,412	$ 366,300	$ (101,888)	(27.8%)
Loss on investment	253,500	-	253,500	100%
Salaries and employee benefits	246,232	102,909	143,323	139.3%
Amortization expense	185,028	175,467	9,561	5.4%
Lab expenses	76,472	18,355	58,117	100.0%
Travel and entertainment	56,886	25,840	31,046	120.1%
Consulting and other professional fees	247,946	153,617	94,329	61.4%
Compensation expense for employee stock options	41,964	27,594	14,370	52.1%
Other	60,910	62,368	(1,458)	(2.3%)
Total	**$ 1,433,350**	**$ 932,450**	**$ 500,900**	**53.7%**

Corporate support charges from Integrated BioPharma decreased to approximately $264,400 in the nine months ended March 31, 2008 from approximately $366,300 from the nine months ended March 31, 2007, a decrease of approximately $101,900 or 28% as a result of Integrated BioPharma transferring direct payroll costs of approximately $24,000 directly to us in the nine months ended March 31, 2008. $43,600 of the decrease was the result of the annual adjustment in the corporate overhead allocation in the forth quarter of fiscal year ended June 30, 2007 to adjust the monthly allocations based on estimated costs from the prior fiscal year to the actual allocable expenses incurred in the current fiscal year. The remaining decrease of $34,300 was the result of our parent changing the percentage of the overhead allocation to be charged to us from 20% of allocable overhead expenses to 5% and reallocating the officers and administrative salary allocation on a lower percentage basis effective beginning January 2008. These allocations were changed mid year mostly as a result of the addition of our own president, which reduced the decrease in the allocation percentage of certain officers of Integrated BioPharma. In accordance with past practice, we expect to receive a credit in the fourth quarter of our fiscal year, which will adjust the monthly estimates charged through out the fiscal year to actual allocable costs incurred by our Parent. Corporate support charges will cease as of the effective date of the spin-off.

Corporate support charges consisted of the following:

	Nine Months Ended March 31,	
	2008	2007
Salary allocation	$ 114,661	$ 225,000
Overhead allocation	149,751	141,300
Total	$ 264,412	$ 366,300

The salary allocation is an allocation of the Integrated BioPharma's salaries and related employee costs for persons in the executive management team that devote a portion of their time to iBioPharma business and an allocation of the accounting and support staff of Integrated BioPharma whom also devote a portion of their time to our record keeping and administrative matters. The overhead allocation is an allocation of Integrated BioPharma's allocable overhead accounts including office expenses, telephone, professional fees, consulting fees, finance charges and travel and entertainment expenses.

In December 2006, the Company made in an investment in a private biotech company that was in its initial stages of filing to become a public company. In the three month period ended December 31, 2007, the Company, based in part on information from public filings filed in February 2008 by this biotech company, which stated that if the company was unsuccessful in its efforts to raise additional capital, it only had enough cash on hand to cover operating expenses through May 2008 and if it were successful in obtaining additional funding, such financings would have a dilutive effect to current stockholders. Furthermore, this biotech company is not a public company, the financial statements included in the public filing stated that there was substantial doubt about the company's ability to continue as a going concern and there is no established market for the investment we hold, we, therefore, recorded a valuation reserve equal to our entire investment of $253,500, in this biotech company.

Salaries and employee benefits increased to $246,700 in the nine months ended March 31, 2008 from $102,900 in the nine months ended March 31, 2007, an increase of approximately $143,300. The increase is primarily attributable to the hiring of our President in October 2007 and two other employees in October and February, increasing our salary and employee benefit expense by approximately $127,400 in the nine months ended March 31, 2008 compared to no such expense in the comparable period a year ago.

In the nine months ended March 31, 2008, lab expense increased by $58,100 to $76,500 from $18,400 in the comparable period a year ago, $28,100 of the increase relates to salaries of employees charged to lab expense. In the nine months ended March 31, 2008, an employee's salary of approximately $38,000 was charged directly to lab expense as he exclusively works in the lab overseeing the production of the raw material under the Mannatech supply agreement. This employee was transferred from another wholly-owned subsidiary of Integrated BioPharma in January 2007 and was no longer charged through the corporate support allocation. In the six month period ended December 31, 2006, his salary was included in the corporate salary allocation from Integrated BioPharma and in the three months ended March 31, 2007, approximately $18,500 of salary expense was charged to lab expense, resulting in an increase of $19,500 in the nine months ended March 31, 2008. The remaining increase of approximately $9,600 was the result of new employee salaries charged to lab expense that worked on projects other than the Mannatech supply agreement. The remaining change of approximately $30,000 relates to increased supplies used by the new employees in their project work.

Travel and entertainment expenses increased by 120.1% from $25,800 in the nine months ended March 31, 2007 to $56,900 in the nine months ended March 31, 2008, an increase of $31,100. This increase was the result of increased travel incurred in connection with our recruiting efforts for our newly hired president who began in October 2007, and additional travel incurred in the 2008 period in

connection with our private placement efforts to raise additional capital. Additionally, our president who resides in California, and our Chief Scientific Officer, who resides in London, made several trips to our offices in Delaware and attended various meetings in New York and Florida in the nine months ended March 31, 2008 compared to the same period in 2007 resulting in increased travel and lodging costs of $24,000 and additional meal and entertainment costs of $7,100.

Consulting and other professional fees increased by about $94,000 or 61.4% in the nine months ended March 31, 2008 to approximately $248,000 compared to approximately $153,600 in the nine months ended March 31, 2007. Consulting and other professional fees consist of legal, outside accounting services, directors fees, scientific advisory board ("SAB") expenses (both travel and consulting fees) and consulting fees paid to outside consultants and our own Chief Scientific Officer. The increase from the nine months ended March 31, 2007 to March 31, 2008 was the result of increased legal and accounting of $47,100, consulting fees of $10,700, and increased SAB costs of $36,000. Our SAB costs increased 100% as their were no meetings held in the nine months ended March 31, 2007 and one held in the nine month period ended March 31, 2008.

Pursuant to SFAS No. 123(R), adopted as of July 1, 2005, we recognized approximately $42,000 in compensation expense for employee stock options in nine months ended March 31, 2008 and $27,600 in the nine months ended March 31, 2007. This expense is a direct allocation from our Parent for our employees and directors who received compensation in the form of stock options providing for the purchase of our Parent's stock upon vesting of their awards.

Year ended June 30, 2007 Compared to the Year ended June 30, 2006

Net Sales.

Net Sales for the fiscal years ended June 30, 2007 and 2006 were $896,000 and $18,700, respectively, an increase of $877,300. During the later part of our fiscal year ended June 30, 2006, we entered into an supply license agreement with a distributor whereby we agreed to supply mineral ingredients in a single formula which uses our patented intellectual property. Sales under this agreement were 99% of our net sales for the fiscal year ended June 30, 2007.

For the fiscal year ended June 30, 2007 approximately 99% of revenues were derived from three customers. Two of the these three customers, JB Laboratories, Inc and Natural Alternatives International, became our customers under our supply agreement with Mannatech at the direction of Mannatech for the purpose of supplying certain raw materials in the manufacturing process of Mannatech's nutraceutical product lines, the third customer was Mannatech directly. The loss of any of these customers would have an adverse affect on the Company's operations.

For the fiscal year ended June 30, 2006 approximately 32% of net sales or approximately $6,100 were derived from Mannatech. Another customer, Edenspace Systems Corporation represented 62.4% or approximately $11,700 of our net sales in the fiscal year ended June 30, 2006, this customer represented approximately 1% of our fiscal year ended June 30, 2007 net sales.

Cost of sales. Cost of sales increased to $445,700 for the fiscal year ended June 30, 2007, as compared to $1,900 for the fiscal year ended June 30, 2006. Cost of sales increased as a percentage of sales to 50% for the fiscal year ended June 30, 2007 as compared to 10% for the fiscal year ended June 30, 2006. The increase is the result of the increased sales under the supply agreement with Mannatech.

Research and Development Costs. Our research and development costs increased by approximately $243,700 from the fiscal year ended June 30, 2006 compared to the fiscal year ended June 30, 2007

primarily as a result of reducing overall investment in our lab facility studies, which triggered additional research and development payments of approximately $250,000 in the fiscal year ended June 30, 2007.

Selling and Administrative Expenses. Selling and administrative expenses were $1.4 million for the fiscal year ended June 30, 2007, an increase of $418,000 or 41% as compared with $1.0 million for the fiscal year ended June 30, 2006. A tabular presentation of the changes in selling and administrative expenses is as follows:

	Fiscal Year Ended June 30,		Dollar Increase (Decrease)	Percentage Change
	2007	2006	2007 vs 2006	2007 vs 2006
Corporate support	$ 430,291	$ 304,907	$ 125,384	41.1%
Consulting and other professional fees	362,700	266,549	96,151	36.1%
Amortization expense	322,045	161,729	160,316	99.1%
Salaries and employee benefits	148,675	157,011	(8,336)	(5.3%)
Lab expense	37,114	17,242	19,872	115.3%
Travel and entertainment	27,471	68,176	(40,705)	(59.7%)
Royalty expense	20,740	1,194	19,546	1,637.0%
Insurance	17,553	1,534	16,019	1,044.3%
Compensation expense for employee stock options	33,746	-	33,746	100.0%
Other	42,175	46,261	(4,086)	(8.8%)
Total	**$ 1,442,510**	**$ 1,024,603**	**$ 417,907**	**40.8%**

Corporate support charges from Integrated BioPharma increased to approximately $430,000 in the fiscal year ended June 30, 2007 from approximately $305,000 from the fiscal year ended June 30, 2006, an increase of approximately $125,000 or 41% as a result of Integrated BioPharma's administrative and direct payroll costs increasing 41% from the fiscal year ended June 30, 2006. The allocated salaries and employee benefits increased by approximately $50,000 and other allocable administrative costs, such as professional and consulting fees, credit line fees, and general office expenses represented approximately $75,000 of the increase. Corporate support charges will cease as of the effective date of the spin-off. Corporate support charges consisted of the following:

	Fiscal Year Ended June 30,	
	2007	2006
Salary allocation	$ 167,578	$ 117,379
Overhead allocation	262,713	187,528
Total	$ 430,291	$ 304,907

The salary allocation is an allocation of the Integrated BioPharma's salaries and related employee costs for persons in the executive management team that devote a portion of their time to iBioPharma business and an allocation of the accounting and support staff of Integrated BioPharma whom also devote a portion of their time to our record keeping and administrative matters. The overhead allocation is an allocation of Integrated BioPharma's allocable overhead accounts including office expenses, telephone, professional fees, consulting fees, finance charges and travel and entertainment expenses.

Consulting and other professional fees increased by about $96,000 or 36.1% in the fiscal year ended June 30, 2007 to approximately $363,000 compared to approximately $266,500 in the fiscal year ended June 30, 2006. Consulting and other professional fees consist of legal, outside accounting services, directors fees, scientific advisory board ("SAB") expenses (both travel and consulting fees) and consulting fees paid to outside consultants and our own Chief Scientific Officer. The increase from the fiscal year ended June 30, 2006 to June 30, 2007 was the result of increased legal and accounting of $52,200, consulting fees of $20,000, director's fees of $10,400 (as the director joined our Board in December 2005) and increased SAB costs of $14,000. Our SAB costs nearly doubled from $17,000 to $31,000 as a result of holding two meetings in the fiscal year ended June 30, 2007 compared to one meeting in the fiscal year ended June 30, 2006.

Amortization expense increased to approximately $322,000 in the fiscal year ended June 30, 2007 from approximately $162,000 in the fiscal year ended June 30, 2006, or approximately $160,000. T he primary increase is attributable to additional intangible assets of approximately $1.845 million period over period, $1.65 million relating to additional intellectual property acquired under our technology transfer agreement with FhCMB and additional capitalized patent costs of $195,100 as we continued to expand our patent and trademark portfolio.

In June 2007, we also had a change in our estimated useful life of the intellectual property acquired from FhCMB from 15 years to 20 years as a result of an amendment to our technology transfer agreement with FhCMB to extend our licensing rights from 10 years to 15 years.

As of June 30, 2007, the Company has made payments of approximately $2.5 million and $1.9 million as of June 30, 2006 towards the purchase of $3.6 million, of which $1.15 million is accrued, $750,000 is to be paid in fiscal year 2008, with the remaining $400,000 to be paid in the fiscal year 2009. Under our technology transfer agreement, we have the right to cease paying the purchase price of the technology platform and pay a higher royalty payment to FhCMB. As of June 25, 2007, the amended date of the technology transfer agreement, FhCMB had delivered all the intellectual property under the technology transfer agreement, and payments were deferred because of the maintenance and support services necessary to further protect the platform. It was this determination that triggered the additional capitalization of the committed purchase price of the technology platform and as of June 30, 2007 increased our carry value by the unpaid balance of $1.15 million.

Based on the increased carry value of intellectual property, our amortization expense on our intellectual property relating to our iBioLaunch technology and our patent portfolio increased by $142,500 and $18,000, respectively, in our fiscal year ended June 30, 2007 from our fiscal year ended June 30, 2006.

Lab expenses of approximately $37,000 were incurred in the fiscal year ended June 30, 2007 compared to approximately $17,000 in the 2006 fiscal year ended June 30, 2006, an increase of approximately $20,000 or 115.3%. In the fiscal year ended June 30, 2007, an employee's salary of approximately $37,000 was charged directly to lab expense as he exclusively works in the lab overseeing the production of the raw material under the Mannatech supply agreement. This employee was transferred from another wholly-owned subsidiary of Integrated BioPharma in January 2007 and was no longer charged through the corporate support allocation. In the fiscal year ended June 30, 2006, his salary was included in the corporate salary allocation from Integrated BioPharma. Lab expense in the fiscal year ended June 30, 2006 of approximately $17,000 related to research and development contracts that were completed or expired in the fiscal year ended June 30, 2006 and these expenses were not required in the fiscal year ended June 30, 2007.

Travel and entertainment expenses decreased by approximately $40,700 or 60% in the fiscal year ended June 30, 2007 to $27,500 compared to $68,200 in the prior fiscal year. This decrease of nearly $41,000 was due to decreased travel expenses of $23,200 and decreased entertainment costs of $16,500. In the fiscal year ended June 30, 2006, we held two scientific advisory board meetings paying for the travel and entertainment costs for the members of the board, while in the fiscal year ended June 30, 2007, we held only one meeting.

Pursuant to SFAS No. 123(R), adopted as of July 1, 2005, we recognized $34,000 in compensation expense for employee stock options in each of the fiscal year ended June 30, 2007, with no comparable expense in the fiscal year ended June 30, 2006. This expense is a direct allocation from our Parent for our employees who received compensation in the form of stock options providing for the purchase of our Parent's stock upon vesting of their awards.

Income tax (benefit). In the fiscal year ended June 30, 2007, the Company had net income tax expense of approximately $1,000 compared to a net income tax benefit of approximately $485,000 in the fiscal year ended June 30, 2006. Our ability to recognize an income tax benefit is dependent on the consolidated federal taxable income (loss) of Integrated BioPharma's controlled group for federal income tax purposes. In the fiscal year ended June 30, 2007, the controlled group of Integrated BioPharma had a taxable loss and therefore did not utilize any of the losses generated by us and as stand alone taxable entity, we would have to reserve 100% of our resulting deferred tax asset generated from the net operating loss as it is more likely than not that, in the near term, that we will not generate sufficient taxable income to offset our Fiscal 2007 taxable loss. In the fiscal year ended June 30, 2006, Integrated BioPharma's controlled group for federal income tax purposes had taxable income and used $1.4 million of our net operating losses which resulted in a federal tax benefit of approximately $486,000. Our deferred tax asset relating to our federal and state net operating losses are fully reserved in a valuation allowance account since it is more likely than not that we will not have sufficient taxable income, in the near future, to offset any future taxable income.

Year ended June 30, 2006 Compared to the Year ended June 30, 2005

Net Sales and cost of sales were not material contributors to our net loss before income tax benefit of $1.4 million for the fiscal year ended June 30, 2006 compared to our net loss before income tax expense of $1.2 million in the fiscal year ended June 30, 2005. We had gross profit of $16,700 and $21,100 in the fiscal years ended June 30, 2006 and 2005, respectively.

Research and Development Costs. Our research and development costs increased by approximately $248,000 from the fiscal year ended June 30, 2005 compared to the fiscal year ended June 30, 2006 primarily as a result of reaching several milestones in our flu vaccine studies and other research agreements, which triggered additional research and development payments of approximately $250,000 in the fiscal year ended June 30, 2006.

Selling and Administrative Expenses. Selling and administrative expenses were $1.0 million for the fiscal year ended June 30, 2006, an increase of $37,300 or 4% as compared with $987,400 for the fiscal year ended June 30, 2005. A tabular presentation of the changes in selling and administrative expenses is as follows:

	June 30,		(Decrease)	Change
	2006	2005	2006 vs 2005	2006 vs 2005
Corporate support	$ 304,907	$ 194,405	$ 110,502	56.8%
Consulting and other professional fees	266,549	342,780	(76,231)	(22.2%)
Amortization expense	161,729	95,833	65,896	68.8%
Salaries and employee benefits	157,011	246,886	(89,875)	(36.4%)
Travel and entertainment	68,176	39,771	28,405	71.4%
Lab expense	17,242	21,358	(4,116)	100.0%
Other	48,989	46,327	2,662	5.7%
Total	**$ 1,024,603**	**$ 987,360**	**$ 37,243**	**3.8%**

Corporate support charges from Integrated BioPharma increased to approximately $305,000 in the fiscal year ended June 30, 2006 from approximately $194,000 in the fiscal year ended June 30, 2005, an increase of approximately $110,500 or 57% as a result of Integrated BioPharma's increase in allocated payroll costs of approximately $117,400 in fiscal year ended June 30, 2006 with no corresponding allocation in the fiscal year ended June 30, 2005 as we had our own employees in the fiscal year ended June 30, 2005 independent of Integrated BioPharma. Our salaries and employee benefits decreased by $90,000 in the fiscal year ended June 30, 2006, as we decreased our staff and began sharing the staff of Integrated BioPharma offsetting all but $20,000 of the increase in corporate support costs. Corporate support charges consisted of the following:

	Fiscal Year Ended June 30,	
	2006	2005
Salary allocation	$ 117,379	$ -
Overhead allocation	187,528	194,405
Total	$ 304,907	$ 194,405

Consulting and other professional fees decreased by nearly $76,200 or 22.2% in the fiscal year ended June 30, 2006 to approximately $266,500 compared to approximately $342,800 in the fiscal year ended June 30, 2005. Consulting and other professional fees consist of legal, outside accounting services, directors fees, scientific advisory board ("SAB") expenses (both travel and consulting fees) and consulting fees paid to outside consultants and our own Chief Scientific Officer. The decrease from the fiscal year ended June 30, 2005 to June 30, 2006 was the result of decreased legal and accounting of $96,800, consulting fees of $30,200 and SAB costs of $24,300, offset by an increase in director's fees of $10,600 (as the director joined our Board in December 2005). Our SAB costs decreased from $41,400 to $17,200 as a result of holding two meetings in the fiscal year ended June 30, 2005 compared to one meeting in the fiscal year ended June 30, 2006.

Amortization expense increased to approximately $161,700 in the fiscal year ended June 30, 2006 from approximately $95,800 in the fiscal year ended June 30, 2005, or approximately $65,900. The primary increase is attributable to additional intangible assets of approximately $838,000 period over period, $600,000 relating to payments made under our purchase commitment under the FhCMB technology agreement and additional capitalized patent costs of $238,000 as we establish our patent and trademark portfolio.

Based on the increased carry value of intellectual property, our amortization expense on our intellectual property relating to our iBioLaunch technology and our patent portfolio increased by $50,800

and $15,100, respectively, in our fiscal year ended June 30, 2006 from our fiscal year ended June 30, 2005.

Travel and entertainment expenses increased by approximately $28,500 or 72% in the fiscal year ended June 30, 2006 to $68,200 compared to $39,700 in the prior fiscal year. This increase of approximately $28,500 was primarily due to increased travel expenses of $25,800. In the fiscal year ended June 30, 2005, our employees were traveling more frequently in an effort to obtain more business and to expand our business relationship with FhCMB.

Lab expense decreased by $4,100 in the fiscal year ended June 30, 2006 to $17,200 from $21,400 in the fiscal year ended June 30, 2005 or 19.3% as a result of completing our analysis on capsules used in our research and development activities.

Income tax (benefit). In the fiscal year ended June 30, 2006, the Company had a net income tax benefit of approximately $485,000 compared to a net income tax expense of approximately $1,000 in the fiscal year ended June 30, 2005. Our ability to recognize an income tax benefit is dependent on the consolidated federal taxable income (loss) of Integrated BioPharma's controlled group for federal income tax purposes. In the fiscal year ended June 30, 2006, Integrated BioPharma's controlled group for federal income tax purposes had taxable income and used $1.4 million of our net operating losses which resulted in a federal tax benefit of approximately $486,000. In the fiscal year ended June 30, 2005, the controlled group of Integrated BioPharma had a taxable loss and therefore did not utilize any of the losses generated by us and as stand alone taxable entity, we would have to reserve 100% of our resulting deferred tax asset generated from our net operating loss as it is more likely than not that, that in the near term, we will not generate sufficient taxable income to offset our Fiscal 2005 taxable loss. Our deferred tax asset relating to our federal and state net operating losses are fully reserved in a valuation allowance account since it is more likely than not that we will not have sufficient taxable income, in the near future, to offset any future taxable income.

Seasonality

We do not believe that our operations are impacted by seasonality.

Liquidity and Capital Resources

The following table sets forth, for the periods indicated, the Company's net cash flows used in operating, investing and financing activities:

	For the nine months ended March 31,		For the fiscal year ended June 30,		
	2008	2007	2007	2006	2005
Net cash used in operating activities	$ (930,572)	$ (801,818)	$ (849,378)	$ (958,751)	$ (864,145)
Net cash used in investing activities	$ (202,779)	$ (743,074)	$(1,063,145)	$ (837,947)	$ (500,000)
Net cash provided by financing activities	$ 1,171,168	$ 1,556,393	$ 1,926,964	$1,793,622	$1,342,408
Cash at end of period	$ 56,654	$ 15,898	$ 18,837	$ 4,396	$ 7,472

At March 31, 2008, we had negative working capital of $1.3 million, an increase from our negative working capital of $1.2 million as of June 30, 2007.

As of June 30, 2007, we had negative working capital of $342 million, an increase from our negative working capital of $99,900, as of June 30, 2006. Our cash position is currently dependent on our Parent advancing funds to our operating account on an as needed basis and hence our cash balance as of March 31 and June 30, 2007 was approximately $57,000 and $19,000, respectively.

In the fiscal year ended June 30, 2007, we used $849,400 of cash from our operating activities compared to $958,800 of cash in operations in the fiscal year ended June 30, 2006, a decrease of $109,400. The decrease of $109,400 in cash used in operating activities is composed of increases in; our operating loss of $517,600 (excluding non-cash activities) and our accounts receivable of $137,400, offset by increases in our accounts payable of $302,400 and accrued expenses of $449,800 and a decrease in other assets of $13,100.

The increase in our accounts receivable balance is a direct result of our increase sales from the fiscal year ended June 30, 2006 to June 30, 2007 by approximately $877,000. Our average monthly sales in the fiscal year ended June 30, 2007 was approximately $81,500 and our customers paid on average between 45 and 60 days; the increase in accounts receivable of approximately $109,400 represents about 1.7 months of average sales.

The increases in account payable and accrued expenses of $302,400 and $449,800 are attributable to several factors, including (i) having liabilities for cost of goods sold in 2007 of $44,000 in the fiscal year ended June 30, 2007 compared to none in 2006, (ii) the increased costs of our accounting and legal expenses incurred in the fiscal year ended June 30, 2007 as compared to 2006, in 2007 we had accrued professional fees of $148,000 compared to $56,000 in 2006, an increase of $92,000, and (iii) accrued and unpaid research and development costs of $450,000 in 2007 with only $25,000 in 2006, an increase of $425,000.

The increase in cash used from investing activities of approximately $225,200 in our fiscal year ended June 30, 2007 from our fiscal year ended June 30, 2006 is primarily due to the purchase of other non-current assets of $253,500.

The increase in cash provided from financing activities of approximately $133,300 from fiscal year ended June 30, 2006 to 2007, is a result of a net increase in advances from our Parent in order to support our operating expenses.

The following table sets forth the Company's future commitments as of March 31, 2008 (Contractual Commitments represents our expected payments to FhCMB under our amended technology transfer and research agreements):

	(dollars in thousands)				
Year ending June 30,	Non-cancelable Lease Obligations	Contractual Commitments	Credit Facilities	Royalty Payments [1]	Total
2008, remaining	$ -	$ 1,200 [2]	$ -	$ -	$ 1,200
2009	-	1,350 [3]	-	-	1,350
2010	-	2,250	-	-	2,250
2011	-	2,000	-	-	2,000
2012	-	2,000	-	-	2,000
Thereafter	-	4,000	-	-	4,000
	$ -	$ 12,800	$ -	$ -	$ 12,800

[1] The Company has a future commitment to pay royalty payments to FhCMB in future years based on a percentage of revenues derived from sales under its licensing agreement with FhCMB.

[2] Inclusive of $0.65 million, which is included in other payables as of March 31, 2008.

[3] Inclusive of $0.40 million, which is included in other payables as of March 31, 2008.

Our plans to expand our business and to continue to improve our product candidates to strengthen our ability to obtain licensees for our proprietary technology may require funds in excess of our cash flow and may require us to seek financing from third parties. In the past, Integrated BioPharma has provided capital for our general corporate purposes, and we used cash provided by Integrated BioPharma to fund our operations. After the distribution, Integrated BioPharma will not provide funds to finance our operations. Without the opportunity to obtain financing from Integrated BioPharma, we will in the future need to obtain additional financing from banks, or through public offerings or private placements of debt or equity securities, strategic relationships or other arrangements. The terms, interest rates, costs and fees of new credit facilities may not be as favorable as those historically enjoyed with Integrated BioPharma. For example, Integrated BioPharma did not charge us with any fees or costs for the intercompany borrowing, nor were there any covenants regarding financial ratios or prohibition on certain transactions in the loan arrangement with Integrated BioPharma. Our inability to obtain financing on favorable terms could restrict our operations and increase our losses.

As of June 3, 2008, we have capital subscriptions of $5.0 million, which funds are held in escrow and are expected to be released at the time of the spin-off. This additional capital is expected to cover our anticipated costs through the third calendar quarter of 2009. If we are unsuccessful in raising additional capital or other alternative financing by then we might have to abandon our efforts to commercialize the intellectual property and cease operations as we will no longer have the financial support of Integrated BioPharma.

Capital Expenditures

The Company's capital expenditures, other than intellectual property, during the fiscal year ended June 30, 2007, 2006 and 2005 were not material as well as the nine months ended March 31, 2008.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Recently Announced Accounting Pronouncements

Please refer to Note 2 in our financial statements which can be found at page F-6, herein.

Impact of Inflation

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

DESCRIPTION OF OUR BUSINESS

Overview

iBioPharma, Inc. is a biopharmaceutical company focused on using and promoting the use of our proprietary plant-based technology platform (which we refer to herein as the platform or our platform) by which targeted proteins can be produced in plants for the development and manufacture of novel vaccines and therapeutics for use in humans and for certain veterinary applications.

This platform was invented and developed by FhCMB, a not-for-profit translational research institution. In January 2004, we acquired the platform from FhCMB together with FhCMB's commitment for the maintenance and support necessary to further protect the intellectual property comprising the platform, including filing and prosecuting patent applications, providing scientific support for patent counsel's activities on behalf of the Company and otherwise to maintain in force and good standing the Company's intellectual property rights.

Our business model contemplates that, in addition to using our platform to create and advance our own product candidates, we will license the platform to, or enter into joint ventures or other business arrangements with, other parties (collectively, we refer to these third parties as licensees) who wish to use the platform for the development and/or production of their own product candidates. In order to attract appropriate licensees and increase the value of the Company's share of such contractual arrangements, the Company engaged FhCMB in October 2004 to perform research and development activities to apply the platform to create our first product candidate. The Company selected a plant-based flu vaccine for human use as the product candidate to exemplify the value of the platform particularly for products that require rapid, highly-scalable and economic production. Performance of this first research agreement, which requires us to make payments to FhCMB against the achievement of stated research milestones, has progressed through preclinical challenge studies in the ferret model. Clinical trials are expected to begin in the second quarter of 2009.

In addition, in 2006, the Company engaged FhCMB to create a prototype production module for products made through the use of the platform. The purpose for this engagement was to demonstrate the ease and economy with which platform-based products could be manufactured, again in order to attract potential licensees and increase the value of the Company's share of 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. Fabricated equipment for the prototype is scheduled to be delivered to FhCMB by November 2008. Equipment in the facility is scheduled to be commissioned and the facility validated for current Good Manufacturing Practices (called cGMP) production in the first quarter of 2009. The facility will then be used for pilot scale production of protein targets for clinical trials of product candidates which use our platform technology.

In addition to our direct funding of FhCMB's application of the platform technology to our human flu vaccine product candidate, we have established non-commercial arrangements among the

Company, certain government entities, a non-governmental organization (which we refer to herein as the 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, 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 of which they granted or were granted funding, and (b) to FhCMB for research purposes and applications in other fields. This business structure enables us to obtain commercial rights to various applications of our platform technology funded by government entities and NGOs. It also helps us demonstrate the validity and apparent value of the platform to parties to whom we will offer licenses or other business opportunities. Our use of FhCMB to perform 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.

Using this business structure, we have applied our platform technology to create a pipeline of proprietary product candidates which we can offer to licensees, including vaccine and therapeutic candidates against seasonal and pandemic influenza, human papilloma virus (HPV), and other pathogens of public health significance. All of our product candidates are in the preclinical development stage, and to date, none of our product candidates has been approved by the FDA.

We have exclusive control over and the rights to ownership of the intellectual property related to human health and veterinary influenza applications of the plant-based technology developed by FhCMB. Current development projects include expansion of production capabilities, conducting proof-of-principle preclinical studies and planning clinical studies of proprietary influenza and HPV vaccines and antibodies for potential treatment and diagnosis of influenza infections.

Biotech drugs are proteins such as antibodies, blood proteins and enzymes. 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) creates potential for our platform technology to be used by potential licensees to enter the market due to what we expect to be an economical production system. We currently have no commercial partners for this category of products and we are unlikely to develop products in this category without the financial and marketing support of a commercial partner.

Historically, we have also used plants as sources of high-quality nutritional supplements. 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. Following the spin-off, we will continue to engage the services of various wholly-owned subsidiaries of Integrated BioPharma for the production, marketing and sales of these phytomineral products.

Our Business Structure

A key element of our business strategy and our thinly-staffed employment structure is to establish business arrangements with licensees, particularly leading pharmaceutical and biotechnology companies, to use our platform technology for the development and commercialization of our product candidates. As

described above, FhCMB and the Company are currently working within our business structure to develop product candidates based upon our plant-based platform technology. This is currently our only similar business relationship. The termination of this arrangement might adversely affect our ability to develop and commercialize our product candidates.

We rely 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. Our possible 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 customers 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 vaccine or other product candidates, therefore, may be subject to competition with a product candidate under development by a licensee or customer.

We are pursuing and obtaining non-dilutive government and non-governmental organization funding directed through FhCMB to provide supplemental capital for advancement of our programs. To date, FhCMB has been awarded a total of $7.7 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). To facilitate the grant and continuing support, we have agreed to make our platform technology available to various programs to complete development and provide so-called "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 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 the technology that we may decide to commercially license to advance into human clinical evaluation and eventual commercial development. The U.S. Department of Defense ("DoD") has also provided $14.4 million in funding to FhCMB for preclinical and clinical studies for the anthrax and plague vaccine projects, and this funding is similarly beneficial to us because of our rights to commercially exploit the technology developed.

Pursuant to the Technology Transfer Agreement between the Company and FhCMB, effective as of January 1, 2004, we agreed to make nine semi-annual payments totaling $2,250,000 to FhCMB on a non-contingent basis for the acquisition of 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, of which one United States patent has been granted, one allowed, and 21 are pending. In addition 34 foreign patent applications are pending.

The 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 products applicable to a broad range of disease agents, such as influenza, sleeping sickness, anthrax, plague and HPV. As of March 1, 2006, we amended this agreement to include veterinary influenza applications.

In addition to the acquisitions pursuant to the Technology Transfer Agreement, the Company has by separate agreements in the ordinary course engaged FhCMB to perform certain research activities for which the Company makes payments when certain milestone tasks have been performed. The payments

are conditioned only on the performance of the task, not upon the success or value of what is determined or discovered.

We amended our agreements with FhCMB to extend our licensing rights from 10 years to 15 years concurrent with the additional commitment to provide funding to commercialize the developed process, production techniques and methodologies of the proprietary technology and intellectual property for external applications. This amendment also requires FhCMB to conduct research to enhance, improve and expand the existing intellectual property, and for this research the Company has committed to make non-refundable payments of $2.0 million per year for five years, aggregating to $10.0 million, beginning November 2009. In addition, the Company will make royalty payments to FhCMB based on receipts derived by the Company from sales of products utilizing the proprietary technology for a period of fifteen years. In turn, FhCMB shall pay the Company royalty payments for all receipts, if any, realized by FhCMB sales, licensing or commercialization of the intellectual property acquired.

iBioPharma is a direct participant with FhCMB on a contract from DARPA (Defense Advanced Research Agency) of the United States Department of Defense for an $8.5 million project to further develop our plant-based technology platform for accelerated manufacture of vaccines and antibodies. The sub-contract is for an aggregate of $1.035 million over a 27-month period which began in May 2007. Phase 1 of the sub-contract was awarded and is complete ($90,000). We expect Phase 2 of the contract ($945,000) to be awarded in July 2008. The contract will facilitate construction of a pilot manufacturing plant using our platform technology with capacity to provide sufficient materials for clinical trials.

We are also a party to a Non-Standard Navy Cooperative Research and Development Agreement, or CRADA, dated September 10, 2004, along with Naval Medical Research Center, or NMRC, and FhCMB, pursuant to which the parties agreed to collaborate in the evaluation of an anthrax vaccine for its capacity to boost pathogen-specific immune responses in individuals vaccinated against anthrax upon non-invasive oral administration. Pursuant to the CRADA, each party agrees to retain ownership of any data, copyright, trademark or patent produced by that party. However, FhCMB agreed to transfer certain patents produced pursuant to the CRADA to us, and in return we agreed to pay FhCMB up to $100,000 for its efforts upon the meeting of various milestones. Additionally, NMRC agreed to fund its own efforts associated with the CRADA. The CRADA expired by its terms on August 30, 2005, but the parties are continuing their working relationship under the agreement.

Our Product Candidates

Our short-term focus is to demonstrate the commercial value of our platform technology through its application to vaccines and therapeutics for influenza and human papilloma virus (HPV). 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. None of our product candidates have entered human clinical testing, and all of them are at a preclinical stage of development. We estimate that none of our product candidates will enter human clinical testing before the second quarter of 2009, if ever, and that we will be required to incur at least $3 million in direct and indirect costs before we file our first IND with the FDA. In addition, we expect to spend approximately $3 million in direct clinical trial costs to complete two Phase 1 trials and one Phase 2 trial between the beginning of 2009 and the end of 2010. We expect that it will cost in excess of $10 million to complete all tasks necessary to begin a Phase 3 trial on one product. The specific timeframes and costs required will depend on information we do not have at this time, such as the final results of preclinical testing and the specific design of both Phase 1 and Phase 2 clinical trials.

Diagnostic Product for Pandemic Avian Influenza. While predicting the timing of an avian influenza pandemic is not possible, reducing the potentially devastating impact of an outbreak requires an

efficient method to distinguish avian influenza infections from other respiratory diseases, including seasonal influenza. There currently are no rapid diagnostic tests available for this purpose. FhCMB has discovered an antibody that appears to distinguish highly pathogenic avian influenza strains (total of 19 strains from clades ("clade" is the technical term for category) 1, 2a and 2b) from human seasonal influenza viruses. We plan to develop this proprietary antibody with a commercial partner as a point of care diagnostic product. We do not currently have a commercial partner for this product candidate.

Seasonal Influenza Vaccine. We are developing 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 a recent study, we evaluated 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.

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 on 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. Our near-term objective is to complete preclinical evaluation and transition selected vaccine candidates into Phase 1 human clinical trials.

Pandemic Influenza Vaccine. We are developing vaccine candidates targeting highly pathogenic avian influenza (H5N1) viruses. 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 of this pandemic influenza vaccine candidate using our technology. Our long term goal is to develop a combined vaccine effective for preventing both seasonal and pandemic influenza infections.

Therapeutic Antibody for Influenza. Our prototype product for treatment of patients hospitalized with avian influenza is an antibody that specifically inhibits neuraminidase activity of highly pathogenic avian influenza virus strains from clades 1 and 2. Antibodies are proteins that bind specific targets, and neuraminidase is a viral protein necessary for the spread of influenza virus. When an antibody binds neuraminidase tightly enough, it can block the function of neuraminidase and stop the spread of the virus. We have preclinical evidence that the antibody is effective against drug-resistant virus samples. This antibody has potential for prophylactic use and as a first line therapy in a flu pandemic. This antibody is in the preclinical development stage.

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 in the scientific journal *Vaccine*, 2007 Apr 20; 25(16):3018-21.

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 efficiency 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.

Under DoD sponsorship, FhCMB is also conducting rabbit and non-human primate studies on a proprietary multi-agent anthrax and plague vaccine. FhCMB also developed a proprietary antibody for potential treatment of anthrax infections. A study in non-human primates demonstrated 100% protection against challenge with anthrax spores, and dose de-escalation studies are currently underway. We have exclusive commercial rights to these product candidates for use in human health. We have not established any commercial relationships for further development of these products and are dependent on FhCMB to conduct experiments to further develop these products.

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

We believe that our platform technology is well-suited for application to both vaccines and antibodies. Both vaccines and antibodies are well established in clinical practice, and the route to regulatory approval for product marketing is clear for both categories based on guidance documents issued by the FDA and available at the FDA's website, www.fda.gov. We have focused our expertise in these product classes for two important markets, influenza and HPV. We also believe our platform is useful for the development of products for diseases of potential bioterrorism importance (most of which also are serious health problems in the developing world).

Influenza Market. We believe that we can achieve commercial success by applying our platform technology to the development of vaccines for prevention of influenza infections and to the development of an antibody for treatment of avian influenza. We believe that market demand for influenza vaccines and therapeutics is growing quickly, driven by the increasing pandemic threat, broader target populations who are medically recommended to be vaccinated and increased compliance by the target populations to receive vaccines. Vaccine sales in the seven major markets (US, UK, Germany, France, Italy, Spain and Japan) are expected to more than double to $4.9 billion by 2016. These estimates are based on a market analysis conducted by Datamonitor. Datamonitor also states that current manufacturing capacity 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 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 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.

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. We believe that our technology is applicable to 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.

Our iBioLaunch technology consists of compositions and processes that enable growing green plants to make proteins they do not naturally make, and for these new proteins to be made fast enough and in high enough yields to facilitate the evaluation of new product candidates. 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 the Company to document the effectiveness of our platform technology.

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 the following product candidates for our in-house research and development portfolio:

Subunit vaccine	Seasonal and Pandemic influenza	Preclinical
Subunit vaccine	Human Papilloma Virus Therapy	Preclinical
Antibody	Influenza	Preclinical
Oral booster vaccine	Anthrax	Preclinical
Multivalent vaccine	Anthrax and plague	Preclinical
Antibody	Anthrax	Preclinical

Intellectual Property

iBioPharma exclusively controls 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. For the intellectual property developed by FhCMB, we currently hold one issued U.S. patent for inducing gene silencing in plants that expires on July 25, 2022 and one U.S. patent application describing systems for expression of vaccine antigens in plants for which we have received a notice of allowance. We have an additional 21 U.S. patent applications pending. Similarly, we are preparing patent applications relating to our expanding technology for filing in the U.S. and abroad. We have also applied for patents in numerous foreign countries, including Europe, Canada, Australia, China, India, Brazil, Japan, Hong Kong and New Zealand. We currently have 34 pending foreign patent applications.

The following summarizes the issued and pending patent applications on our technology and products:

Issued Technology Filing (U.S.)

- Virus-induced gene silencing 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
- Diabetes autoantigen
- Human growth hormone

Sales and Marketing

While we have not established commercial licenses for our platform technology and while we currently have not yet entered into Phase 1 studies with any of our product candidates, we expect to commercialize our first influenza product through a business agreement with one or more larger firms. We have established no such agreements, and we currently expect to obtain Phase 2 or equivalent human clinical data before negotiating license or marketing agreements. 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.

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.

We have no experience in the sales, marketing and distribution of pharmaceutical products. If in the future we fail to establish commercial licenses for our platform technology or we fail to reach or elect not to enter into an arrangement with a partner 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 market such products directly. Significant additional expenditures would be required for us to develop such an in-house sales and marketing organization.

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 influenza vaccine business. 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 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 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 antibody candidates that are undergoing clinical trials and for the diseases and conditions that are subjects of our preclinical development program. For example, the drugs oseltamivir, amantadine, and zanamivir are used to treat certain influenza infections, and Merck's vaccine to prevent HPV infection has been approved by the FDA with a similar vaccine developed by GlaxoSmithKline in late-stage development. 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 all of our product candidates are likely to be their 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 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 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.

Clinical trials are typically conducted in three sequential phases, Phases 1, 2 and 3, with Phase 4 trials potentially conducted after initial marketing approval. The phases may be compressed, may overlap or may be omitted in some circumstances.

- *Phase 1.* After an IND becomes effective, Phase 1 human clinical trials may begin. These trials evaluate a product's safety profile and the range of safe dosages that can be administered to healthy volunteers and/or patients, including, in some cases, the maximum tolerated dose that can be given to a trial subject with the target disease or condition. Phase 1 trials of drug candidates also determine how a drug is absorbed, distributed, metabolized and excreted by the body and the duration of its action. In the case of vaccines, human subjects are monitored for desirable immune reactions and for undesirable side effects.

- Phase 2. Phase 2 clinical trials are typically designed to evaluate the potential effectiveness of the product in patients and to further ascertain the safety of the drug at the dosage given in a larger patient population. In the case of vaccine candidates, these tests are expected to demonstrate efficacy within the statistical limitations of the relatively small Phase 2 clinical trial study population, and further reduce concern that the product candidate may induce unwanted side effects.

- *Phase 3*. In Phase 3 clinical trials, the product is usually tested in one or more controlled, randomized trials comparing the investigational new drug or vaccine to an approved form of therapy or vaccination or placebo in an expanded and well defined patient population and at multiple clinical sites. The goal of these trials is t o obtain definitive statistical evidence of safety and effectiveness of the investigational new drug regimen or vaccine formulation as compared to a placebo or an approved standard therapy or vaccine in defined patient populations with a given disease and stage of illness, or exposed to a specific disease-causing agent such as a virus or bacterium.

- *Phase 4*. Clinical trials are studies required of or agreed to by a sponsor that are conducted after the FDA has approved a product for marketing. These studies are used to gain additional experience from the treatment of patients in the intended therapeutic indication and to document a clinical benefit in the case of drugs approved under accelerated approval regulations. If the FDA approves a product while a company has ongoing clinical trials that were not necessary for approval, a company may be able to use the data from these clinical trials to meet all or part of any Phase 4 clinical trial requirement. These clinical trials are often referred to as Phase 3/4 post approval clinical trials. Failure to promptly conduct Phase 4 clinical trials could result in withdrawal of approval for products approved under accelerated approval regulations.

After completion of Phase 1, 2 and 3 clinical trials, if there is substantial evidence that the drug or vaccine is safe and effective, a BLA is prepared and submitted for the FDA to review. We are not developing drugs as that term is defined by the FDA, and, therefore, if we successfully complete Phase 3 clinical trials, we would file a BLA for our vaccine or biologic candidate product. The BLA must contain all of the essential information on the product gathered to that date, including data from preclinical and clinical trials, and the content and format of a BLA must conform to all FDA regulations and guidelines. Accordingly, the preparation and submission of a BLA is a significant undertaking for a company.

A vaccine product for prevention of seasonal influenza must be modified frequently, usually each year, as the dominant strains of influenza virus change from season to season. Because these products must be modified so often, the regulations for their approval for marketing differ from biologic products that are not changed so frequently. FDA requirements specific to seasonal influenza vaccine products are described in the FDA document entitled “Clinical Data Needed to Support the Licensure of Seasonal Inactivated Influenza Vaccines.” Although we plan to develop subunit vaccines for seasonal influenza rather than inactivated virus vaccines, the safety and efficacy standards of the FDA will not be less stringent than those described in the cited guidance document.

In the case of a vaccine candidate intended to be used in the event of a pandemic influenza outbreak, the requirements for regulatory approval do not include a Phase 3 clinical trial. This is because it is not ethical to subject human subjects to infection with a disease agent they would not naturally be exposed to, such as a hypothetical avian influenza strain with pandemic potential. Therefore, a vaccine candidate for this use must undergo rigorous evaluation of safety in Phase 1 and Phase 2 clinical trials, but efficacy is measured by evaluating subjects’ immune responses rather than by assessing the effectiveness of the vaccine candidate in actually preventing disease. The details of the requirements for FDA approval of a vaccine candidate such as our potential vaccine for pandemic influenza are available in the FDA publication “FDA Guidance for Industry: Clinical Data Needed to Support the Licensure of Pandemic Influenza Vaccines.” A PDF copy of this publication can be downloaded from the FDA website at http://www.fda.gov/cber/gdlns/panfluvac.htm.

sponsor rather than accepting an application for filing. In this case, the application must be re-submitted with the additional information and, again, is subject to review before filing. Once the submission is accepted for filing, the FDA begins an in-depth review of the BLA. Most applications are reviewed by the FDA within 10 months of submission. The review process is often significantly extended by the FDA through requests for additional information and clarification. The FDA may refer the application to an appropriate advisory committee, typically a panel of clinicians, for review, evaluation and a recommendation as to whether the application should be approved. The FDA is not bound by the recommendation but typically gives it great weight. If the FDA evaluations of both the BLA and the manufacturing facilities are favorable, the FDA may issue either an approval letter or an approvable letter, the latter of which usually contains a number of conditions that must be satisfied in order to secure final approval. If the FDA's evaluation of the BLA submission or manufacturing facility is not favorable, the FDA may refuse to approve the application or issue a not approvable letter.

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.

Vaccine candidates that are intended for therapeutic use, such as our candidate for treatment of HPV, must also undergo rigorous safety evaluation. Once we have satisfied FDA requirements for initial demonstration of safety, we must then prove that the vaccine candidate is capable of inducing an immune response in humans that is specific to the disease target and strong enough to be likely to provide a treatment benefit. The vaccine candidate must then be tested successfully in human volunteers with the condition to be treated, and we must demonstrate statistically significant improvements in clinical

symptoms in patients who receive our experimental vaccine versus those who receive standard care or a placebo in the absence of a standard treatment.

There may be uncertainty regarding regulatory requirements for developing and obtaining marketing approval for an antibody expected to treat avian influenza infections. A product such as this may be regulated similarly to an avian influenza vaccine candidate, however the animal testing requirements will probably be much more substantial and costly due to the potential safety issues associated with the higher systemic doses of antibody required to achieve a therapeutic benefit versus the lower doses of a vaccine required to achieve a protective immune response.

Product Liability

Our business involves exposure to potential product liability risks that are inherent in the production and manufacture of pharmaceutical products. We have maintained product liability insurance until now 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. After the distribution and spin off, 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 we will increase our product liability coverage to $10 million per occurrence with a $10.0 million aggregate. 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 April 28, 2008, we had one part-time and four full-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 our employees. We expect to increase our number of employees to seven during the next 12 months. 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.

Facilities

Our facilities currently consist of approximately 500 square feet of office space at our headquarters located in Newark, Delaware, which is leased on a month-to-month basis from FhCMB. In this space, we house our administrative, clinical development, regulatory affairs and business development functions. We expect to expand our leased office space to approximately 1,500 square feet

during the next 12 months, and we believe this space will be adequate to run our operations and implement our business strategy since we will be outsourcing development and clinical trial work.

Legal Proceedings

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

OUR MANAGEMENT

Our Directors and Executive Officers

We expect that our board of directors following the distribution will be comprised of approximately seven to nine directors. Our board of directors is currently comprised of five members; Robert B. Kay, General James T. Hill, Vidadi Yusibov, Glenn Chang and John D. McKey, Jr., and we are actively seeking additional directors with expertise in biopharmaceutical product development and marketing. Specific individuals to fill these open director positions have not been identified at the present time. Messrs. Kay, Yusibov and Chang are also directors of Integrated BioPharma, and we expect that they will retain their positions with Integrated BioPharma after the distribution. Our board of directors is divided into three classes. Approximately one third of the directors will be Class I directors, with terms expiring at the annual meeting of stockholders to be held in 2009, approximately one third will be Class II directors with terms expiring at the annual meeting of stockholders to be held in 2010 and approximately one third will be Class III directors with terms expiring at the annual meeting of stockholders to be held in 2011. Commencing with the annual meeting of stockholders to be held in 2008, directors for each class will be elected at the annual meeting of stockholders held in the year in which the term for that class expires and thereafter will serve for a term of three years.

Our executive officers, directors and their ages as of June 12, 2008, are as follows:

Name	Age	Position
Robert B. Kay	67	Executive Chairman, Director
Robert L. Erwin	54	President
Dina L. Masi	46	Interim Chief Financial Officer
Geoffrey C. Schild	71	Chief Scientific Officer
Jennifer L. Kmiec	48	Vice President of Business Development and Marketing
General James T. Hill (ret.)	61	Director
Vidadi Yusibov	49	Director
Glenn Chang	59	Director
John D. McKey Jr.	64	Director

There are no family relationships among any of our directors, officers or key employees.

Director and officer biographies are as follows:

Robert B. Kay is the Executive Chairman and a Director of our Company. 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. Mr. Kay has served as a director of Integrated BioPharma, Inc. since November 2003.

Robert Erwin has served as President of BioStrategy, Inc. since October 2004. 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, and a member of the Research Committee of the American Society of Clinical Oncology. Mr. Erwin received his BS degree with Honors in Zoology and an MS degree in Genetics from Louisiana State University.

Dina L. Masi, is Interim Chief Financial Officer of our Company. Ms. Masi is also the Chief Financial Officer of Integrated BioPharma, Inc. and is acting as the interim Chief Financial Officer of the Company until we complete our search for this position. Ms. Masi joined Integrated BioPharma, Inc. on November 17, 2005. Previously, Ms. Masi operated a financial services consulting firm, DLM Accounting and Financial Services, LLC, providing accounting and financial services to small business owners and SEC registrants from May 2005 to November 2005. From June 2002 to December 2004, Ms. Masi served as the Chief Financial Officer and Senior Vice President of Prescott Funding, LLC, a licensed residential mortgage lender specializing in non-conforming consumer lending. Ms. Masi also served as the Chief Financial Officer and Senior Vice President of Fintek, Inc., a privately owned financial consulting services company, from July 2001 to September 2005 and as Management Information Officer from February 1998 to July 2001.

Geoffrey Schild, Ph.D., CBE, has served as the Chief Scientific Officer of our Company since April 2005. Dr. Schild has been involved in setting global standards for quality control of vaccines and has been an active scientific contributor to the World Health Organization (WHO) and is the former Chair of WHO's Advisory Committee on influenza composition. From 1985 to 2002, Dr. Schild was Scientific Director of the National Institute for Biological Standards and Control (NIBSC) and a member of the National Biological Standards Board in the UK. Following his retirement in 2002 until he joined us, Dr. Schild has focused on his roles as a director of the International Association for Biologicals (IABS) and Chairman of the International Society for Influenza and other Respiratory Virus Diseases (isirv).

Jennifer Kmiec has served as Vice President of Business Development and Marketing for our Company since May 2006. Ms. Kmiec has over 18 years of marketing, product management and operations experience in start-up biotechnology companies. Most recently, she was Vice President of Marketing for Athena Biotechnologies. Ms. Kmiec received her MBA from the University of California, Davis. She also holds a BS degree in Biology and began her career as a virologist. Ms. Kmiec currently serves on the Board of Directors of the Delaware BioScience Association and BioStrategy Partners.

James T. Hill, U.S. Army General (ret.), has served as a director of our Company since December 2005. 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.

Vidadi Yusibov is a director of our Company. Since 2001 Dr. Yusibov has served as Scientific Director and Executive Director of FhCMB, Newark, Delaware. Prior to his association with FhCMB he

was an assistant professor in the Department of Microbiology and Immunology at Thomas Jefferson University, Philadelphia, Pennsylvania. Dr. Yusibov has been a director of Integrated BioPharma, Inc. since February 2006.

Glenn Chang is a director of our Company. 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. Mr. Chang has served as a director of Integrated BioPharma, Inc. since November 2003.

John D. McKey Jr. is a director of our Company. 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.

Scientific Advisors

Our scientific advisors consult with us regularly on matters relating to:

- our research and development programs;
- the design and implementation of our clinical trials;
- market opportunities from a clinical perspective;
- new technologies relevant to our research and development programs; and
- scientific and technical issues relevant to our business.

Our principal scientific advisors are:

Advisor	Affiliation	Expertise
Burt D. Ensley, Ph.D.	DermaPlus, Inc.	Genetic Engineering
Reinhard Glueck, Ph.D.	Crucell-Berna Biotech	Vaccine Development and Production
William F. Hartman, Ph.D.	Fraunhofer USA, Inc.	Technology Development
John Petricciani, M.D	International Association for Biologicals	Clinical Development and Regulatory Affairs
Stanley A. Plotkin, M.D.	Sanofi Pasteur	Vaccine Development
Philip K. Russell, Ph.D	U.S. Army (retired) and the Sabin Institute	Vaccine Development
Sir John Skehel, Ph.D.	National Institute for Medical Research, U.K. (retired)	Virology
Jean-Louis Virelizier, M.D.	Institut Pasteur (retired)	Immunology
Vidadi Yusibov, Ph.D.	Fraunhofer USA Center for Molecular Biotechnology	Plant Molecular Biology

Board Committees

Our board of directors has the authority to appoint committees to perform certain management and administrative functions. Our board of directors currently has no committees but will constitute an audit committee prior to the distribution. We expect it to be comprised of Messrs. Hill and Chang.

Our board of directors has determined that Messrs. Hill, Chang, McKey and Yusibov are "independent directors" as such term is defined in Rule 4200(a)(15) of the NASDAQ Marketplace Rules.

Annual Meeting

Our first annual meeting of stockholders after the distribution is expected to be held in late 2008. This will be an annual meeting of stockholders for the election of directors. The annual meeting will be held at our principal office or at such other place or by electronic means as permitted by the Delaware laws and on such date as may be fixed from time to time by resolution of our board of directors.

Corporate Governance

In response to recent federal legislation, prior to the distribution, we will:

- adopt a charter for the audit committee;
- adopt a code of business conduct and ethics applicable to our directors, officers and employees; and
- confirm that at least one member of the audit committee possesses training, education and experience in finance or accounting resulting in a level of financial sophistication as required by applicable rules.

Director Compensation

First-year director compensation for our non-employee directors will consist of a one time grant of 20,000 shares of our common stock and cash compensation of $1,500 per quarter.

Directors who are also our employees, or employees of Integrated BioPharma, will receive no additional compensation for their service as directors.

Executive Compensation

Summary Compensation Table

The following table contains information concerning the Company's chief executive officer and other executive officers who received a salary and bonus totaling $100,000 or more during fiscal 2007 (as a group, the "named executive officers"). There were no bonuses earned or paid during fiscal 2007.

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)	Option Awards ($)(1)	Non-Equity Incentive Plan Compensation ($)	Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)(2)	Total ($)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Robert B. Kay Executive Chairman	2007	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ 20,443	$20,443
Dina L. Masi Interim Chief Financial Officer	2007	-0-	-0-	-0-	-0-	-0-	-0-	9,902	9,902
Jennifer Kmiec Vice President, Business Development & Marketing	2007	110,000	-0-	-0-	24,657	-0-	-0-	-0-	134,657

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(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, 2007 in accordance with SFAS No. 123(R) and thus include amounts from awards granted prior to 2007. The options are for Integrated BioPharma, Inc.'s common stock and represents the dollar amount directly allocated to iBioPharma through the Intercompany Account.

(2) The amounts in this column reflect the dollar amount charged to iBioPharma, Inc. as a component of the Corporate Support charges during the Fiscal Year ended June 30, 2007.

After the distribution, the salaries of our named executive officers will be as follows:

Name and Principal Position	Salary ($)
Robert B. Kay Executive Chairman	$150,000
Robert L. Erwin President	$200,000
Dina L. Masi Interim Chief Financial Officer	-0-
Jennifer Kmiec Vice President, Business Development & Marketing	$130,000
Geoffrey C. Schild Chief Scientific Officer	$30,000

There is currently no bonus program established.

Outstanding Equity Awards at Fiscal Year-End

There were no outstanding equity awards for the named executive officers at June 30, 2007.

Director Compensation

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)(1)	Option Awards ($)(2)	Non-Equity Incentive Plan Compensation ($)	Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
(a)	(b)	(e)	(f)	(g)	(h)	(i)	(j)
Robert B. Kay (3)	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-
General James T. Hill (ret.) (1)	25,000	3,786	23,722	-0-	-0-	-0-	52,508
E. Gerald Kay (4)	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Riva Kay Sheppard (4)	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Christina Kay (4)	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Seymour Flug (5)	-0-	-0-	-0-	-0-	-0-	-0-	-0-

(1) Represents the dollar amount recognized for financial statement reporting purposes with respect to fiscal year 2007 for outstanding RSUs in accordance with FAS 123R. These RSU's were issued by our Parent, Integrated BioPharma, Inc., and were expensed in our financial statements with a corresponding amount charged to our intercompany account with Integrated BioPharma, Inc.

(2) Represents the dollar amount recognized for financial statement reporting purposes with respect to fiscal year 2007 outstanding stock options in accordance with FAS 123R. These RSU's were issued by our Parent, Integrated BioPharma, Inc., and were expensed in our financial statements with a corresponding amount charged to our intercompany account with Integrated BioPharma, Inc.

(3) Did not receive compensation in capacity as director, but compensation as a named executive officer is disclosed above.

(4) Resigned as a member of our board of directors effective as of December 31, 2007.

(5) Resigned as a member of our board of directors effective as of September 7, 2007.

Employment Agreements

The Company currently does not have any employment contracts or other similar agreements or arrangements with any of its executive officers and does not expect to have any in place at the time of the distribution.

401(k) Plan

We expect to establish a 401(k) plan, similar to the plan in place for Integrated BioPharma, that will permit participating employees to contribute a portion of their compensation to the plan on a pre-tax basis.

Stock Option Plan

We expect to establish a stock option plan similar to the plan in place for Integrated BioPharma and plan to reserve approximately 7,500,000 to 10,000,000 shares of common stock to be issued to employees under this plan.

RELATIONSHIP BETWEEN OUR COMPANY AND INTEGRATED BIOPHARMA, INC.

Historical Relationship with Integrated BioPharma

We have been a subsidiary of Integrated BioPharma since February 21, 2003. As a result, in the ordinary course of our business, we have received various services provided by Integrated BioPharma, including treasury, tax, legal, investor relations, executive oversight and other services. Integrated BioPharma has also provided us with the services of a number of its executives and employees, including currently our chief financial officer. 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 consider to be reasonable reflections of the use of these services. Integrated BioPharma allocated to us $430,300, $367,200 and $194,500 in years ended June 30, 2007, 2006 and 2005, respectively, and $264,400 and $366,300 in the nine months ended March 31, 2008 and 2007, respectively, of expenses it incurred for providing us these services.

Integrated BioPharma's Distribution of Our Stock

Integrated BioPharma owns all of our common stock until completion of the distribution. In connection with the distribution, Integrated BioPharma is distributing its equity interest in us to its stockholders in a transaction that is intended to be tax-free to Integrated BioPharma and its U.S. stockholders. The distribution will be subject to a number of conditions, some of which are more fully described below under "Agreements Between Us and Integrated BioPharma—Separation and Distribution Agreement." Integrated BioPharma may, in its sole discretion, change the terms of the distribution or decide not to complete the distribution before the distribution date.

Agreements Between Us and Integrated BioPharma

This section describes the material provisions of agreements between us and Integrated BioPharma. We encourage you to read the full text of these material agreements. We have entered or will enter into these agreements 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. See "Risk Factors—Risks Relating to Our Relationship with Integrated BioPharma."

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.

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 will govern. We describe these agreements more fully below.

Intercompany Payable. We are indebted to Integrated BioPharma in an amount of approximately $7.6 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 will be converted into equity as a capital contribution to us, and, Integrated BioPharma will own 5.4% of our outstanding shares of common stock as of the Record Date when also taking into account the completion of the private placement as described herein. The remaining balance of approximately $4.9 million will be contributed to capital just prior to the spin-off and will not result in any new shares issued to Integrated BioPharma of iBioPharma.

The Spin-Off. Under the separation and distribution agreement, we are obligated to:

- prepare and send to Integrated BioPharma's stockholders this information statement and other information concerning us, the spin-off and other matters that Integrated BioPharma reasonably determines is necessary or required by law before the spin-off becomes effective;
- prepare and file with the SEC the documentation to effect the spin-off and use our reasonable commercial efforts to obtain all necessary approvals from the SEC; and
- take the actions necessary under the securities or blue sky laws of the United States and any comparable laws under any foreign jurisdiction.

Integrated BioPharma may, at its sole discretion, change the terms of the spin-off, including the date of the spin-off, or decide not to complete the spin-off. Integrated BioPharma intends to complete the spin-off subject to the following conditions, any of which Integrated BioPharma may waive:

- the Form 10 shall be effective under the Exchange Act, with no stop order in effect with respect thereto, and this information statement shall have been mailed to Integrated BioPharma's stockholders;
- the actions and filings necessary under state securities and blue sky laws of the United States and any comparable laws under any foreign jurisdictions must have been taken and become effective;

the legal opinion Integrated BioPharma has received from Greenberg Traurig, LLP with respect to the tax treatment of the spin-off shall not have been revoked or modified by Greenberg Traurig in any material respect and continues to be in effect;

- the certificate of incorporation and by-laws described below under "Description of Capital Stock" must be in effect;
- each ancillary agreement must be duly executed and delivered and be in full force and effect;
- all material government approvals necessary to complete the spin-off must be in effect;
- no legal restraints may exist preventing the spin-off and no other event outside the control of Integrated BioPharma has occurred or failed to occur that prevents the completion of the spin-off; and
- nothing shall have happened that makes the spin-off inadvisable in the judgment of Integrated BioPharma's board of directors.

Integrated BioPharma Consent. We agree that we may not, without the consent of the Integrated BioPharma board of directors, issue additional shares of our common stock, or enter into a transaction that would constitute a change of more than 50% of the ownership of our common stock from such ownership as of the distribution date, or sell or transfer a material portion of our business or assets.

Information Exchange. We and Integrated BioPharma agree 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 will also agree:

- 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 will agree:

to use reasonable commercial efforts to cause our auditors to date their opinion on our audited annual financial statements on the same date that Integrated BioPharma's auditors date their opinion on Integrated BioPharma's consolidated financial statements and to enable Integrated BioPharma to meet its timetable for the printing, filing and the dissemination to the public of any of its annual financial statements that include any financial reporting period for which our financial results are consolidated with Integrated BioPharma's financial statements;

- 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 will pay our respective out-of-pocket costs and expenses incurred with respect to the distribution.

Termination and Amendment of the Agreement. Integrated BioPharma may amend the separation and distribution agreement at any time prior to the consummation of the distribution without our approval. Integrated BioPharma in its sole discretion can terminate the separation and distribution agreement and all ancillary agreements at any time before the consummation of the distribution. Neither we nor Integrated BioPharma may terminate the separation and distribution agreement at any time after the consummation of the distribution unless the other agrees.

Indemnification and Insurance Matters Agreement

Indemnification . In general, under the indemnification and insurance matters agreement, we will agree 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 this information statement;

- our assets or businesses;

- the management or conduct of 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 will agree 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; and

- 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 will not be 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 will have the right to control the defense of third-party claims for which it is obligated to provide indemnification, except that Integrated BioPharma will have 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.

and maintaining insurance programs for our risk of loss and our insurance arrangements will be separate from Integrated BioPharma's insurance programs.

Disputes. Any disputes under this agreement are subject to non-binding mediation and if not resolved at that stage, then by binding arbitration. Any arbitration will be conducted by an impartial arbitrator selected by us and Integrated BioPharma.

Offset. Integrated BioPharma will be 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 will enter 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 or will pay to Integrated BioPharma prior to the distribution or in connection with the filing of relevant tax returns. Integrated BioPharma will 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 will be 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 will also be 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 will also be 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.

Transitional Services Agreement. The transitional services agreement we will enter into with Integrated BioPharma will permit us to continue to use certain corporate services previously provided to us by Integrated BioPharma as a subsidiary corporation in exchange for a management charge. After the distribution the scope of these services will be limited to legal, strategic financial planning and SEC eporting, and tax services by certain Integrated BioPharma corporate employees. In exchange for these services, we expect to pay approximately $50,000 for certain financial and tax services over an estimated period of six months.

SECURITY OWNERSHIP OF MANAGEMENT

Prior to the distribution, 100% of all of the outstanding shares of our common stock are owned beneficially and of record by Integrated BioPharma. To the extent directors and executive officers own

distribution on the same basis as other holders of Integrated BioPharma common stock. The following table sets forth information with respect to the projected beneficial ownership of our outstanding common stock, immediately following the completion of the distribution, by:

- 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 our chief executive officer; and
- all of our directors, director nominees and executive officers as a group.

The projections below are based on the number of shares of Integrated BioPharma common stock beneficially owned by each person or entity at the record date as evidenced by Integrated BioPharma's records and a review of statements filed with the Securities and Exchange Commission pursuant to Sections 13(d) or 13(g) and Section 16(a) of the Exchange Act. References in the footnotes below to stock options refer to stock options held by such persons in Integrated BioPharma. Such stock options will not be converted into stock options to purchase our common stock, but they are listed as beneficially owned in this table because the holders have the ability to exercise the stock options prior to the record date and receive additional shares of our common stock upon the distribution.

The share amounts in the table will not change unless there is a change in the exchange ratio of the distribution. The percentage ownership of our common stock immediately following the distribution will be approximately the same as the percentage ownership of such person or entity immediately prior to the distribution. Except as set forth in the table below, upon completion of the distribution, we do not expect any person to own more than five percent of our outstanding common stock.

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 Integrated BioPharma Inc., 225 Long Avenue, Hillside, New Jersey 07205.

	Number of Shares	Percent of Shares	
Name of Beneficial Owner	**Beneficially Owned (1)**		**Beneficially Owned (2)**
E. Gerald Kay	5,425,222	(3)	34.4%
Carl DeSantis	5,571,977	(4)	30.9%
Robert B. Kay	1,236,295	(5)	8.2%
Riva Sheppard	1,236,133	(6)	8.1%
Christina Kay	1,236,133	(6)	8.1%
Seymour Flug	1,233,699	(7)	8.0%
Imperium Master Fund LTD	1,051,124	(8)	6.7%
Glenn Chang	91,250	(9)	*
Dina Masi	63,334	(10)	*
Vidadi M. Yusibov	40,250	(11)	*
Robert L. Erwin	-		*
Geoffrey C. Schild	-		*
Jennifer L. Kmiec	6,666	(12)	*
General James T. Hill	18,400	(13)	*
Directors and executive officers as a group (10 persons)	14,925,661	(14)	71.3%

(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 May 15, 2008, 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 14,691,126 shares of Integrated BioPharma common stock outstanding on May 15, 2008.

(3) Includes (i) 819,629 shares of common stock held by EGK LLC, of which Mr. Kay is the manager, and (ii) 1,067,853 shares of common stock issuable upon exercise of presently exercisable stock options. 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) 819,629 shares owned by CDS Group Holdings, LLC, of which Mr. DeSantis is the manager, (ii) 3,220,543 shares of commons stock issuable upon exercise of conversion rights of debt and equity securities owned by CD Financial, LLC, of which Mr. DeSantis is the manager, (iii) 53,375 shares of common stock issuable upon exercise of presently exercisable stock options, (iv) 50,000 shares issuable on May 21, 2008 as additional shares under convertible debt obligation and (v) 1,750 shares of common stock issuable from vested Restricted Stock Units.

(5) Includes (i) 819,629 shares of common stock held by EVJ LLC, of which Mr. Kay is the manager, and (ii) 405,333 shares of common stock issuable upon exercise of presently exercisable stock options.

(6) Includes 621,999 shares of common stock issuable upon exercise of presently exercisable stock options. Shares dispositive power with E. Gerald Kay with respect to 169,358 shares of common stock.

(7) Includes 655,333 shares of common stock issuable upon exercise of presently exercisable stock options.

(8) Includes 967,551 shares of common stock issuable upon exercise of conversion rights of equity securities.

(9) Includes (i) 79,975 shares of common stock issuable upon exercise of presently exercisable stock options and (ii) 1,750 shares of common stock issuable from vested Restricted Stock Units.

(10) Includes 54,267 shares of common stock issuable upon exercise of presently exercisable stock options.

(11) Includes (i) 28,975 shares of common stock issuable upon exercise of presently exercisable stock options and (ii) 1,750 shares of common stock issuable from vested Restricted Stock Units.

(12) Includes 6,666 shares of common stock issuable upon exercise of presently exercisable stock options.

(13) Includes 15,000 shares of common stock issuable upon exercise of presently exercisable stock options.

(3) Includes (i) 2,[illegible] shares of common stock issuable upon exercise of presently exercisable stock options, (ii) 3,220,543 shares of commons stock issuable upon exercise of conversion rights of debt and equity securities, (iii) 50,000 shares issuable on May 21, 2008 as additional shares under convertible debt obligation and (iv) 5,250 shares of common stock issuable from vested Restricted Stock Units.

* Less than 1.0%

DESCRIPTION OF CAPITAL STOCK

The following information reflects our Certificate of Incorporation and By-laws as we expect these documents will be in effect at the time of the distribution.

Authorized Capital Stock

Immediately following the distribution, the Company's authorized capital stock will consist of 50,000,000 shares of common stock, par value of $0.001 per share, and 1,000,000 shares of preferred stock. Immediately following the distribution, approximately 17,365,497 shares of the Company's common stock will be issued and outstanding, based on 14,691,126 outstanding shares of Integrated BioPharma as of the Distribution Date, excluding Integrated BioPharma treasury stock, 937,731 additional shares issued upon the conversion of Integrated BioPhamra's conversion of its intercompany account of $7.6 million to capital and 1,736,540 additional shares issued in connection with the Private Placement of $5.0 million of new capital. No shares of the Company's preferred stock will be outstanding as of the effective date of the distribution.

Common Stock

The holders of our common stock will be entitled to one vote for each share on all matters voted on by stockholders, including elections of directors, and, except as otherwise required by law or provided in any resolution adopted by our Board with respect to any series of preferred stock, the holders of such shares will possess all voting power. Subject to any preferential rights of any outstanding series of our preferred stock created by our Board from time to time, the holders of common stock will be entitled to such dividends as may be declared from time to time by our board from funds available therefor and upon liquidation will be entitled to receive pro rata the value of all assets available for distribution to such holders.

The holders of our common stock will have no preemptive rights. The rights, preferences and privileges of holders of common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of preferred stock that we may designate and issue in the future. All outstanding shares of our common stock are, and after the distribution will continue to be, fully paid and non-assessable.

Preferred Stock

Under the amended and restated Certificate of Incorporation, the Board of Directors has the authority, without further action by stockholders, to issue up to 1,000,000 shares of preferred stock. The board may issue preferred stock in one or more series and may determine the rights, preferences, privileges, qualifications and restrictions granted to or imposed upon the preferred stock, including dividend rights, conversion rights, voting rights, rights and terms of redemption, liquidation preferences and sinking fund terms, any or all of which may be greater than the rights of the common stock. The issuance of preferred stock could adversely affect the voting power of holders of common stock

and reduce the likelihood that common stockholders will receive dividend payments and payments upon liquidation. The issuance of preferred stock could also have the effect of decreasing the market price of the common stock and could delay, deter or prevent a change in control of our Company. We have no present plans to issue any shares of preferred stock.

Anti-Takeover Provisions

In addition to the agreement we have entered into with Integrated BioPharma that for 2 years following the distribution requires us to obtain the consent of the Integrated BioPharma Board of Directors to any transaction or issuance of our common stock that could result in a change in control of iBioPharma, various provisions contained in our amended and restated Certificate of Incorporation and By-laws could delay or discourage some transactions involving an actual or potential change in control of us or our management. These provisions may limit the ability of stockholders to remove current management or approve transactions that stockholders may deem to be in their best interests and could adversely affect the price of our common stock. These provisions contained in our amended and restated Certificate of Incorporation and By-laws could delay or discourage some transactions involving an actual or potential change in control of us or our management and may limit the ability of stockholders to remove current management or approve transactions that stockholders may deem to be in their best interests and could adversely affect the price of our common stock. These provisions:

- authorize our board of directors to establish one or more series of undesignated preferred stock, the terms of which can be determined by the board of directors at the time of issuance;
- divide our board of directors into three classes of directors, with each class serving a staggered three-year term. As the classification of the board of directors generally increases the difficulty of replacing a majority of the directors, it may tend to discourage a third party from making a tender offer or otherwise attempting to obtain control of us and may maintain the composition of the board of directors;
- prohibit cumulative voting in the election of directors. Under cumulative voting, a minority stockholder holding a sufficient percentage of a class of shares may be able to ensure the election of one or more directors;
- establish advance notice requirements for submitting nominations for election to the board of directors and for proposing matters that can be acted upon by stockholders at a meeting;
- allow our directors, not our stockholders, to fill vacancies on our board of directors; and
- provide that the authorized number of directors may be changed only by resolution of the board of directors.

Market Price

There have not been any sales of the iBioPharma common stock prior to the distribution, and therefore there is no market price for the shares.

Recent Sales

There have not been any sales of the iBioPharma common stock prior to the distribution.

Transfer Agent and Registrar

Continental Stock Transfer & Trust Company will be the transfer agent and registrar for our common stock.

OTC Bulletin Board Listing

We expect our common stock to be quoted on the OTC Bulletin Board under the symbol "____."

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 will enter 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.

We intend to furnish the holders of our common stock with annual reports containing financial statements audited by an independent public accounting firm. We also intend to furnish other reports as we may determine or as required by law.

After the distribution, we will be subject to the informational requirements of the Securities Exchange Act of 1934 and will, therefore, be required to file reports, proxy statements and other information with the Securities and Exchange Commission. Information that we file with the Securities and Exchange Commission after the date of this information statement will automatically supersede the information in this information statement and any earlier filed incorporated information. You may read these reports, proxy statements and other information and obtain copies of these documents and information as described above.

No person is authorized to give any information or to make any representations other than those contained in this information statement, and, if given or made, such information or representations must not be relied upon as having been authorized. Neither the delivery of this information statement nor any distribution of securities made hereunder shall imply that there has been no change in the information set forth herein or in our affairs since the date hereof.

We have audited the accompanying balance sheets of INB: Biotechnologies, Inc. (a wholly owned subsidiary of Integrated BioPharma, Inc.) as of June 30, 2007 and 2006, and the related statements of operations, stockholder's deficiency, and cash flows for each of the three years in the period ended June 30, 2007. 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 audits.

We conducted our audits 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 audits provide 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 INB: Biotechnologies, Inc. (a wholly owned subsidiary of Integrated BioPharma, Inc.) as of June 30, 2007 and 2006, and the results of its operations and its cash flows for each of the three years in the period ended June 30, 2007 in conformity with U.S. generally accepted accounting principles.

s/ Amper, Politziner, & Mattia P.C.

March 6, 2008
Edison, New Jersey

(A Wholly Owned Subsidiary of Integrated BioPharma, Inc.)
BALANCE SHEETS

	As of March 31, 2008	As of June 30, 2007	2006
Assets	**(unaudited)**		
Current Assets:			
Cash	$ 56,654	$ 18,837	$ 4,396
Accounts receivable, net	246,340	145,699	6,523
Other assets	44,136	11,436	12,626
Total current assets	347,130	175,972	23,545
Fixed assets, net	14,594	14,594	-
Intangible assets, net	3,341,976	3,324,225	1,801,218
Other investments	-	253,500	-
Total Assets	$ 3,703,700	$ 3,768,291	$ 1,824,763
Liabilities and Stockholder's Equity:			
Current Liabilities:			
Other payables	$ 1,050,000	$ 700,000	$ -
Accounts payable	130,749	353,534	67,211
Accrued expenses and other current liabilities	496,348	368,765	56,236
Total Current Liabilities	1,677,097	1,422,299	123,447
Due to Parent	7,599,460	6,329,269	4,368,559
Other payables	-	350,000	-
	9,276,557	8,101,568	4,492,006
Commitments and Contingencies			
Stockholder's Deficiency:			
Preferred Stock, no par value; 2,000,000 authorized; no shares issued or outstanding	-	-	-
Common Stock, no par value; 8,000,000 shares authorized; 100 shares issued and outstanding	575,000	575,000	575,000
Accumulated deficit	(6,147,857)	(4,908,277)	(3,242,243)
Total Stockholder's Deficiency	(5,572,857)	(4,333,277)	(2,667,243)
Total Liabilities and Stockholder's Deficiency	$ 3,703,700	$ 3,768,291	$ 1,824,763

See accompanying notes to financial statements.

INB: BIOTECHNOLOGIES, INC.
(A Wholly Owned Subsidiary of Integrated BioPharma, Inc.)
STATEMENTS OF OPERATIONS

	For the Nine Months Ended March 31,		For the Fiscal Year Ended June 30,		
	2008	2007	2007	2006	2005
	(unaudited)				
Sales, net	$ 893,855	$ 664,321	$ 896,273	$ 18,680	$ 21,082
Cost of sales	446,425	329,818	445,721	1,911	-
Gross profit	447,430	334,503	450,552	16,769	21,082
Research and development	250,000	223,225	673,225	429,554	181,742
Selling and administrative expenses	1,433,350	932,450	1,442,510	1,024,603	987,360
Total operating expenses	1,683,350	1,155,675	2,115,735	1,454,157	1,169,102
Operating loss before income tax expense	(1,235,920)	(821,172)	(1,665,183)	(1,437,388)	(1,148,020)
Income tax expense (benefit)	3,660	851	851	(485,236)	1,000
Net loss	$ (1,239,580)	$ (822,023)	$ (1,666,034)	$ (952,152)	$ (1,149,020)
Net loss per common share:					
Basic and diluted	$ (12,395.80)	$ (8,220.23)	$ (16,660.34)	$ (9,521.52)	$ (11,490.20)
Weighted average common shares outstanding	100	100	100	100	100

See accompanying notes to financial statements.

INB: BIOTECHNOLOGIES, INC.
(A Wholly Owned Subsidiary of Integrated BioPharma, Inc.)
CONSOLIDATED STATEMENTS OF STOCKHOLDER'S DEFICIENCY
FOR THE YEARS ENDED JUNE 30, 2007, 2006 AND 2005 and
THE NINE MONTHS ENDED MARCH 31, 2008 (Unaudited)

	Common Stock		Accumulated	Total Stockholder's
	Shares	Par Value	Deficit	Deficiency
Balance, July 1, 2004	100	$ 575,000	$ (1,141,071)	$ (566,071)
Net loss	-	-	(1,149,020)	(1,149,020)
Balance, June 30, 2005	100	575,000	(2,290,091)	(1,715,091)
Net loss	-	-	(952,152)	(952,152)
Balance, June 30, 2006	100	575,000	(3,242,243)	(2,667,243)
Net loss	-	-	(1,666,034)	(1,666,034)
Balance, June 30, 2007	100	575,000	(4,908,277)	(4,333,277)
Net loss, (unaudited)	-	-	(1,239,580)	(1,239,580)
Balance, December 31, 2007 (unaudited)	100	$ 575,000	$ (6,147,857)	$ (5,572,857)

See accompanying notes to financial statements

(A Wholly Owned Subsidiary of Integrated BioPharma, Inc.)
STATEMENTS OF CASH FLOWS

	For the Nine Months Ended March 31,		For the Fiscal Years Ended June 30,		
	2008	**2007**	**2007**	**2006**	**2005**
Cash flows from operating activities:	**(unaudited)**				
Net loss	$ (1,239,580)	$ (822,023)	$ (1,666,034)	$ (952,152)	$ (1,149,020)
Adjustments to reconcile net loss to net cash used in operating activities:					
Depreciation and amortization	185,028	175,465	322,043	161,729	95,833
Allowance for doubtful accounts	-	-	2,250	-	-
Loss on investment	253,500	-	-	-	-
Non-cash compensation	41,964	27,594	33,747	-	-
Changes in assets and liabilities					
(Increase) decrease in:					
Accounts receivable	(100,641)	(220,878)	(141,426)	(4,072)	(1,793)
Other assets	24,359	(17,883)	1,190	(11,873)	(753)
(Decrease) increase in:					
Accounts payable	(222,785)	(20,674)	286,323	(15,075)	29,232
Accrued expenses and other liabilities	127,583	76,581	312,529	(137,308)	162,356
Net cash used in operating activities	(930,572)	(801,818)	(849,378)	(958,751)	(864,145)
Cash flows from investing activities:					
Purchase of intangible assets	(202,779)	(480,872)	(795,051)	(837,947)	(500,000)
Purchases of fixed assets	-	(8,702)	(14,594)	-	-
Purchases of other investments	-	(253,500)	(253,500)	-	-
Net cash used in investing activities	(202,779)	(743,074)	(1,063,145)	(837,947)	(500,000)
Cash flows from financing activities:					
Advances from Parent, net	1,171,168	1,556,394	1,926,964	1,793,622	1,342,408
Net cash provided by financing activities	1,171,168	1,556,394	1,926,964	1,793,622	1,342,408
Net increase (decrease) in cash	37,817	11,502	14,441	(3,076)	(21,737)
Cash at beginning of period	18,837	4,396	4,396	7,472	29,209
Cash at end of period	$ 56,654	$ 15,898	$ 18,837	$ 4,396	$ 7,472
Supplemental disclosures of cash flow information:					
Cash paid during the periods for:					
Interest	$ -	$ -	$ -	$ -	$ -
Income taxes	$ 3,660	$ 851	$ 851	$ 575	$ 1,000
Supplemental disclosures of Non-cash transactions:					
Obligation under agreement to purchase intellectual property	$ 1,050,000	$ 1,400,000	$ 1,050,000	$ 1,650,000	$ 2,250,000
Non-cash compensation	$ 41,964	$ 27,594	$ 33,747	$ -	$ -

See accompanying notes to financial statements.

Note 1. Basis of Presentation and Business

The accompanying financial statements for the interim periods are unaudited and include the accounts of the Company. The interim financial statements have been prepared in conformity with Rule 10-01 of Regulation S-X of the Securities and Exchange Commission ("SEC") and therefore do not include information or footnotes necessary for a complete presentation of financial position, results of operations and cash flows in conformity with accounting principles generally accepted in the United States of America. However, all adjustments (consisting only of normal recurring adjustments) which are, in the opinion of management, necessary for a fair presentation of the financial position and operating results for the periods presented have been included. These financial statements should be read in conjunction with the financial statements and notes thereto, together with Management's Discussion and Analysis of Financial Condition and Results of Operations, contained in the Company's Registration Statement on Form 10-12G, filed herewith for the fiscal year ended June 30, 2007, with the SEC. The results of operations for the nine months ended March 31, 2008 are not necessarily indicative of the results for the full fiscal year ending June 30, 2008 or for any other period.

INB: Biotechnologies, Inc., a New Jersey corporation (the "Company") and a wholly owned subsidiary of Integrated BioPharma, Inc. (the "Parent" or "INB"), is engaged primarily in the biotechnology business, which is focused on the discovery, development and commercialization of proprietary products from plants. The Company is developing its patented plant-based expression technologies for the production of vaccines, antibodies and other therapeutic proteins. The Company is also using plants as sources of novel, high quality nutritional supplements. The Company's patented process for the hydroponic growth of edible plants causes them to accumulate high levels of important nutritional minerals. The Company's customers are located primarily in the United States. The Company was previously known as Nucycle Therapy, Inc. and was incorporated on April 15, 1993 as Phytotech, Inc.

On November 9, 2007, the Board of Directors of our Parent, approved a plan to distribute its equity interests in the Company to its stockholders. This process is commonly referred to as a spin-off. Stockholders of our Parent will receive one share of the Company's common stock for each share of common stock owned of our Parent as of the record date.

Following the spin-off, the Company will be a public company with stock traded on the OTC Bulletin Board. Owners of common stock or our Parent on the record date, the effective date of the spin-off, will own shares in both our Parent and the Company. The Company will apply to have its common stock listed on the OTC Bulletin Board under a to be determined symbol.

The basis for presenting segment results generally is consistent with overall Company reporting. The Company reports information about its operating segments in accordance with Financial Accounting Standard Board Statement No. 131, "Disclosure About Segments of an Enterprise and Related Information," which establishes standards for reporting information about a company's operating segments.

The Company is operating in one business segment for all periods presented.

Note 2. **Summary of Significant Accounting Policies**

Estimates. The preparation of financial statements in conformity with generally accepted accounting principles 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. The most significant estimates include:

- sales returns and allowances;
- allowance for doubtful accounts;
- valuation and recoverability of long-lived and intangible assets and goodwill, including the values assigned to acquired intangible assets;
- income taxes and valuation allowance on deferred income taxes, and;
- accruals for, and the probability of, the outcome of current litigation, if any.

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.

Revenue Recognition. The Company recognizes revenue upon shipment of the product. The Company believes that recognizing revenue at shipment is appropriate because the Company's sales policies meet the four criteria of SAB 104 which are: (i) persuasive evidence that an arrangement exists, (ii) delivery has occurred, (iii) the seller's price to the buyer is fixed and determinable and (iv) collectability is reasonably assured. The Company's sales policy is to require customers to provide purchase orders establishing selling prices and shipping terms. The Company evaluates the credit risk of each customer and establishes an allowance of doubtful accounts for any credit risk. Sales returns and allowances are estimated upon shipment.

Shipping and Handling Costs. Shipping and handling costs are included in cost of sales.

Research and Development Costs. Research and Development costs are expensed as incurred. The Company incurred $250,000 and approximately $223,000 in the nine months ended March 31, 2008 and 2007, respectively and approximately $673,000, $419,000 and $182,000 in the fiscal years ended June 30, 2007, 2006 and 2005, respectively.

Stock-Based Compensation. As of March 31, 2008, the Company has no stock-based compensation plans. Prior to the spin-off, non-cash compensation earned by employees and directors of the Company were the result of stock options and restricted stock unit awards issued under the Parent's stock based compensation plan.

Income Taxes. The Company elected in its fiscal year ended 2003, the fiscal year that it was acquired by INB, to file its federal income tax return as part of the consolidated federal tax return of INB, its parent company, and accordingly has not filed separate tax returns with the Internal Revenue Service since it has been a wholly owned subsidiary of INB. For state and local income taxes the Company has and continues to file tax returns separate from its Parent. The Parent and the Company account for the Company's federal tax liabilities on the "separate company basis" method in accordance with FAS 109, Accounting for Income Taxes. Under this method, the Company records tax expense and related deferred tax benefits in a manner comparable to that which it would record if it were not affiliated with INB.

The Company accounts for income taxes using the 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 Per Share. In accordance with SFAS No. 128, "Earnings Per Share," basic earnings per common share are based on weighted average number of common shares outstanding. Diluted earnings per share amounts are based on the weighted average number of common shares outstanding, plus the incremental shares that would have been outstanding upon the assumed exercise of all potentially dilutive stock options, warrants and convertible preferred stock, subject to antidilution limitations.

For the nine months ended March 31, 2008 and 2007 and for the fiscal years ended June 30, 2007, 2006 and 2005, the Company did not have any derivative securities outstanding which would result in the dilution of earnings per share.

Fair Value of Financial Instruments. Generally accepted accounting principles require disclosing the fair value of financial instruments to the extent practicable for financial instruments which are recognized or unrecognized in the balance sheet. The fair value of the financial instruments disclosed herein is not necessarily representative of the amount that could be realized or settled, nor does the fair value amount consider the tax consequences of realization or settlement.

In assessing the fair value of financial instruments, the Company uses a variety of methods and assumptions, which are based on estimates of market conditions and risks existing at the time. For certain instruments, including cash and cash equivalents, accounts receivable, notes receivable, accounts payable, and accrued expenses, it was estimated that the carrying amount approximated fair value because of the short maturities of these instruments.

Accounts Receivable. In the normal course of business, the Company extends credit to customers. Accounts receivable, less allowance for doubtful accounts, reflect the net realizable value of receivables, and approximate fair value. The Company believes there is no concentration of credit risk with any single customer whose failure or nonperformance would materially affect the Company's results other than as discussed in Note 7(c) – Significant Risks and Uncertainties – Major Customers. On a regular basis, the Company evaluates its accounts receivables and establishes an allowance for doubtful accounts based on a combination of specific customer circumstances, credit conditions, and historical write-off and collections. The allowance for doubtful accounts as of March 31, 2008 and June 30, 2007 was $2,250 and as of June 20, 2006, none. Accounts receivable are charged off against the allowance after management determines the potential for recovery is remote.

Fixed Assets. Fixed assets are recorded at cost and consist primarily of computer software and are amortized and depreciated over estimated useful lives of 3-5 years.

Intangible Assets. Intangible assets with finite lives are amortized over their estimated useful lives. The useful life of an intangible asset is the period over which the asset is expected to contribute directly or indirectly to future cash flows. The carrying value of intangible assets with finite lives is evaluated whenever events or circumstances indicate that the carrying value may not be recoverable. The carrying value is not recoverable when the projected undiscounted future cash flows are less than the carrying value. Tests for impairment or recoverability require

significant management judgment, and future events affecting cash flows and market conditions could result in impairment losses.

Intangible assets consist of intellectual property and trademarks and patents. Amortization is being recorded on the straight-line basis over periods ranging from 10 years to 20 years based on contractual or estimated lives.

Recent Accounting Pronouncements. In July 2006, the FASB issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes-an interpretation of FASB Statement No. 109" ("FIN 48"), which clarifies the accounting for uncertainty in income tax positions. FIN 48 requires that we recognize in our financial statements, the impact of a tax position that is more likely than not to be sustained upon examination based on the technical merits of the position. This interpretation was effective as of July 1, 2007. The adoption of FIN 48, did not have a material impact on the Company's consolidated financial position, results of operations and cash flows for the nine months ended March 31, 2008.

In September 2006, the FASB issue SFAS No. 157, "Fair Value Measurement" ("SFAS 157"). SFAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. FAS 157 is effective for financial statements issued for fiscal years beginning after November 17, 2007 and interim periods within those fiscal years. The Company does not expect SFAS 157 to have a material impact on the Company's financial position, results of operations and cash flows.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities". SFAS No. 159 permits an entity to choose, at specified election dates, to measure eligible financial instruments and certain other items at fair value that are not currently required to be measured at fair value. An entity shall report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date. Upfront costs and fees related to items for which the fair value option is elected shall be recognized in earnings as incurred and not deferred. SFAS No. 159 also establishes presentation and disclosure requirements designed to facilitate comparisons between entities that choose different measurement attributes for similar types of assets and liabilities. SFAS No. 159 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. At the effective date, an entity may elect the fair value option for eligible items that exist at that date. The entity shall report the effect of the first remeasurement to fair value as a cumulative-effect adjustment to the opening balance of retained earnings. The Company does not expect SFAS No. 159 to have a material impact on the Company's financial position, results of operations and cash flows.

In June 2007, the FASB's Emerging Issues Task Force reached a consensus on EITF Issue No. 07-3, "Accounting for Nonrefundable Advance Payments for Goods or Services to Be Used in Future Research and Development Activities" that would require nonrefundable advance payments made by the Company for future R&D activities to be capitalized and recognized as an expense as the goods or services are received by the Company. EITF Issue No. 07-3 is effective for the Company with respect to new arrangements entered into beginning July 1, 2008. Currently the Company does not expect EITF Issue No. 07-3 to have a material impact on the Company's financial position, results of operations and cash flows.

In December 2007, the Emerging Issues Task Force ("EITF") issued EITF 07-1 entitled "Accounting for Collaborative Arrangements". EITF 07-1 defines collaboration arrangements and establishes reporting requirements for transactions between participants in a collaborative arrangement and between participants in the arrangement and third parties. EITF 07-1 is effective for fiscal years beginning after December 15, 2008. The Company does not expect the adoption of EITF 07-1 to have a material effect on its financial position or results of operations.

Note 3. Intangible Assets and Other Payables

The carrying amount of intangible assets as of March 31, 2008, June 30, 2007 and 2006 is as follows:

	March 31, 2008			June 30, 2007			June 30, 2006		
	Gross Carrying Amount	Accumulated Amortization (unaudited)	Net	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Intellectual property	$ 3,600,000	$ 696,934	$ 2,903,066	$ 3,500,000	$ 560,834	$ 2,939,166	$ 1,850,000	$ 271,666	$ 1,578,334
Trade names and patents	535,777	96,867	438,910	432,998	47,939	385,059	237,947	15,063	222,884
Total	$ 4,135,777	$ 793,801	$ 3,341,976	$ 3,932,998	$ 608,773	$ 3,324,225	$ 2,087,947	$ 286,729	$ 1,801,218

Intellectual property consists of exclusive licensing rights, patents and other technology relating to producing human health and veterinary influenza applications of the plant-based technology developed by the Center for Molecular Biotechnology of Fraunhofer USA, Inc. ("FhCMB").

During the fiscal years ended June 30, 2007 and 2006, the Company made payments of $450,000 and $600,000, respectively, under an intellectual property acquisition agreement, as amended, with FhCMB entered into in January 2004. As of March 31, 2008 and June 30, 2007, $650,000 and $400,000 the Company has a remaining commitment that will be paid in the fiscal years ending June 30, 2008 and 2009, respectively. These are included in other payables at March 31, 2008 and June 30, 2007. Amortization expense recorded on intangible assets for the nine months ended March 31, 2008 and 2007 was approximately $136,100 and $152,900, respectively, and for the fiscal years ended June 30, 2007, 2006 and 2005 was approximately $289,000, $161,700 and $95,800, respectively. Amortization expense is recorded on the straight-line method over periods ranging from 10 years to 20 years and is included in selling and administrative expenses.

The estimated annual amortization expense for intangible assets for the five succeeding fiscal years is as follows as of March 31, 2008:

Year Ending June 30,	Amortization Expense
2008, remaining	$ 57,100
2009	242,100
2010	242,100
2011	242,100
2012	242,100
Thereafter	2,316,476
Total	$ 3,341,976

Note 4. Due to Parent

Due to Parent consists of net cash advances from Parent to assist the Company in meeting its obligations and for corporate support charges, offset by the Parent's use of the Company's federal net operating loss, see Note 5. The Parent did not charge the Company interest on any of these advances. These advances consisted of the following:

	March 31, 2008	June 30, 2007	June 30, 2006
Beginning Balance	$ 6,329,269	$ 4,368,559	$ 2,574,937
Cash advances for operating expenses	851,284	192,622	1,074,328
Corporate overhead allocation	285,736	430,291	367,158
Business insurance allocation	12,531	17,553	-
Non-cash compensation charges	41,964	33,746	-
Utilization of Net Operating Losses	-	-	(485,811)
Advances for investing activities	100,000	1,286,498	837,947
Ending Balance	$ 7,620,784	$ 6,329,269	$ 4,368,559

The corporate overhead allocation due our Parent are allocated based on the estimated time that the Parent's officers and employees dedicate to our Company's business and includes charges for employee salaries and benefits, legal, accounting and other consulting fees, treasury and tax services and general office expenses. The allocations are based on actual costs incurred by our Parent.

Note 5. Income Taxes

Deferred income taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial accounting purposes and the amounts used for income tax reporting. Significant components of the Company's deferred tax assets as of June 30, 2007 and 2006 follow:

	June 30, 2007	June 30, 2006
Deferred Tax Assets		
Net operating loss	$ 1,100,000	$ 447,000
Valuation allowance	(1,100,000)	(447,000)
Total deferred tax asset	-	-
Less current portion	-	-
Net long-term deferred tax asset	$ -	$ -

Federal net operating losses of approximately $1.5 million were used by INB and are not available to the Company. The Company recognized a Federal income tax benefit of $485,811 in the fiscal year ended June 30, 2006 and $17,600 in prior years for the use of the Federal net operating losses by the consolidated group and reduced the amount due to its Parent accordingly. Its Parent allocates 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 the control group. Federal and state net operating losses of approximately $2.5 million and $4.0 million are available to the Company and will expire beginning in 2008 through 2027. 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

would be able use these net operating losses to offset future taxable income before the net operating losses expire and the Company is able to realize the related benefit.

The components of the provision for income taxes consists of the following:

	For the fiscal years ended June 30,		
	2007	2006	2005
Current - State and local	$ 851	$ 575	$ 1,000
Deferred - Federal	(553,000)	(464,400)	(258,300)
Deferred - State	(96,600)	(81,100)	(45,000)
Change in valuation allowance	649,600	59,689	303,300
Income tax (benefit) expense	$ 851	$ (485,236)	$ 1,000

A reconciliation of the statutory tax rate to the effective tax rate is as follows:

	For the fiscal years ended June 30,		
	2007	2006	2005
Statutory federal income tax rate	(34)%	(34)%	(34)%
State tax benefit (net of federal benefit)	-	-	-
Non-deductible expenses	2 %	4 %	34 %
Change in valuation allowance	32 %	(4)%	-
Effective income tax rate	0 %	(34)%	0 %

Note 6. Profit-Sharing Plan

The Company is currently included in INB's profit-sharing plan, which qualifies under Section 401(k) of the Internal Revenue Code, covering all nonunion employees meeting age and service requirements. Contributions are determined by matching a percentage of employee contributions. The total expense for the nine months ended March 31, 2008 and 2007 was $5,125 and $1,124, respectively, and for the fiscal years ended June 30, 2007, 2006 and 2005 was $6,249, none and none, respectively.

Note 7. Significant Risks and Uncertainties

(a) Concentrations of Credit Risk-Cash. The Company maintains balances at a financial institution. Deposit accounts at each institution are insured by the Federal Deposit Insurance Corporation for deposits up to $100,000. As of March 31, 2008, the Company had no uninsured cash balances.

(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. The amount of the allowance for uncollectible accounts and other allowances as of March 31, 2008 and June

30, 2007 was $2,250 and as of June 30, 2006 was none. The Company's bad debt expense for the nine months ended March 31, 2008 and 2007 was none and $2,250, respectively, and for the fiscal years ended June 30, 2007, 2006 and 2005 were $2,250, none and none, respectively.

(c) Major Customers. For the nine months ended March 31, 2008 approximately 50.3% and 44.5% of revenues were derived from two customers and for the nine months ended March 31, 2007, 60.3%, 21.38% and 16.9% of revenues were derived from three customers. For the fiscal year ended June 30, 2007 approximately 44.7%, 27.4% and 26.8% of revenues were derived from three customers. For the fiscal year ended June 30, 2006 approximately 63% and 33% of revenues were derived from two customers, which are not in the three in fiscal year ended June 30, 2007. For the fiscal year ended June 30, 2005 approximately 96% of revenues were derived from one customer, which is not in the three in fiscal year ended June 30, 2007. The loss of any of these customers would have an adverse affect on the Company's operations. Accounts receivable from these customers represented substantially all of accounts receivable as of March 31, 2008, and June 30, 2007.

(d) Major Supplier and Related Party. The Company has subcontracted the manufacturing, including the oversight of its supply agreement with a wholly owned subsidiary of INB (IHT Health Products, Inc. ("IHT")), who in turns contracts with another wholly owned subsidiary of INB, substantially all of our cost of goods sold are paid to this related party. For the nine months ended March 31, 2008 and 2007, the Company was invoiced $438,320 and $327,000, respectively under this arrangement by IHT and is included in cost of goods sold. For the fiscal years ended June 30, 2007, 2006 and 2005, the Company was invoiced $422,800, $1,911 and none, respectively under this arrangement by IHT and is included in cost of goods sold. The Company is not direct billed by the other related party utilized under the manufacturing arrangement.

(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.

Note 8. Commitments and Contingencies

(a) Leases. The Company leases office space on a month-to-month basis. The lease was effective October 1, 2006 and provides for a minimum monthly rental of $1,126. Total rent expense, including real estate taxes and maintenance charges, was approximately $10,300 for the nine months ended March 31, 2008 and 2007 and approximately, $13,500, $14,600 and $23,100 for the years ended June 30, 2007, 2006 and 2005, respectively.

(b) Intellectual Property and Research Agreements. In connection with the acquisition in January 2004 of intellectual property developed by the Center for Molecular Biotechnology of Fraunhofer USA, Inc. ("FhCMB"), the Company entered into a Technology Transfer Agreement on December 18, 2003 (the "IP Agreement"), whereby the Company agreed to pay up to a maximum of $3.0 million for certain technology developed by FhCMB over a five-year period. In addition to the IP Agreement, the Company entered into research agreements, which require the payment of several milestone payments related to achieving certain flu vaccine studies and our ongoing Anthrax studies (the "R&D Agreements").

In March, 2006, the Company amended their IP Agreement with FhCMB to expand the scope of the IP Agreement and increased the amount of the purchase commitment to a maximum of $3.5 million. In June 2007, the Company amended their existing amended IP Agreement and R&D Agreements with FhCMB, to commercialize the developed process, production techniques and methodologies of the proprietary technology and intellectual property for external applications. The June 2007 amendment requires FhCMB to continue to conduct research to enhance,

improve and expand the existing intellectual property, and for this research the Company has committed to make non-refundable payments of $2.0 million per year for five years, aggregating to $10.0 million, beginning in November 2009. In addition, the Company will make royalty payments to FhCMB based on receipts derived by the Company from sales of products utilizing the proprietary technology for a period of fifteen years instead of the original the ten-year period. In turn, FhCMB shall pay the Company royalty payments for all receipts, if any, realized by FhCMB sales, licensing or commercialization of the intellectual property acquired by them for the same fifteen-year period. Furthermore, FhCMB has agreed to expend at a minimum, an additional $2.0 million per year in the same timeframe as the Company for research and development on the intellectual property. A managing director of FhCMB is also a director on our Parent's Board of Directors.

In December 2007, the Company and FhCMB further amended the IP Agreement increasing the purchase price by $100,000 to amend the field to include influenza diagnostics for a maximum purchase price of $3.6 million.

As of March 31, 2008, June 30, 2007 and 2006, the Company has made payments of approximately $2.6 million, $2.5 million and $1.9 million, respectively for the purchase commitment of $3.6 million, of which $1.05 million is accrued, $650,000 is to be paid in fiscal year 2008, with the remaining $400,000 to be paid in the fiscal year 2009.

Under the Company's R&D Agreements, if FhCMB achieves each of the targeted Milestones as defined in the agreements, the Company would incur research and development costs of $1.75 million in addition to the $10.0 million under the amended IP Agreement as of March 31, 2008.

Note 9. Equity Transactions

In connection with the Company entering into a Separation and Distribution Agreement (the "Distribution") with its Parent in November 2007, the Company will restate its stockholder's deficiency to reflect the Distribution transaction, whereby, the Parent has agreed to distribute, pro rata, to the holders of its common stock, all of the shares of the Company's common stock owned by Integrated BioPharma, Inc.

The completion of the Distribution is subject to various customary closing conditions, including the declaration by the U.S. Securities and Exchange Commission of the effectiveness of the registration under the Securities Exchange Act of 1934 of the Company's common stock. We intend to complete the Distribution on or before June 30, 2008. The Distribution should qualify as a tax-free reorganization under Section 355 of the Internal Revenue Code of 1986, as amended. The Agreement prohibits the Company from issuing any 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.

Note 10. Quarterly Results.

The following is a summary of the unaudited quarterly results of operations for the fiscal years ended June 30, 2007 and 2006:

	Quarter Ended	Net Sales	Gross Profit	Operating Loss	Net Income (Loss) Available to Common Shareholders	Basic and Diluted Earnings (Loss) per Common Share
2007	September 30, 2006	$ 116,547	$ 57,348	$ (226,831)	$ (227,156)	$ (2,271.56)
	December 31, 2006	238,339	119,389	(411,276)	(411,776)	(4,117.76)
	March 31, 2007	309,435	157,766	(182,134)	(182,160)	(1,821.60)
	June 30, 2007	231,952	116,049	(844,942)	(844,942)	(8,449.42)
2006	September 30, 2005	$ 5,575	$ 5,575	$ (204,808)	$ (204,933)	$ (2,049.33)
	December 31, 2005	3,396	3,396	(283,818)	(283,893)	(2,838.93)
	March 31, 2006	5,071	5,071	(463,930)	(464,105)	(4,641.05)
	June 30, 2006	4,638	2,727	(484,832)	779	7.79

Note 11. Subsequent Events

As disclosed in Note 9. Equity Transactions, in November 2007, the Company entered into a Separation and Distribution Agreement (the "Distribution") with its Parent, whereby, the Parent has agreed to distribute, pro rata, to the holders of its common stock, all of the shares of the Company's common stock owned by Integrated BioPharma, Inc.. The completion of the Distribution is subject to various customary closing conditions, including the declaration by the U.S. Securities and Exchange Commission of the effectiveness of the registration under the Securities Exchange Act of 1934 of the Company's common stock. The Distribution should qualify as a tax-free reorganization under Section 355 of the Internal Revenue Code of 1986, as amended. The Agreement prohibits the Company from issuing any 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.

Also as disclosed in Note 9. Equity Transactions, concurrent with the Distribution our Parent will contribute approximately $2.7 million of the balance of our outstanding amount due it in exchange for 6% of the Company, our Parent will receive approximately 938,000 shares of our common stock. The remaining balance of approximately $4.9 million will be contributed to capital just prior to the spin-off and will not result in any new shares issued to our Parent of the Company.

Additionally, as of April 15, 2008, the Company has raised $5.0 million in gross proceeds in connection with its private placement of approximately ten percent (10%) of the Company, such funds are being held in escrow, and will represent approximately 1.7 million shares of the Company's par value $0.001 common stock, at an estimated purchase price of approximately $2.88 per share.

The Company will also issue to the private placement investors, warrants to purchase a number of shares of common stock equal to 50% of the number of shares purchased by such private placement investor, with an exercise price equal to 150% of the purchase price of the Company's common stock subject to adjustments therein and warrants to purchase a number of shares of common stock equal to 50% of the number of shares purchased by such private placement investor, with an exercise price equal to 200% of the purchase price of the Company's common stock subject to adjustments therein and exercisable over the next five-year period.