

iBio, Inc.  
Form 10-Q  
February 14, 2011

---

---

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

**FORM 10-Q**

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

For the quarterly period ended December 31, 2010

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 000-53125

**iBio, Inc.**

*(Exact name of small business registrant in its charter)*

**Delaware 26-2797813**

*(State or other  
jurisdiction of  
incorporation  
or  
organization)*

*(I.R.S.  
Employer  
Identification  
No.)*

**9 Innovation  
Way, Suite  
100, Newark,  
DE**

**19711**

*(Address of  
principal  
executive  
offices)*

*(Zip Code)*

**(302) 355-0650**

*(Registrant's telephone number, including Area Code)*

**Not Applicable**

*(Former name, former address and former fiscal year, if changed since last report)*

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities and Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Edgar Filing: iBio, Inc. - Form 10-Q

Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes  No

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   
Indicate by check whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

The number of shares outstanding of each of the issuer's class of common stock, as of the latest practicable date:

<i>Class</i>	<i>Outstanding at February 11, 2011</i>
Common Stock, \$0.001 par value	32,362,254 Shares

**iBio, Inc.**  
**FORM 10-Q**  
**For the Six Month Period Ended December 31, 2010**

**INDEX**

	Page
<b><u>Part I - FINANCIAL INFORMATION</u></b>	
<u>Item 1</u>	<u>Financial Statements (Unaudited):</u>
	<u>Condensed Balance Sheets</u> 1
	<u>Condensed Statements of Operations</u> 2
	<u>Condensed Statement of Stockholders' Equity (Deficit)</u> 3
	<u>Condensed Statements of Cash Flows</u> 4
	<u>Notes to Condensed Financial Statements</u> 5
<u>Item 2</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u> 14
<u>Item 3</u>	<u>Quantitative and Qualitative Disclosures About Market Risks</u> 20
<u>Item 4T</u>	<u>Controls and Procedures</u> 20
<b><u>Part II - OTHER INFORMATION</u></b>	
<u>Item 1</u>	<u>Legal Proceedings</u> 22
<u>Item 1A</u>	<u>Risk Factors</u> 22
<u>Item 2</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u> 22
<u>Item 3</u>	<u>Defaults Upon Senior Securities</u> 23
<u>Item 5</u>	<u>Other Information</u> 23
<u>Item 6</u>	<u>Exhibits</u> 23
<b><u>Signatures</u></b>	24

---

## Edgar Filing: iBio, Inc. - Form 10-Q

### Disclosure Regarding Forward-Looking Statements

Certain statements in this Quarterly Report on Form 10-Q may constitute forward-looking statements as defined in Section 27A of the Securities Act of 1933 (the Securities Act ), Section 21E of the Securities Act of 1934 (the Exchange Act ), the Private Securities Litigation Reform Act of 1995 (the PSLRA ) or in releases made by the Securities and Exchange Commission, all as may be amended from time to time. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of iBio, Inc. or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Statements that are not historical fact are forward-looking statements. Forward-looking statements can be identified by, among other things, the use of forward-looking language, such as the words, plan , believe , expect , anticipate , intend , estimate , project , may , will , would , could , should , seeks , or scheduled to , or other similar words, or the negative of these variations of these terms or comparable language, or by discussion of strategy or intentions. These cautionary statements are being made pursuant to the Securities Act, the Exchange Act and the PSLRA with the intention of obtaining the benefits of the safe harbor provisions of such laws.

iBio, Inc. (the Company ) cautions investors that any forward-looking statements made by the Company are not guarantees or indicative of future performance. Important assumptions and other important factors that could cause actual results to differ materially from those forward-looking statements with respect to the Company, include, but are not limited to, the risks and uncertainties affecting its business described in Item 1A of the Company s Annual Report filed on Form 10-K for the year ended June 30, 2010 and in registration statements and other securities filings by the Company. Although the Company believes that its plans, intentions and expectations reflected in or suggested by such forward-looking statements are reasonable, actual results could differ materially from a projection or assumption in any of its forward-looking statements, which are subject to change and inherent risks and uncertainties.

The forward-looking statements contained in this Quarterly Report on Form 10-Q are made only as of the date hereof and the Company does not have or undertake any obligation to update or revise any forward-looking statements whether as a result of new information, subsequent events or otherwise, unless otherwise required by law.

---

**PART I FINANCIAL INFORMATION****Item 1 FINANCIAL STATEMENTS****iBio, Inc.  
Condensed Balance Sheets**

	December 31, 2010 (Unaudited)	June 30, 2010 (Note 2)
<b>Assets</b>		
Current assets:		
Cash	\$ 5,768,766	\$ 909,932
Accounts receivable	60,274	47,460
Prepaid expenses and other current assets	724,532	68,150
	<hr/>	<hr/>
Total current assets	6,553,572	1,025,542
Fixed assets, net	9,136	11,050
Intangible assets, net	3,853,560	3,893,653
	<hr/>	<hr/>
Total assets	\$ 10,416,268	\$ 4,930,245
<b>Liabilities and Stockholders Equity</b>		
Current liabilities:		
Accounts payable	\$ 1,970,127	\$ 2,007,166
Accrued expenses	276,100	132,865
Derivative instrument liability	5,994,703	1,714,084
	<hr/>	<hr/>
Total liabilities	8,240,930	3,854,115
	<hr/>	<hr/>
Commitments and contingencies		
Stockholders equity (deficit):		
Preferred stock, no par value, 1,000,000 shares authorized, no shares outstanding		
Common stock, \$0.001 par value, 100,000,000 shares authorized, 32,292,254 and 28,272,655 issued and outstanding as of December 31, 2010 and June 30, 2010, respectively	36,293	28,273
Additional paid-in capital	23,186,929	14,567,349
Accumulated deficit	(21,047,884)	(13,519,492)
	<hr/>	<hr/>
Total stockholders equity	2,175,338	1,076,130

	_____	_____
	_____	_____
Total liabilities and stockholders' equity	\$ 10,416,268	\$ 4,930,245

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

**iBio, Inc.**  
**Condensed Statements of Operations**  
**(Unaudited)**

	Three months ended December 31,		Six months ended December 31,	
	2010	2009	2010	2009
Sales	\$	\$	\$	\$
Cost of goods sold				
Gross profit				
Operating expenses:				
Research and development	619,536	254,172	777,079	358,384
General and administrative	1,245,180	502,783	2,457,844	970,990
Total operating expenses	1,864,716	756,955	3,234,923	1,329,374
Operating loss	(1,864,716)	(756,955)	(3,234,923)	(1,329,374)
Other income (expense):				
Interest income	3,502	5,919	4,197	8,017
Interest expense	(12,926)		(26,051)	
Royalty income	3,506	3,824	10,204	12,954
Change in the fair value of derivative instrument liability	(2,839,227)	441,141	(4,280,619)	(541,430)
Other income (expense)	(2,845,145)	450,884	(4,292,269)	(520,459)
Loss before income taxes	(4,709,861)	(306,071)	(7,527,192)	(1,849,833)
Income tax expense	600	600	1,200	1,200
Net loss	\$ (4,710,461)	\$ (306,671)	\$ (7,528,392)	\$ (1,851,033)
Net loss per common share - Basic and diluted	\$ (0.15)	\$ (0.01)	\$ (0.25)	\$ (0.07)
Weighted average common shares outstanding - Basic and diluted	30,926,018	28,272,655	29,599,336	26,349,341

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

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

	Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount			
Balance, June 30, 2010		\$	28,272,655	\$ 28,273	\$ 14,567,349	\$ (13,519,492)	\$ 1,076,130
Issuance of common stock and warrants for cash at \$2.00 per unit, net of expenses			4,000,000	8,000	7,227,644		7,235,644
Issuance of common stock in accordance with anti-dilution provisions of the August 2008 financing			19,599	20	(20)		
Share-based compensation					699,077		699,077
Warrants issued for services					692,879		692,879
Net loss						(7,528,392)	(7,528,392)
Balance, December 31, 2010		\$	32,292,254	\$ 36,293	\$ 23,186,929	\$ (21,047,884)	\$ 2,175,338

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



Edgar Filing: iBio, Inc. - Form 10-Q

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

	Six months ended December 31,	
	2010	2009
Cash flows used in operating activities:		
Net loss	\$ (7,528,392)	\$ (1,851,033)
Adjustments to reconcile net loss to net cash used in operating activities:		
Change in the fair value of derivative instrument liability	4,280,619	541,430
Depreciation and amortization	187,587	161,542
Share-based compensation	699,077	44,379
Warrants issued for services	692,879	26,512
Recognition of expense for research and development milestone liability		250,000
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(12,814)	194,550
(Increase) decrease in prepaid expenses and other current assets	(656,382)	(27,547)
Increase (decrease) in accounts payable	(37,039)	498,082
Increase (decrease) in accrued expenses	143,235	(325,218)
	<u>(2,231,230)</u>	<u>(487,303)</u>
Net cash used in operating activities		
Cash flows (used in) investing activities - Additions to intangible assets	(145,580)	(348,399)
Cash flows from financing activities - Proceeds from sale of common stock and warrants, net of expenses	7,235,644	2,797,474
Net increase in cash	4,858,834	1,961,772
Cash - Beginning of period	909,932	1,039,244
Cash - End of period	\$ 5,768,766	\$ 3,001,016
Supplemental disclosures of cash flow information:		
Cash paid for:		
Interest	\$ 13,000	\$
Income taxes	\$ 1,200	\$
Supplemental disclosures of non-cash investing and financing activities:		
Cumulative effect of a change in accounting principle - Adoption of ASC 815-40	\$	\$ 199,389
Issuance of common stock in accordance with anti-dilution provisions of the August 2008 financing	\$ 20	\$ 300

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

**iBio, Inc.**  
**Notes to Condensed Financial Statements**  
**(Unaudited)**

**1) Business**

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

**2) Basis of Presentation**

The accompanying unaudited condensed financial statements of the Company have been prepared in accordance with the instructions to Form 10-Q of the Securities and Exchange Commission. Accordingly, they do not include all of the information and disclosures required by accounting principles generally accepted in the United States of America. However, in the opinion of management, the accompanying unaudited condensed financial statements contain all normal and recurring adjustments necessary to present fairly the financial position of the Company as of December 31, 2010 and the related statements of operations and cash flows for the interim period then ended. The balance sheet amounts as of June 30, 2010 were derived from audited financial statements. For further information, refer to the audited financial statements and related disclosures that were filed by the Company with the Securities and Exchange Commission on Form 10-K for the fiscal year ended June 30, 2010.

As more fully described in Note 9, during October and November 2010, the Company raised a gross amount of \$8 million through the issuance of common stock and warrants. Net proceeds from that offering plus current cash and working capital resources are expected to support the Company's activities through the end of calendar 2011. The Company plans to fund its development and commercialization activities during calendar 2012 and beyond through licensing arrangements and/or the sale of equity securities. The Company cannot be certain that such funding will be available on acceptable terms, or be available at all. To the extent that the Company raises additional funds by issuing equity securities, its stockholders may experience significant dilution. If the Company is unable to raise funds when required or on acceptable terms, it may have to: a) Significantly delay, scale back, or discontinue the development and/or

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

**3) Accounting Policies and Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. The areas most significantly affected by estimates consist of:

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

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

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

**4) Earnings Per Share**

Basic and diluted net loss per common share was determined by dividing the net loss by the weighted average common shares outstanding during the three and six months ended December 31, 2010 and 2009. Basic and diluted weighted average common shares outstanding were the same since the effect of including common shares issuable pursuant to the exercise of the stock options and warrants in diluted weighted average common shares outstanding would have been anti-dilutive.

The following table summarizes the number of common shares excluded from the calculation of weighted average common shares outstanding for the three and six months ended December 31, 2010 and 2009:

	Three months ended December 31,		Six months ended December 31,	
	2010	2009	2010	2009
Stock options	3,090,000	1,460,000	3,090,000	1,460,000
Warrants	8,268,607	2,716,339	8,268,607	2,716,339
<b>Total</b>	<b>11,358,607</b>	<b>4,176,339</b>	<b>11,358,607</b>	<b>4,176,339</b>

## 5) Derivative Financial Instruments

### Introduction:

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

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

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

### Detail Discussion:

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

- a) Warrants issued by the Company in an August 2008 financing transaction (containing downside ratchet provisions and which were previously accounted for as equity instruments in accordance with generally accepted accounting principles in effect through June 30, 2009) must be considered and accounted for as derivative instruments effective July 1, 2009 and the related estimated fair value reported as a liability as of each balance sheet date; and
- b) Such derivative instruments must be marked-to-market as of each balance sheet date and the change in the reported estimated fair value of such instruments be recorded as non-cash income or expense in the statement of operations.

In accordance with this guidance, the Company estimated the fair value of these instruments to be \$199,389 as of July 1, 2009 and established a derivative instrument liability in that amount by recording reductions of \$1,442,785 in additional paid-in capital and \$1,243,396 in accumulated deficit. The effect of this adjustment was presented as a cumulative effect of change in an accounting principle in the condensed statement of stockholders' equity for the period ended September 30, 2009.

## Edgar Filing: iBio, Inc. - Form 10-Q

The estimated fair value of this derivative liability was \$5,994,703 and \$1,714,084, as of December 31, 2010 and June 30, 2010, respectively. The related increases/decreases in such liability during the three and six months ended December 31, 2010 and 2009, respectively, were reported as non-cash expenses/benefits in our condensed statement of operations as a component of other income (expense).

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

The assumptions made in calculating the fair value of these derivative instruments during the three and six months ended December 31, 2010 and 2009 were as follows:

	Three months ended December 31,		Six months ended December 31,	
	2010	2009	2010	2009
Risk free interest rate	1.0%	2.3%	0.6% to 1.0%	1.9% to 2.3%
Dividend yield	Zero	Zero	Zero	Zero
Volatility	115%	80%	98% to 115%	80%
Expected term (in years)	2.7	3.7	2.7 to 2.9	3.7 to 3.9

### 6) Share Based Payments

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

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

## Edgar Filing: iBio, Inc. - Form 10-Q

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

Assumptions made in calculating the fair value of options and warrants during the three and six months ended December 31, 2010 and 2009 were as follows:

	Three months ended December 31,		Six months ended December 31,	
	2010	2009	2010	2009
Risk free interest rate	0.3% to 3.3%	1.9% to 2.0%	0.3% to 3.3	1.8% to 3.4%
Dividend yield	Zero	Zero	Zero	Zero
Volatility	115%	80%	98% to 115%	80%
Expected term (in years)	0.9 to 9.2	1.9 to 2.0	0.9 to 9.2	1.9 to 6.5

### a) Stock Options

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

	Three months ended December 31,		Six months ended December 31,	
	2010	2009	2010	2009
Research and development	\$ 184,452		\$ 272,520	
General and administrative	105,858	\$ 30,076	426,557	\$ 44,379
<b>Total</b>	<b>\$ 290,310</b>	<b>\$ 30,076</b>	<b>\$ 699,077</b>	<b>\$ 44,379</b>

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

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

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

## Edgar Filing: iBio, Inc. - Form 10-Q

On November 10, 2010, the Company issued options to an employee to purchase 100,000 shares of common stock for a ten year period. These options vest one-third upon the date of issuance and ratably over the following two anniversary dates and have an exercise price of \$2.35 per share. The Company estimated the fair value of these options to be \$194,700 as of the grant date and is recording such expense ratably over the vesting period.

On December 30, 2010, the Company issued options to an officer to purchase 1,000,000 shares of common stock for a ten year period. These options vest 50% on July 1, 2011 and 50% on July 1, 2012 and have an exercise price of \$3.07 per share. The Company estimated the fair value of these options to be \$2,524,000 as of the grant date and is recording such expense ratably over the vesting period.

A summary of the changes in options outstanding during the six month period ended December 31, 2010 is as follows:

	Number of Shares	Exercise Price Per Share	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding at June 30, 2010	2,210,000	\$0.20-\$1.05	\$ 0.58		
Granted	1,920,000	\$1.38-\$3.07	\$ 2.44		
Exercised					
Terminated					
Outstanding and expected to vest at December 31, 2010	4,130,000	\$0.20-\$3.07	\$ 1.44	9.4	\$ 7,083,100
Options exercisable at December 31, 2010	579,999	\$0.20-\$2.35	\$ 0.95	9.4	\$ 1,283,752

The weighted average fair value of options granted during the six months ended December 31, 2010 and 2009 was \$1.99 and \$0.43, respectively.

The unrecognized share-based compensation cost related to non-vested options as of December 31, 2010 was \$4,437,991 as measured utilizing the value as of the date of grant. These costs are expected to be recognized over a weighted-average period of approximately 2.5 years. The total fair value of options vested during the six months ended December 31, 2010 and 2009 as measured utilizing the value as of the date of grant was \$363,472 and zero, respectively.

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



b) Warrants

Share based compensation expense for warrants for the three and six months ended December 31, 2010 and 2009 was recorded in the statement of operations as follows:

	Three months ended December 31,		Six months ended December 31,	
	2010	2009	2010	2009
General and administrative	\$ 436,974	\$ 912	\$ 692,879	\$ 26,512

On July 1, 2010, the Company issued a warrant to a professional services firm for the purchase of 300,000 shares of common stock for a five-year period. This warrant was 100% vested upon issuance and had an exercise price of \$1.38 per share. The Company estimated the fair value of these warrants to be \$310,200 as of the grant date and began amortizing such cost over the contract period. On November 24, 2010 in connection with the termination of that agreement, the original warrants were surrendered and the Company issued replacement warrants for the purchase of 75,000 shares of common stock under the same terms and conditions. The Company estimated the fair value of these replacement warrants to be \$203,925 as of the grant date. The value of the replacement warrants exceeded the amount of expense recognized through November 24, 2010 related to the original warrants by \$106,275 and that amount was immediately recorded as an expense.

On July 13, 2010, the Company issued a warrant to a financial advisory firm to purchase 500,000 shares of common stock for a five year period. The related service contract is for a two year period. This warrant vests ratably on a monthly basis over the twenty-four month period beginning with the month of issuance and has an exercise price of \$1.10 per share. The Company estimated the fair value of this warrant to be \$539,500 as of the grant date and subsequently adjusts it to fair value at the end of each reporting period until such warrants vest, and the fair value of such instruments, as adjusted, is ratably expensed over the twenty-four month vesting period.

Between October 27 and November 22, 2010, the Company issued 4,457,796 warrants in connection with the sale of common stock as further described in Note 9.

A summary of the changes in warrants outstanding during the six months ended December 31, 2010 is as follows:

	Number of Shares	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding at June 30, 2010	3,085,811	\$ 2.88		
Granted	5,257,796	\$ 2.07		
Exercised				
Terminated	(300,000)	\$ 1.38		
Outstanding and expected to vest at December 31, 2010	8,043,607	\$ 2.36	3.7	\$ 6,856,752
Warrants exercisable at December 31, 2010	7,663,307	\$ 2.42	3.7	\$ 6,073,952

**7) Related Party Transactions**

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

**8) Commitment**

The Company and FhCMB have an agreement whereby FhCMB performs research and development activities on behalf of the Company. In that connection, the Company has the commitment to make payments of \$1 million each April and November beginning November 2009 through April 2014 for an aggregate of \$10 million to FhCMB for services to further develop the Company's proprietary technology and product candidates. Such payments are initially recorded as prepaid expenses and then expensed as agreed-upon services are performed by FhCMB. The Company included \$667,000 and zero in prepaid expenses in this connection as of December 31 and June 30, 2010, respectively. The installment due in November 2010 was outstanding as of December 31, 2010 and the installment due in April 2010 was not paid until October 2010. Consequently, \$1 million related to those balances is included in accounts payable at December 31 and June 30, 2010, respectively. The agreement also provides for certain annual minimum royalty payments through 2023.

**9) Sale of Securities**

Between October 27 and November 22, 2010, the Company raised \$8,000,000 through the sale of 4,000,000 shares of common stock at \$2.00 per share pursuant to a Securities Purchase Agreement with certain investors. Additionally, each investor was issued a five-year warrant to purchase the same number shares of common stock of the Company purchased by such investor at a cash exercise price of \$2.20 per share. The Placement Agent was paid a cash fee equal to seven percent of the aggregate gross proceeds from the Offering and was issued five-year warrants to purchase 249,324 shares of the Company's common stock at exercise prices ranging from \$2.16 to \$2.30 per share. The Company received \$7,235,644 in net proceeds from that transaction. Pursuant to the terms of this offering, the Company filed a registration statement on Form S-3 covering the shares issued in the private placement, including the shares issuable upon exercise of the investor warrants and the placement agent warrants, with the Securities and Exchange Commission (the Commission) on January 27, 2011. That filing is currently under review by the Commission.

Additionally, in connection with the sale of such securities, the Company:

- a) Issued 19,599 shares of common stock to the investors in the August 2008 financing in accordance with the anti-dilution provisions of that offering. The Company accounted for the issuances of those shares as a reduction of additional paid-in capital and an increase in common stock at the aggregate par value of \$20; and
- b) Adjusted the warrant agreements with the investors in the August 2008 financing to provide for the purchase of an additional 133,472 shares of common stock and adjusted the exercise prices as follows:

- i) Warrants for the purchase of 1,350,073 at \$2.78 per common share were revised to provide for the purchase of 1,400,449 at \$2.68 per common share; and
- ii) Warrants for the purchase of 1,365,151 at \$3.66 per common share were revised to provide for the purchase of 1,448,247 at \$3.45 per common share.

The accounting for these warrants is described in Note 5.

**Item 2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**  
**Forward Looking Statements**

Certain statements set forth under this caption constitute forward-looking statements. See Disclosure Regarding Forward-Looking Statements in the introduction of this Report for additional factors relating to such statements. The following discussion should also be read in conjunction with the Condensed Financial Statements of the Company and Notes thereto included elsewhere herein and the Company's Annual Report on Form 10-K for the year ended June 30, 2010.

**Overview**

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

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

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

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

## Edgar Filing: iBio, Inc. - Form 10-Q

Current cash and working capital resources, including funds recently received from the sale of equity securities, are expected to support our activities through the end of calendar 2011. We plan to fund our development and commercialization activities during calendar 2012 and beyond through licensing arrangements and/or the sale of equity securities as more fully described in the *Liquidity and Capital Resources* section in the following paragraphs.

### Liquidity and Capital Resources

We had cash of \$5,769,000 at December 31, 2010 compared to \$910,000 at June 30, 2010. This net increase of \$4,859,000 consisted of:

\$ 7,236,000	Received from the sale of common stock and warrants
(2,231,000)	Used in operating activities
(146,000)	Used in investment activities
<hr/>	
\$ 4,859,000	Net increase

We had negative working capital of \$1,687,000 at December 31, 2010. The calculation of this working capital amount is net of the derivative instrument liability of \$5,995,000 as of that date.

As more fully described in Note 9 to the financial statements, during October and November of 2010 we raised a gross amount of \$8 million through the issuance of common stock and warrants. Cash on hand as of December 31, 2010 is expected to support our activities through the end of calendar 2011.

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

### Critical Accounting Policies

The following accounting policies are critical in fully understanding and evaluating our financial statements:

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

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

## Results of Operations

### *For the three months ended December 31, 2010 versus December 31, 2009*

**Sales and cost of goods sold** for the three months ended December 31, 2010 and 2009 were zero as we have yet to generate revenues from our technology. We are aggressively pursuing our stated business strategy which includes a near-term focus to establish business arrangements for use of our technology by licensees for the development and production of products for both therapeutic and vaccine uses.

**Research and development expense** for the three months ended December 31, 2010 was \$620,000 compared to \$254,000 for the comparable period in 2009. This increase of \$366,000, or 144%, was primarily due to personnel costs related to the expansion of our research and product development capabilities.

Specifically, we have hired a Chief Scientific Officer and two other individuals who are active in the execution of the business strategy described in the preceding paragraph and have increased the level of research and development activities with FhCMB. Our personnel related expenses have increased from zero to \$285,000 while FhCMB related expenses have increased by \$83,000 to \$333,000. The balance of the change in overall research and development expenses is attributable to less use of external consultants. Personnel related expenses include an increase of \$185,000 related to stock-based compensation which does not require the disbursement of cash. Rather, it is an estimate of the value of stock options and other equity incentives provided to employees, directors, and third parties to align their interests with ours.

**General and administrative expense** for the three months ended December 31, 2010 was \$1,245,000 compared to \$502,000 for the comparable period in 2009. This increase of \$743,000, or 148%, was primarily due to an increase of \$512,000 in stock based compensation expense for management and various vendors providing financial advisory and investor relations services, an increase of \$51,000 in invoiced financial advisory and investor relation services, \$91,000 in public company related costs, and \$50,000 in minimum royalties to FhCMB. All other costs were generally comparable. As previously indicated, stock based compensation expense does not require the disbursement of cash. Rather, it is an estimate of the value of stock options and other equity incentives provided to employees, directors, and third parties to align their interests with ours.

## Edgar Filing: iBio, Inc. - Form 10-Q

**Other income (expense)** for the three months ended December 31, 2010 was a net expense of \$2,845,000 compared to a net benefit of \$451,000 during the comparable period in 2009. Such amounts consisted of the following:

	2010	2009
Interest income	\$ 4,000	\$ 6,000
Royalty income	4,000	4,000
Interest expense	(14,000)	
Benefit (expense) related to the change in the fair value of the derivative instrument liability	(2,839,000)	441,000
	\$ (2,845,000)	\$ 451,000
<b>Total</b>	<b>\$ (2,845,000)</b>	<b>\$ 451,000</b>

- a) Interest income was lower primarily due to lower interest rates during the three months ended December 31, 2010 compared to the prior period.
- b) Royalty income is dependent upon net sales of products employing our licensed technology and will vary from quarter to quarter.
- c) Interest expense for 2010 is directly attributable to interest charges accrued on balances due to FhCMB during the three months ended December 31, 2010.
- d) The change in the fair value of derivative financial instruments is recorded in accordance with the guidance in ASC 815-40, Derivatives and Hedging - Contracts in Entity's Own Equity which became effective for the Company on July 1, 2009.

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

During the three months ended December 31, 2010, the estimated fair value of this derivative liability increased from \$3,155,000 to \$5,995,000 primarily as a result of an increase in our stock price from \$2.22 to \$3.16 during that period. The resulting change of \$2,839,000 has been reported as non-cash expense in our condensed statement of operations as a component of other income (expense) for that period and had no effect upon our operating cash flow; and

During the three months ended December 31, 2009, the estimated fair value of this derivative liability decreased from \$1,182,000 to \$741,000 primarily as a result of a decrease in our stock price from \$1.18 to \$0.90 during that period. The resulting change of \$441,000 has been reported as non-cash benefit in our condensed statement of operations as a component of other income (expense) for that period and had no effect upon our operating cash flow.

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

**Income tax expense** for the three months ended December 31, 2010 and 2009 reflects estimates for the minimum amounts of state income taxes due in states where we are required to file income tax returns. Our deferred tax assets resulting from our net operating losses are fully reserved in a valuation allowance account since it is more likely than not that such assets will not be realized.

*For the six months ended December 31, 2010 versus December 31, 2009*

**Sales and cost of goods sold** for the six months ended December 31 2010 and 2009 were zero as we have yet to generate revenues from our technology. We are aggressively pursuing our stated business strategy which includes a near-term focus to establish business arrangements for use of our technology by licensees for the development and production of products for both therapeutic and vaccine uses.

**Research and development expense** for the six months ended December 31, 2010 was \$777,000 compared to \$358,000 for the comparable period in 2009. This increase of \$419,000, or 117%, was primarily due to personnel costs related to the expansion of our research and product development capabilities.

Specifically, we have hired a Chief Scientific Officer and two other individuals who are active in the execution of the business strategy described in the preceding paragraph. These individuals have replaced several laboratory employees who are now full time employees of FhCMB. Additionally, we have increased the level of research and development activities with FhCMB. Our personnel related expenses have increased by \$375,000 to \$438,000 while FhCMB related expenses have increased by \$83,000 to \$333,000. The remaining decrease of \$39,000 in overall research and development expenses is attributable to less use of external consultants. Personnel related expenses include an increase of \$273,000 related to stock-based compensation which does not require the disbursement of cash. Rather, it is an estimate of the value of stock options and other equity incentives provided to employees, directors, and third parties to align their interests with ours.

**General and administrative expense** for the six months ended December 31, 2010 was \$2,458,000 compared to \$971,000 for the comparable period in 2009. This increase of \$1,487,000, or 153%, was primarily due to an increase of \$1,049,000 in stock based compensation expense for management and various vendors providing financial advisory and



## Edgar Filing: iBio, Inc. - Form 10-Q

investor relations services, an increase of \$81,000 in invoiced financial advisory and investor relation services, an increase of \$42,000 in patent management costs, \$127,000 in public company related costs, and \$100,000 in minimum royalties to FhCMB. All other costs were generally comparable. As previously indicated, stock based compensation expense does not require the disbursement of cash. Rather, it is an estimate of the value of stock options and other equity incentives provided to employees, directors, and third parties to align their interests with ours.

**Other income (expense)** for the six months ended December 31, 2010 was a net expense of \$4,292,000 compared to a net expense of \$520,000 the comparable period in 2009. This change consisted of the following:

	2010	2009
Interest income	\$ 4,000	\$ 8,000
Royalty income	10,000	13,000
Interest expense	(25,000)	
Change in the fair value of derivative instrument liability	(4,281,000)	(541,000)
<b>Total</b>	<b>\$ (4,292,000)</b>	<b>\$ (520,000)</b>

- a) Interest income was lower primarily due to lower interest rates during the six months ended December 31, 2010 compared to the prior period.
- b) Royalty income is dependent upon net sales of products employing our licensed technology and will vary from quarter to quarter.
- c) Interest expense for 2010 is directly attributable to interest charges accrued on balances due to FhCMB during the six months ended December 31, 2010.
- d) The change in the fair value of derivative financial instruments is recorded in accordance with the guidance in ASC 815-40, Derivatives and Hedging - Contracts in Entity's Own Equity which became effective for the Company on July 1, 2009.

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

During the six months ended December 31, 2010, the estimated fair value of this derivative liability increased from \$1,714,000 to \$5,995,000 primarily as a result of an increase in our stock price from \$1.38 to \$3.16 during that period. The resulting change of \$4,281,000 has been reported as non-cash expense in our condensed statement of operations as a component of other income (expense) for that period and had no effect upon our operating cash flow; and

During the six months ended December 31, 2009, the estimated fair value of this derivative liability increased from \$199,000 to \$741,000 primarily as a result of an increase in our stock price from \$0.45 to \$0.90 during that period. The resulting change of \$541,000 has been reported as non-cash expense in our condensed statement of operations as a component of other income (expense) for that period and had no effect upon our operating cash flow.

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

**Income tax expense** for the six months ended December 31, 2010 and 2009 reflects estimates for the minimum amounts of state income taxes due in states where we are required to file income tax returns. Our deferred tax assets resulting from our net operating losses are fully reserved in a valuation allowance account since it is more likely than not that such assets will not be realized.

**Item 3        QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

In the normal course of business, the Company may be a party to financial instruments that are subject to market risks arising from changes in interest rates and foreign currency rates. We currently do not use derivative financial instruments to address treasury risk management issues in connection with changes in interest rates and foreign currency rates.

**Item 4T      CONTROLS AND PROCEDURES**

We maintain disclosure controls and procedures that are designed to provide reasonable assurance that information required to be disclosed in our reports filed under the Securities Exchange Act of 1934, or the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

As required by Rule 13a-15(b) under the Exchange Act, we carried out an evaluation, under the supervision and with the participation of management, including our principal executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on the foregoing and as described in the following paragraphs, our principal executive officer and principal financial officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in reports that we file under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms.

Edgar Filing: iBio, Inc. - Form 10-Q

There have been no changes in our internal control over financial reporting during the quarter ended December 31, 2010 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**PART II OTHER INFORMATION**

**Item 1 LEGAL PROCEEDINGS**

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

**Item 1A RISK FACTORS**

The risks described in Item 1A, Risk Factors, in our Annual Report on Form 10-K for the year ended June 30, 2010 and our Registration Statement on Form S-3/A filed with the Securities and Exchange Commission on January 27, 2011 could materially and adversely affect our business, financial condition and results of operations. The risk factors discussed in those filings do not identify all risks that we face because our business operations could also be affected by additional factors that are not presently known to us or that we currently consider to be immaterial to our operations.

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

Our operating results are impacted by the health of the international business community. Our business and financial performance, including collection of our accounts receivable and recoverability of assets including investments, may be adversely affected by current and future economic conditions, such as a reduction in the availability of credit, financial market volatility, and recession.

Additionally, we may experience difficulties in scaling our operations to react to economic pressures in the United States.

**Item 2 UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

On November 22, 2010, iBio, Inc. completed the third and final closing (the Third Closing ) of the private offering (the Offering ) of our securities pursuant to a Securities Purchase Agreement with certain investors. The first closing of the Offering was reported by us on a Current Report on Form 8-K, filed with the Securities and Exchange Commission (the Commission ) on October 29, 2010 and the second closing of the Offering was reported by us on our Quarterly Report on Form 10-Q for the quarter ended September 30, 2010, filed with the Commission on November 15, 2010. In the Third Closing, the investors purchased an aggregate of 467,500 shares of our common stock at a purchase price of \$2.00 per share. Each investor was issued a five-year warrant to purchase the same number shares of our common stock purchased by such investor at a cash exercise price of \$2.20 per share (the Warrants ). We received \$899,550 in net proceeds in the Third Closing.

We agreed pursuant to the terms of a Registration Rights Agreement with the investors to (i) file a shelf registration statement with respect to the resale of shares of the common stock sold to the investors and shares of common stock underlying the Warrants with the Commission within 30 days after the final closing date of the Offering; (ii) have the shelf registration statement declared

## Edgar Filing: iBio, Inc. - Form 10-Q

effective by the Commission within 90 days (subject to adjustment) of such final closing date; and (iii) use our reasonable best efforts to keep the shelf registration statement effective until the earlier of the time when all shares registered thereunder have been sold or the shares covered by the shelf registration statement may be sold without volume restrictions pursuant to Rule 144 of the Securities Act of 1933, as amended (the Securities Act ). We filed such registration statement on December 21, 2010 and amended it on January 27, 2011.

The Placement Agent for the Offering was paid a cash fee of \$35,450 in connection with the Third Closing and was issued a five-year warrant to purchase 22,338 shares of the Company's common stock at an exercise price of \$2.93, the closing price of our common stock on the OTC Bulletin Board on November 22, 2010.

Copies of the transaction documents for the Offering were filed as exhibits to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2010, filed with the Commission on November 15, 2010 and are incorporated herein by reference. The foregoing summary descriptions of the definitive agreements are qualified in their entirety by reference to the full texts of each of such exhibits.

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

### **Item 3        DEFAULTS UPON SENIOR SECURITIES**

None.

### **Item 5        OTHER INFORMATION**

None.

### **Item 6        EXHIBITS**

#### **Exhibit Number**

31.1	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 by Chief Executive Officer.
31.2	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 by Chief Financial Officer
32.1	Certification of periodic financial report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 by Chief Executive Officer.
32.2	Certification of periodic financial report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 by Chief Financial Officer.

Edgar Filing: iBio, Inc. - Form 10-Q

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

iBio, Inc.

Date: February 14, 2011

By: /s/ Robert B. Kay

Robert B. Kay,  
Chief Executive Officer

Date: February 14, 2011

By: /s/ Frederick Larcombe

Frederick Larcombe,  
Chief Financial Officer

24

---