International Fight League, Inc.
Form 10-Q
November 23, 2009

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended September 30, 2009

or

o **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: 000-21134

International Fight League, Inc.

(Exact name of Registrant as specified in its charter)

Delaware	**04-2893483**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)
7365 Main Street, #191 Stratford, CT	**06614**
(Address of Principal Executive Offices)	(ZIP Code)

347-563-0060
(Registrant's telephone number, including area code)

(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 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. Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted to its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes o No o

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

Large accelerated filer o	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company x

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

Yes x No o

As of November 11, 2009, there were 79,058,509 shares of common stock, par value $0.01 per share, outstanding.

INTERNATIONAL FIGHT LEAGUE, INC.

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PART I. FINANCIAL INFORMATION

Item 1. ***Financial Statements***

Certain information and footnote disclosures required under generally accepted accounting principles have been condensed or omitted from the following condensed financial statements pursuant to the rules and regulations of the Securities and Exchange Commission. International Fight League, Inc. (the “registrant,” the “Company,” “IFL,” “ILFI,” “we,” “us,” or “our”) believes that the disclosures are adequate to assur the information presented is not misleading in any material respect. The following condensed financial statements should be read in conjunction with the year-end financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2008.

The results of operations for the interim periods presented herein are not necessarily indicative of the results to be expected for the entire fiscal year, or any other period.

When we refer to our fiscal year in this report, we are referring to the fiscal year ended on December 31 of that year. Thus, we are currently operating in our fiscal 2009 year, which commenced on January 1, 2009. Unless the context expressly indicates a contrary intention, all references to years in this filing are to our fiscal years.

INTERNATIONAL FIGHT LEAGUE, INC.

CONDENSED BALANCE SHEETS

	September 30, 2009 (unaudited)	December 31, 2008
ASSETS		
Current assets:		
Cash and cash equivalents	$ 73,741	$ 118,468
Prepaid expenses	118,891	228,555
Total current assets	192,632	347,023
Property and equipment, net of accumulated depreciation and amortization	—	1,150
Total assets	$ 192,632	$ 348,173
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable	$ 14,100	$ 7,340
Accrued expenses and other current liabilities	35,340	66,568
Loss in excess of investment in Equity Investee		466,745
Total current liabilities	49,440	540,653
Commitments		
Stockholders' equity (deficit):		
Common stock, $0.01 par value per share; 150,000,000 shares authorized; 79,058,509 shares issued and outstanding at September 30, 2009 and December 31, 2008	790,562	790,562
Additional paid-in capital	36,399,495	36,304,680
Accumulated deficit	(37,046,865)	(37,287,722)
Total stockholders' equity (deficit)	143,192	(192,480)
Total liabilities and stockholders' equity (deficit)	$ 192,632	$ 348,173

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

INTERNATIONAL FIGHT LEAGUE, INC.

CONDENSED STATEMENTS OF OPERATIONS
(unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2009	**2008**	**2009**	**2008**
Revenues	$ —	$ —	$ —	$ —
Selling, general and administrative expenses	30,220	251,834	95,576	467,738
Stock-based compensation expense	31,723	140,758	190,258	180,730
Other income (expenses):				
Loss from Equity Investee	(108,856)	—	(399,806)	—
Gain on termination of interest in Equity Investee	926,451	—	926,451	—
Interest expense	(28)	—	(208)	—
Interest income	6	2,265	254	57,152
Other income, net	817,573	2,265	526,691	57,152
Income (loss) from continuing operations	755,630	(390,327)	240,857	(591,316)
Loss from discontinued operations	—	(903,357)	—	(5,461,244)
Net income (loss)	$ 755,630	$ (1,293,684)	$ 240,857	$ (6,052,560)
Net income(loss) per common share—basic and diluted				
Continuing operations	$ 0.01	$ (0.01)	$ 0.00	$ (0.01)
Discontinued operations	$ —	$ (0.01)	$ —	$ (0.07)
Net income (loss)	$ 0.01	$ (0.02)	$ 0.00	$ (0.08)
Weighted average number of common shares outstanding—basic and diluted	79,058,509	79,058,509	79,058,509	79,058,509

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

INTERNATIONAL FIGHT LEAGUE, INC.

CONDENSED STATEMENTS OF CASH FLOWS
(unaudited)

	For the Nine Months Ended September 30, 2009	2008
Cash flows from operating activities:		
Loss from discontinued operations	$ —	$ (5,461,244)
Income (loss) from continuing operations	240,857	(591,316)
Net income (loss)	240,857	(6,052,560)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Losses from Equity Investee	399,806	197,513
Selling, general and administrative expenses paid by Equity Investee	59,900	—
Gain on termination of interest in Equity Investee	(926,451)	—
Depreciation and amortization	760	69,329
Loss on disposal of property and equipment	380	151,158
Forfeiture of security deposit		107,152
Share-based compensation expense	190,258	472,658
Changes in operating assets and liabilities:		
Prepaid expenses	14,231	129,793
Current assets from discontinued operations	—	688,954
Accounts payable	6,760	(46,520)
Accrued liquidated damages	—	(456,045)
Accrued expenses and other current liabilities	(31,228)	(65,597)
Accrued expenses and other current liabilities from discontinued operations	—	(1,094,742)
Net cash used in operating activities	(44,727)	(5,898,907)
Cash flows from investing activities:		
Refund of security deposits	—	1,843
Proceeds from sale of property and equipment	—	22,840
Net cash provided by investing activities	—	24,683
Net decrease in cash and cash equivalents	(44,727)	(5,874,224)
Cash and cash equivalents at beginning of period	118,468	6,120,500
Cash and cash equivalents at end of period	$ 73,741	$ 246,276

Supplemental disclosure of cash flow information:

Cash paid during the period for interest	$	208	$	0

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

INTERNATIONAL FIGHT LEAGUE, INC.
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited)

NOTE 1—NATURE OF OPERATIONS AND GOING CONCERN UNCERTAINTY

During the three month period ended September 30, 2008, International Fight League, Inc. ("IFLI"), ceased the operations of its wholly-owned subsidiary, IFL Corp. ("IFLC"), through which all operations were conducted, and on September 15, 2008, IFLC voluntarily filed a petition for reorganization relief under Chapter 11 of the United States Bankruptcy Code ("Bankruptcy Code") in the United States Bankruptcy Court for the Southern District of New York (the "Court"). IFLC's bankruptcy case is docketed as *In re IFL Corp.*, Case No. 08-13589 (MG). On November 17, 2008, IFLC sold substantially all of its assets to HDNet LLC ("HDNet") pursuant to a sale under Section 363 of the Bankruptcy Code which was approved by the Court on October 28, 2008. IFLC has operated its business and managed its assets as a "debtor in possession" pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. On September 14, 2009, the Court confirmed a plan of liquidation of IFLC (the "Plan") and an order of the confirmation of the Plan ("Confirmation Order") was entered that day. Upon the entering of the Confirmation Order by the Court, all of IFLI's interests in IFLC were terminated and as of September 14, 2009, IFLC was no longer a subsidiary of IFLI. IFLI plans to operate as a shell company on a continuing basis and IFLC's liquidation is expected to be completed by the end of 2009.

The "Company" refers to the accounts of IFLI and IFLC through September 15, 2008 and IFLI subsequent to that date.

The accompanying condensed financial statements have been prepared using accounting principles generally accepted in the United States applicable for a going concern which assumes that the Company will realize its assets and discharge its liabilities in the ordinary course of business, and all applicable rules and regulations of the U.S. Securities and Exchange Commission. At September 30, 2009, the Company had cash of $73,741 and an accumulated deficit of $37,047,000, and has no business operations.

The Company is exploring its options to realize value for its stockholders, which may include seeking a reverse merger transaction with a party with operations. The Company has no present avenues of financing, no source of revenues and no present plans to obtain interim financing while continuing to explore its options. As a result of the foregoing, the lack of liquidity and funding sources pose a substantial risk to the ongoing viability of the Company. These conditions raise substantial doubt about the Company's ability to continue as a going concern. These condensed financial statements do not include any adjustments that might result from the outcome of this uncertainty.

NOTE 2—BASIS OF PRESENTATION, DESCRIPTION OF BUSINESS AND EQUITY INVESTMENT IN INVESTEE

In accordance with Accounting Standards Codification ("ASC") Topic 810, *Consolidated Financial Statements*, the Company was required to deconsolidate IFLC upon the filing of its petition for reorganization relief under Chapter 11 in September 2008. Under ASC Topic 810, a majority owner is deemed to have lost control over a subsidiary if the subsidiary is in legal reorganization or bankruptcy. These conditions preclude consolidation as control rests with the bankruptcy court, rather than the majority owner. Accordingly, IFLI deconsolidated IFLC as of September 15, 2008, eliminating all future operations from the financial results of operations. Since October 1, 2008, the operations of IFLI's wholly-owned subsidiary IFLC have, therefore, been accounted for under the equity method of accounting. Upon the entering of the Confirmation Order by the Court on September 14, 2009, IFLI's interests in IFLC were terminated, and therefore, since that date, IFLI is no longer carrying any interest in IFLC.

ASC Topic 320, *Investments*, requires that an investment in an investee be reported using the equity method when an investor corporation can exercise significant influence over the operations and financial policies of an investee corporation. When the equity method of accounting is used, the investor initially records the investment in the stock of an investee at cost. The investment account is then adjusted to recognize the investor's share of the income or losses of the investee after the date of acquisition when it is earned by the investee. Such amounts are included when determining the net income of the investor in the period they are reported by the investee.

INTERNATIONAL FIGHT LEAGUE, INC.
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited)

Based on the loss of control over IFLC and the uncertainties surrounding the nature, timing and specifics of the bankruptcy proceedings, IFLI deconsolidated IFLC as of September 15, 2008, eliminating all results from that point forward associated with its balance sheets, statements of operations and cash flows. The Company's previously reported consolidated balance sheets, consolidated statements of operations and consolidated cash flows prior to September 15, 2008 include IFLC's financial condition, results of operations and cash flows as discontinued operations.

The accompanying unaudited condensed financial statements represent the accounts of IFLI and IFLC as of September 30, 2008 and for the three and nine month periods then ended, and the accounts of IFLI only as of September 30, 2009 and for the three and nine month periods then ended. All intercompany accounts and transactions have been eliminated in consolidation. These unaudited condensed financial statements reflect all adjustments (consisting of normal recurring accruals) that are considered necessary for a fair presentation of financial position and results of operations as of and for the periods presented. The Company is required to make estimates and assumptions that affect the amounts reported in the unaudited condensed financial statements and footnotes. Estimates and assumptions are periodically reviewed and the effects of any material revisions are reflected in the period that they are determined to be necessary.

For the period of September 15, 2008 through September 14, 2009, the operations of IFLC have been accounted for under the equity method of accounting and are disclosed as activity related to "Equity Investee" in the accompanying condensed financial statements. The assets and liabilities of IFLC are excluded from the balance sheets as of December 31, 2008 and September 30, 2009 (see Note 5). Under the Plan confirmed by the Court, IFLI has no obligation to fund any losses related to its investment in IFLC or pay any liabilities of IFLC.

NOTE 3—RECENTLY ISSUED AND ADOPTED ACCOUNTING PRONOUNCEMENTS

In June 2009, the Financial Accounting Standard Board ("FASB") issued Accounting Standards Update ("ASU") No. 2009-01, *Topic 105 - Generally Accepted Accounting Principles - amendments based on Statement of Financial Accounting Standards No. 168, The FASB Accounting Standards Codification ("ASC") and the Hierarchy of Generally Accepted Accounting Principles*. This ASU reflected the issuance of FASB Statement No. 168. This ASU amends the FASB Accounting Standards Codification for the issuance of FASB Statement No. 168, *The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles*. This ASU includes Statement 168 in its entirety, including the accounting standards update instructions contained in Appendix B of the Statement. The Codification does not change current U.S. GAAP, but is intended to simplify user access to all authoritative U.S. GAAP by providing all the authoritative literature related to a particular topic in one place. The Codification is effective for interim and annual periods ending after September 15, 2009, and as of the effective date, all existing accounting standard documents will be superseded. The Codification is effective for the Company in the third quarter of 2009, and accordingly, this Quarterly Report on Form 10-Q for the quarter ending September 30, 2009 and all subsequent public filings will reference the Codification as the sole source of authoritative literature.

In June 2009, the FASB issued ASU No. 2009-02, *Omnibus Update —Amendments to Various Topics for Technical Corrections*. This omnibus ASU detailed amendments to various topics for technical corrections. The adoption of ASU 2009-02 will not have a material impact on the Company's condensed financial statements.

In March 2008, the FASB issued ASC Topic 815 (FASB Statement No. 161), *Disclosures about Derivative Instruments and Hedging Activities*, an amendment of ASC Topic 815. ASC Topic 815 amends and expands the disclosures required by ASC Topic 815 so that they provide an enhanced understanding of 1) how and why an entity uses derivative instruments, 2) how derivative instruments and related hedged items are accounted for under ASC Topic 815 and its related interpretations, and 3) how derivative instruments affect an entity's financial position, financial performance, and cash flows. ASC Topic 815 is effective for both interim and annual reporting periods beginning after November 15, 2008, with early adoption encouraged. The adoption of ASC Topic 815 will not have a material impact on the Company's condensed financial statements.

INTERNATIONAL FIGHT LEAGUE, INC.
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited)

In June 2008, the FASB issued ASC Topic 260-10-45, *Earnings Per Share – Other Presentation Matters*. ASC Topic 260 provides that unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and shall be included in the computation of earnings per share pursuant to the two-class method. ASC Topic 260 is effective for fiscal years beginning after December 15, 2008, and interim periods within those years. Upon adoption, a company is required to retrospectively adjust its earnings per share data (including any amounts related to interim periods, summaries of earnings and selected financial data) to conform to the provisions of ASC Topic 260. The adoption of ASC Topic 260 had no impact on the Company's financial statements.

In June 2009, the FASB issued SFAS No. 166, *Accounting for Transfers of Financial Assets, an Amendment of ASC Topic 860* ("SFAS 166"). This Statement improves the relevance, representational faithfulness and comparability of the information that a reporting entity provides in its financial statements about a transfer of financial assets; the effects of a transfer on its financial position, financial performance, and cash flows; and a transferor's continuing involvement, if any, in transferred financial assets. This statement is effective for interim and annual reporting periods beginning after November 15, 2009, and is not expected to have a material impact on our condensed financial statements.

In June 2009, the FASB issued SFAS No. 167, "*Amendments to ASC Topic 810 (FASB Interpretation No. 46(R))*" ("SFAS 167"). This statement which eliminates exceptions to consolidating qualifying special purpose entities, contains new criteria for determining the primary beneficiary, and increases the frequency of required reassessments to determine whether a company is the primary beneficiary of a variable interest entity. This Statement clarifies, but does not significantly change, the characteristics that identify a variable interest entity. This Statement is effective for fiscal years and interim periods beginning after November 15, 2009, and is not expected to have a material impact on our condensed financial statements.

In December 2007, the FASB issued ASU 810-10-65-1, *Nature and Classification of the Noncontrolling Interests in Consolidated Statement of Financial Position*. ASU 810-10-65-1 establishes accounting and reporting standards for a non-controlling interest in a subsidiary and for the deconsolidation of a subsidiary. In addition, ASU 810-10-65-1 requires certain consolidation procedures for consistency with the requirements of ASC Topic 805, *Business Combinations*. ASU 810-10-65-1 is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008 with earlier adoption prohibited. The adoption of ASU 810-10-65-1 did not have a significant impact on the financial statements.

In December 2007, the FASB issued ASC Topic 805, *Business Combinations.* ASC Topic 805 expands the definition of transactions and events that qualify as business combinations; requires that the acquired assets and liabilities, including contingencies, be recorded at the fair value determined on the acquisition date and changes thereafter be reflected in revenue, not goodwill; changes the recognition timing for restructuring costs; and requires acquisition costs to be expensed as incurred. Adoption of ASC Topic 805 is required for combinations after December 15, 2008. Early adoption and retroactive application of ASC Topic 805 to fiscal years preceding the effective date are not permitted. The adoption of ASC Topic 805 did not have a significant impact on the financial statements.

NOTE 4—RECLASSIFICATIONS

Certain 2008 balances have been reclassified in order to conform to the 2009 presentation.

INTERNATIONAL FIGHT LEAGUE, INC.
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited)

NOTE 5—EQUITY METHOD OF INVESTEE, LOSS IN EXCESS OF INVESTMENT IN EQUITY INVESTEE AND FINANCIAL INFORMATION OF DECONSOLIDATED SUBSIDIARY

From September 16, 2008, the day after IFLC filed its bankruptcy petition, through September 14, 2009, the day the Confirmation Order was entered, the operations of IFLC have been accounted for under the equity method of accounting due to the loss of control by IFLI as described in Note 2. Summarized financial information of IFLC as of September 14, 2009 and December 31, 2008 and for the periods of July 1, 2009 through September 14, 2009 and January 1, 2009 to September 14, 2009 and for the three and nine month periods ended September 30, 2008 is as follows:

	Three Months Ended September 30, (unaudited)		Nine Months Ended September 30, (unaudited)	
	2009*	2008	2009*	2008
Revenues	$ —	$ 133,159	$ —	$ 1,318,405
Cost of revenues	—	160,564	—	3,054,554
Selling, general and administrative expenses	75,467	591,076	257,680	3,149,907
Other expense, net	33,389	284,876	142,126	575,188
Net loss	$ (108,856)	$ (903,357)	$ (399,806)	$ (5,461,244)

* Only includes results through September 14, 2009, the date on which the Confirmation Order was entered and all of IFLI's interests in IFLC were terminated.

The net loss of IFLC is included on the accompanying condensed statements of operations in loss from Equity Investee for fiscal year 2009 and loss from discontinued operations for fiscal year 2008 results.

The following table summarizes the assets, liabilities and net equity of IFLC as of September 14, 2009, just prior to the termination of all of IFLI's interests in IFLC, and December 31, 2008 and the calculation of the loss in excess of investment in Equity Investee as of September 14, 2009, just prior to the termination of all of IFLI's interests in IFLC, and December 31, 2008, as recorded on the Company's balance sheet as of that date:

	September 14, 2009	December 31, 2008
	(unaudited)	
Cash	$ 211,563	$ 523,096
Other assets	3,282	4,188
Total assets deconsolidated	214,845	527,284
Accounts payable subject to compromise (A)	282,126	134,858
Accrued liabilities subject to compromise (A)	859,170	859,171
Due to International Fight League, Inc., subject to compromise (A)	34,055,593	34,061,783
Total liabilities deconsolidated	35,196,889	35,055,812

Net equity/negative investment	$	(34,982,044)	$	(34,528,528)

INTERNATIONAL FIGHT LEAGUE, INC.
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited)

The loss in excess of investment in Equity Investee is comprised of:

	September 14, 2009	December 31, 2008
	(unaudited)	
Net equity/negative investment	$ (34,982,044)	$ (34,528,528)
Due to International Fight League, Inc. (A)	34,055,593	34,061,783
Loss in excess of investment in Equity Investee (B)	$ (926,451)	$ (466,745)

(A) **Liabilities Subject to Compromise:** Liabilities subject to compromise refers to both secured and unsecured obligations that will be accounted for under the plan of reorganization, including claims incurred prior to the petition date. They represent the debtors' current estimate of the amount of known or potential pre-petition claims that are subject to restructuring in the chapter 11 case. Such claims remain subject to future adjustments. Related party and insider liabilities, such as amounts due to IFLI, are subordinated to the claims of other creditors.

(B) Upon the Court's confirmation of the Plan, all of IFLI's ownership in IFLC were terminated, resulting in a gain in the current period for IFLI. See Note 6 for additional details.

The financial information above for IFLC has been prepared in conformity with ASC Topic 852, *Reorganizations*, which requires that the liabilities subject to compromise by the Bankruptcy Court are reported separately from the liabilities not subject to compromise, and that all transactions directly associated with the plan of reorganization be reported separately as well. Liabilities subject to compromise include pre-petition unsecured claims that may be settled at amounts that differ from those recorded in IFLC's condensed balance sheets.

NOTE 6—TERMINATION OF INTERESTS IN IFLC AND GAIN ON TERMINATION

On September 14, 2009, the Court entered the Confirmation Order confirming the Plan (see Note 1). As a result of the confirmation of the Plan, all of IFLI's interests in IFLC were terminated on September 14, 2009. The termination of IFLI's interests in IFLC resulted in IFLI recognizing a gain of $926,451, the amount equal to the loss in excess of investment in Equity Investee as of September 14, 2009, just prior to the termination of IFLI's interests in IFLC (see Note 5). This gain of $926,451 was recorded in the three month period ended September 30, 2009.

NOTE 7—DISCONTINUED OPERATIONS

On September 15, 2008, IFLC voluntarily filed a petition under chapter 11 of the Bankruptcy Code with the Court. The Company ceased operations in the quarter ended September 30, 2008, prior to the filing of the bankruptcy petition by IFLC. Accordingly, the Company has reported the results of its mixed martial arts ("MMA") operations as discontinued operations. The following summarizes the results of discontinued operations:

	Three Months Ended September 30, 2008 (unaudited)	Nine Months Ended September 30, 2008 (unaudited)
Revenues	$ 133,159	$ 1,318,405
Cost of revenues	$ 160,564	$ 3,054,554
Loss from discontinued operations	$ (903,357)	$ (5,461,244)

INTERNATIONAL FIGHT LEAGUE, INC.
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited)

NOTE 8—LOSS PER SHARE

The Company complies with the accounting and reporting requirements of ASC Topic 260, *Earnings Per Share*. Basic earnings per share ("EPS") excludes dilution and is computed by dividing income (loss) applicable to common stockholders by the weighted average number of common shares outstanding for the period. Diluted EPS is based upon the weighted average number of common shares outstanding during the period plus the additional weighted average common equivalent shares during the period. Common equivalent shares result from the assumed exercises of outstanding stock options and warrants, the proceeds of which are then assumed to have been used to repurchase outstanding shares of common stock (the "treasury stock method"). Common equivalent shares are not included in the per share calculations where the effect of their inclusion would be anti-dilutive. Stock options and warrants are deemed to be anti-dilutive when the average market price of the common stock during the period is less than the exercise price of the stock options or warrants.

At September 30, 2009 and 2008, the Company's common stock equivalents include stock options outstanding of 651,619 and 2,661,209, respectively, and warrants outstanding of 14,294,513, and 14,544,513, respectively. These common stock equivalents are not included in the diluted EPS calculations because the effect of their inclusion would be anti-dilutive or would decrease the loss per common share.

NOTE 9—INCOME TAXES

The Company files a federal U.S. income tax return and income tax returns in certain other states and cities. Tax returns for the years 2007 through 2008 remain open for examination in various tax jurisdictions in which it operates. The Company adopted the provisions of ASU 740-10-65-2, *Transition Related to FASB Staff Position FIN 48*, on January 1, 2007. As a result of the implementation of ASU 740-10-65-2, the Company recognized no material adjustment in the liability for unrecognized income tax benefits. At the adoption date of January 1, 2007, and at September 30, 2009, there were no unrecognized tax benefits. Interest and penalties related to uncertain tax positions will be recognized in income tax expense. As of September 30, 2009, no interest related to uncertain tax positions had been accrued.

NOTE 10—STOCK OPTION PLAN

Accounting for stock and stock options issued to employees follows the provisions of ASC Topic 718, *Stock Compensation* and ASU 2009-03, *Amendments of Various Topics Containing SEC Staff Accounting Bulletins*. These require an entity to measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award. That cost will be recognized over the period during which an employee is required to provide service in exchange for the award. The Company uses the Black-Scholes option pricing model to measure the fair value of options granted to employees.

During the year ended December 31, 2006, the Company adopted the new 2006 Equity Incentive Plan (the "Plan"), which permits the grant of share options and other forms of share-based awards to its employees and service providers for up to 5,000,000 shares of the Company's common stock. Option awards generally vest based on 3 years of continuous service and have 10-year contractual terms. Certain option and share awards provide for accelerated vesting if there is a change in control (as defined in the Plan).

INTERNATIONAL FIGHT LEAGUE, INC.
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited)

Option activity under the Plan for the nine months ended September 30, 2009 (unaudited) is summarized below:

	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term
Outstanding at January 1, 2009	1,031,236	$ 0.41	
Cancelled	(379,617)	$ 0.10	
Outstanding at September 30, 2009	651,619	$ 0.58	7.8 years
Exercisable at September 30, 2009	451,619	$ 0.56	

In connection with grants of options issued under the Plan, compensation costs of $31,723 and $94,815 were charged against operations for the three and nine months ended September 30, 2009, respectively and compensation costs were $60,791 and $188,274 for the three and nine months ended September 30, 2008, respectively.

Restricted Stock

The fair value of restricted stock awards is determined based upon the number of shares awarded and the quoted price of our common stock on the date of the grant. The fair value of the award is recognized as an expense over the service or vesting period, net of forfeitures, using the straight-line method under ASC Topic 718. Because the Company does not have historical data on forfeitures and has made only one grant of restricted stock, forfeitures are calculated based upon actual forfeitures, not estimates or assumptions.

In May 2007, the Company granted its only restricted stock award for 125,000 shares to its President, Chief Financial Officer and General Counsel. Costs of $95,443 were recognized as stock compensation expense for the nine month period ended September, 30, 2009 and no costs were recognized during the three month period ended September 30, 2009. Costs of $47,656 and $142,838 were recognized as compensation expense for the three and nine months ended September 30, 2008, respectively, related to this award. All of the shares were vested as of March 31, 2009.

NOTE 11—WARRANTS

The Company has issued a total of 14,611,180 warrants to purchase common stock at prices ranging from $.30 per share to $1.25 per share. Of this total, 13,976,180 were issued in connection with the Company’s December 2006 and August 2007 private placements, are fully vested and no charges to earnings were recognized in the three or nine month periods ended September 30, 2009. The remaining 635,000 warrants were issued during the quarter ended June 30, 2007 as incentive compensation to league coaches and as compensation to a consultant to the Company, of which 318,333 were outstanding and vested as of September 30, 2009. All costs for the issuance of these warrants have been recognized in prior periods, therefore no charges were recognized during the three or nine month periods ended September 30, 2009.

NOTE 12—SUBSEQUENT EVENTS

The Company has evaluated subsequent events through the time it filed its quarterly report on Form 10-Q on November 23, 2009. Michael Keefe, the Company’s President, Chief Financial Officer and General Counsel, and the Company’s Board of Directors have agreed that Mr. Keefe will step down from his all positions with the Company effective with the filing of this report on Form 10-Q with the Securities and Exchange Commission.

Item 2. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our condensed financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q and our Annual Report on Form 10-K filed on April 15, 2009. In addition to historical information, this discussion and analysis contains forward-looking statements that are based on current expectations, estimates, forecasts and projections about us, our future performance and the industries in which we operate as well as on our management's assumptions. These forward-looking statements involve risks and uncertainties. When used in this Quarterly Report on Form 10-Q the words "anticipate," "objective," "may," "might," "should," "could," "can," "intend," "expect," "believe," "estimate," "predict," "targets," "goals," "projects," "seeks," "potential," "plan," "is designed to" or the negative of these and similar expressions identify forward-looking statements. While we believe our plans, intentions and expectations reflected in those forward-looking statements are reasonable, we cannot assure you that these plans, intentions or expectations will be achieved. Other than as required by applicable securities laws, we are under no obligation to update any forward-looking statement, whether as result of new information, future events or otherwise. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, including but not limited to, those set forth under Item 1A, "Risk Factors," and elsewhere in this Quarterly Report on Form 10-Q and in our Annual Report on Form 10-K for the year ended December 31, 2008.

Overview, Discontinued Operations and Sale of Assets

Our business was founded in 2005 to organize, host and promote live and televised professional mixed martial arts ("MMA") sporting events under the name "International Fight league" or "IFL" and to capitalize on the growing popularity of MMA in the United States and around the world. In June 2008, we announced that our event scheduled for August 15, 2008 had been canceled and on September 15, 2008, our wholly-owned subsidiary IFLC, through which we conducted our operations and which held substantially all of our assets, voluntarily filed a petition for reorganization relief under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York (the "Court"). IFLC's bankruptcy case is docketed as *In re IFL Corp.*, Case No. 08-13589 (MG). IFLC has been operating its business and managing its assets as a "debtor in possession" pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. On November 17, 2008, IFLC sold substantially all of its assets to HDNet LLC ("HDNet") for $650,000 cash and the assumption by HDNet of certain obligations, pursuant to a sale under Section 363 of the Bankruptcy Code which was approved by the Court on October 28, 2008.

On September 14, 2009, the Court entered an order ("Confirmation Order") confirming a plan of liquidation of IFLC (the "Plan"). Pursuant to the Plan, IFLC's remaining assets will be used to satisfy its creditors, and all of IFLI's equity interests in IFLC were terminated with no payment. The liquidation of IFLC is expected to be completed before the end of 2009.

With the sale of substantially all of our assets to HDNet, the termination of our interests in IFLC and with no active business operations or business assets, we are a "shell company" as defined by the rules of the SEC under the Securities Exchange Act of 1934. Our Board of Directors, on a time available basis, will search for, review and engage in due diligence for potential merger or acquisition proposals for which the Board of Directors would deem to be suitable acquisition candidates. To date, no such acquisition or merger proposal has been identified. If our Board of Directors is able to identify a potential merger or acquisition candidate, we cannot predict in what industry or business this candidate may operate.

We will continue to incur ongoing losses, which are expected to be greatly reduced due to the inactive nature of our business. However, losses will be incurred to pay ongoing reporting expenses, including legal and accounting, as necessary to maintain the Company as a public entity, as well as some minimal operating expenses and insurance premiums for directors' and officers' liability and other insurance, while searching for merger or acquisition candidates. In addition, we may incur costs related to the termination of employees and satisfying our pre-existing severance obligations with these employees.

In connection with the sale of substantially all of our assets to HDNet, the assets sold to HDNet included the name "International Fight League," our corporate name. We have entered into a name use agreement with HDNet which permits us to use "International Fight League" for general corporate purposes until the earlier of (a) two years or (b) becoming involved in any active trade or business (other than the use of the name for general corporate purposes). The only assets we currently have are cash and cash equivalents, prepaid expenses (consisting of prepaid insurance premiums), and miscellaneous computer equipment (which has been written off).

Due to the September 15, 2008 bankruptcy filing by IFLC, IFLC ceased being a consolidated subsidiary as of that date. As a result, our balance sheets as of September 30, 2009 and December 31, 2008 include only the assets and liabilities of International Fight League, Inc., the parent company, and our statement of operations for the three and nine months ended September 30, 2009 excludes the results of operations of IFLC. The results of IFLC for the three and nine months ended September 30, 2008 are consolidated in our financial statements and are shown as discontinued operations.

Corporate History

Prior to November 29, 2006, we were known as Paligent Inc., a Delaware corporation ("Paligent"). On November 29, 2006, we acquired IFLC, then known as International Fight League, Inc., a privately held Delaware corporation, by a merger (the "Merger") pursuant to an agreement and plan of merger (the "Merger Agreement"). Immediately following the Merger, we changed our name to International Fight League, Inc. and IFLC changed its name to IFL Corp. and continued to operate the business of organizing and promoting a mixed martial arts sports league under the name "International Fight League."

The Merger has been accounted for as a reverse acquisition under the purchase method of accounting for business combinations in accordance with generally accepted accounting principles in the United States. Reported results of operations of the combined group reflect the operations of the Company and IFLC, except as otherwise disclosed in this report.

Results of Operations

We had income of $755,630 for the three months ended September 30, 2009, or $0.01 per share, as compared to a loss of $1,293,684, or $0.02 per share in the three months ended September 30, 2008, of which $390,327 was from continuing operations and $903,357 was from discontinued operations. For the nine months ended September 30, 2009, we had income of $240,857, or $0.00 per share, as compared to a loss of $6,052,560, or $0.08 per share, for the comparable period in 2008, of which $591,316 was from continuing operations and $5,461,244 was from discontinued operations. The income for the three and nine months ended September 30, 2009 was attributed to a non-cash gain of $926,451 from the termination of our interest in IFLC as a result to the entry of the Confirmation Order. Because we have no operations, no revenues were generated during the three or nine month periods ended September 30, 2009. Selling, general and administrative expenses were $30,220 and $95,576 for the three and nine month periods ended September 30, 2009, respectively, significantly lower than the $251,834 and $467,738 for the comparable periods in 2008, due to cost reductions and reductions in staff beginning in the second quarter of 2008, the Company still having operations in the first six months of 2008, and a $27,000 tax refund that reduced expenses in the second quarter of 2009. During the three months ended September 30, 2009, interest income of $6 was earned on available cash balances compared to $2,265 for the third quarter of 2008, a significant decrease due to the significantly lower cash balances.

Liquidity, Capital Resources and Going Concern

At September 30, 2009, our cash and cash equivalents were $73,741.

Our Board of Directors, on a time available basis, is exploring options to realize value for our stockholders, which may include seeking a reverse merger transaction with a party having ongoing operations. We have no present avenues of financing, no source of revenues and no present plans to obtain interim financing while continuing to explore our options.

As a result of the foregoing, our lack of liquidity and funding sources pose a substantial risk to our ongoing viability. The condensed financial statements in this report have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The forgoing conditions raise substantial doubt about our ability to continue as a going concern.

Off-Balance Sheet Arrangements

As of September 30, 2009, we had no off-balance sheet arrangements.

Item 3. ***Quantitative and Qualitative Disclosure About Market Risk***

Not applicable.

Item 4. ***Controls and Procedures***

Evaluation of Disclosure Controls and Procedures—Under the supervision and with the participation of management, including our President and Chief Financial Officer, we conducted an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on that evaluation, the President and Chief Financial Officer concluded that our disclosure controls and procedures have not been operating effectively as of the end of the period covered by this report.

In connection with the preparation of this Quarterly Report on Form 10-Q, management identified a material weakness due to insufficient resources in the accounting and finance departments, resulting in (i) ineffective review, monitoring and analysis of schedules, reconciliations and financial statement disclosures and (ii) the misapplication of U.S. GAAP and SEC financial reporting requirements. Due to the lack of resources that are appropriately qualified in the areas of U.S. GAAP and SEC financial reporting, and the potential impact on the financial statements and related disclosures and the importance of the interim financial closing and reporting process, in the aggregate, there is more than a remote likelihood that a material misstatement of the financial statements would not have been prevented or detected.

Changes in Internal Control Over Financial Reporting— There have been no changes in our internal control over financial reporting during the quarter ended September 30, 2009 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. Accordingly, we continue to have a material weakness in our internal control over financial reporting as disclosed in Item 9A(T) of our Annual Report on Form 10-K for the year ended December 31, 2008.

PART II—OTHER INFORMATION

Item 1. ***Legal Proceedings***

On September 15, 2008, our wholly-owned subsidiary, IFLC, through which we conducted our operations, voluntarily filed a petition for reorganization relief under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York. IFLC's bankruptcy case is docketed as *In re IFL Corp.*, Case No. 08-13589 (MG). On August 5, 2009, the Court approved a disclosure statement ("Disclosure Statement") filed by IFLC, which described its plan of liquidation, which is attached to the Disclosure Statement (the "Plan"). Pursuant to the Plan, IFLC's remaining assets will be used to satisfy its creditors, and IFLI's equity interest in IFLC will be terminated with no payment. A hearing to confirm the Plan was held on September 14, 2009, at which time the Court confirmed the Plan. This resulted in termination of our interest in IFLC with no payment to us. The liquidation of IFLC is expected to be completed before the end of 2009.

Item 1A. ***Risk Factors***

There have been no material changes in the risk factors that were previously disclosed in Item 1A, "Risk Factors," of Part I of the Company's Annual Report on Form 10-K for the year ended December 31, 2008.

Item 2. ***Unregistered Sales of Equity Securities and Use of Proceeds***

None.

Item 3. ***Defaults Upon Senior Securities***

None.

Item 4. ***Submission of Matters to a Vote of Security Holders***

None.

Item 5. ***Other Information***

Michael Keefe, our President, Chief Financial Officer and General Counsel, and our Board of Directors have agreed that Mr. Keefe will step down from his all positions with the Company effective with the filing of this report with the Securities and Exchange Commission.

Item 6. ***Exhibits***

See Exhibit Index on page 19 for a description of the documents that are filed as Exhibits to this report on Form 10-Q or incorporated by reference herein.

SIGNATURES

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

INTERNATIONAL FIGHT LEAGUE, INC.

By: /s/ Michael C. Keefe

Michael C. Keefe
President, Chief Financial Officer and General Counsel

Date: November 23, 2009

EXHIBIT INDEX

Exhibits

31.1	Certification of the Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (included in Exhibit 31.1 of this report).
32.1	Certification of the Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.