

International Fight League, Inc.

Form 424B3

December 19, 2008

Table of Contents

Filed Pursuant to Rule 424(b)(3)
File Number 333-146629
File Number 333-140636

PROSPECTUS SUPPLEMENT NO. 4

Prospectus Supplement No. 4 dated December 19, 2008
to Prospectus dated May 8, 2008
(Registration No. 333-146629 and Registration No. 333-140636)
INTERNATIONAL FIGHT LEAGUE, INC.

This Prospectus Supplement No. 4 dated December 19, 2008 (this prospectus supplement) supplements our prospectus dated May 8, 2008 (the prospectus). The prospectus covers 58,682,180 shares of our common stock that may be offered for resale by the selling stockholders named in the prospectus and the persons to whom such selling stockholders may transfer their shares. No securities are being offered or sold by us pursuant to the prospectus. We will not receive any of the proceeds from the sale of these shares by the selling stockholders.

This prospectus supplement includes our attached Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on November 20, 2008.

You should read this prospectus supplement in conjunction with the prospectus and prospectus supplement nos. 1, 2 and 3. This prospectus supplement is not complete without, and may not be utilized except in connection with, the prospectus, including any amendments or additional supplements to the prospectus.

Our common stock is listed on the OTC Bulletin Board under the symbol IFLI. The last reported sales price per share of our common stock, as reported by the OTC Bulletin Board on December 18, 2008 was \$0.007.

Investing in our common stock involves a high degree of risk.

Before purchasing shares of our common stock, you should carefully consider the risk factors beginning on page 8 of the prospectus, as these risk factors may be updated in prospectus supplements.

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

The date of this prospectus supplement is December 19, 2008.

Table of Contents

**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 September 30, 2008

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: 000-21134

International Fight League, Inc.

(Exact name of Registrant as specified in its charter)

Delaware

(State or Other Jurisdiction of
Incorporation or Organization)

04-2893483

(I.R.S. Employer
Identification Number)

38 Park Avenue

Rutherford, New Jersey

(Address of Principal Executive Offices)

07070

(ZIP Code)

201-635-1799

(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 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

(Do not check if a smaller reporting company)

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

At November 30, 2008, there were 79,058,509 shares of Common Stock, par value \$0.01 per share, outstanding.

INTERNATIONAL FIGHT LEAGUE, INC.
INDEX

Pa
Num

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Condensed Consolidated Balance Sheets as of September 30, 2008 (unaudited) and December 31, 2007

Condensed Consolidated Statements of Operations (unaudited) for the three and nine months ended September 30, 2008 and 2007

Condensed Consolidated Statements of Cash Flows (unaudited) for the nine months ended September 30, 2008 and 2007

Notes to Condensed Consolidated Financial Statements

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

Item 3. Quantitative and Qualitative Disclosure About Market Risk

Item 4. Controls and Procedures

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Item 1A. Risk Factors

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

Item 3. Defaults Upon Senior Securities

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

Item 5. Other Information

Item 6. Exhibits

Table of Contents

**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 consolidated financial statements pursuant to the rules and regulations of the Securities and Exchange Commission. International Fight League, Inc. (the registrant, the Company, IFL, we, us or our) believes that the disclosures are adequate to assure that the information presented is not misleading in any material respect. The following condensed consolidated financial statements should be read in conjunction with the year-end consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2007.

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. As previously reported, on September 15, 2008, our wholly-owned subsidiary, IFL Corp. (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). All of our operations were transacted through IFLC, which has ceased operations and, subsequent to September 30, 2008, sold substantially all of its assets pursuant to a sale under Section 363 of the Bankruptcy Code. Accordingly, this report and the condensed consolidated financial statements presented below should be read in conjunction with these developments.

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 2008 year, which commenced on January 1, 2008. Unless the context expressly indicates a contrary intention, all references to years in this filing are to our fiscal years.

Table of Contents

**INTERNATIONAL FIGHT LEAGUE, INC.
and Subsidiary (formerly International Fight League, LLC)
CONDENSED CONSOLIDATED BALANCE SHEETS**

| | September 30, 2008 (unaudited) | December 31, 2007 |
|---|---|------------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 360,273 | \$ 6,120,500 |
| Accounts receivable, net of allowance for doubtful accounts | 87,685 | 670,990 |
| Prepaid expenses | 178,328 | 457,361 |
| | | |
| Total current assets | 626,286 | 7,248,851 |
| Property and equipment, net of accumulated depreciation and amortization | 23,640 | 266,967 |
| Other assets | 4,300 | 113,295 |
| | | |
| Total assets | \$ 654,226 | \$ 7,629,113 |
| | | |
| LIABILITIES AND STOCKHOLDERS EQUITY | | |
| Current liabilities not subject to compromise: | | |
| Accounts payable | \$ 69,850 | \$ 845,197 |
| Accrued liquidated damages | | 456,045 |
| Accrued expenses and other current liabilities | 73,403 | 504,915 |
| | | |
| Total current liabilities not subject to compromise | 143,253 | 1,806,157 |
| | | |
| Current liabilities subject to compromise: | | |
| Accounts payable | 156,128 | |
| Accrued expenses and other liabilities | 254,629 | |
| | | |
| Total current liabilities subject to compromise | 410,757 | |
| | | |
| Total current liabilities | 554,010 | 1,806,157 |
| | | |
| Commitments and Contingencies | | |
| Stockholders equity: | | |
| Common stock, \$0.01 par value per share; 150,000,000 shares authorized; 79,058,509 shares issued and outstanding at September 30, 2008 and December 31, 2007, respectively | 790,562 | 790,562 |

Edgar Filing: International Fight League, Inc. - Form 424B3

| | | |
|--|--------------|--------------|
| Additional paid-in capital | 36,265,931 | 35,936,112 |
| Accumulated deficit | (36,956,277) | (30,903,718) |
| | | |
| Total stockholders' equity | 100,216 | 5,822,956 |
| | | |
| Total liabilities and stockholders' equity | \$ 654,226 | \$ 7,629,113 |

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

4

Table of Contents

INTERNATIONAL FIGHT LEAGUE, INC.
and Subsidiary (formerly International Fight League, LLC)
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|-------------------------------------|-------------|------------------------------------|--------------|
| | 2008 | 2007 | 2008 | 2007 |
| Revenues: | | | | |
| Live and television events: | | | | |
| Advertising sponsorships | \$ 1,727 | \$ 195,846 | \$ 340,408 | \$ 337,070 |
| Live events box office receipts | 345 | 588,987 | 397,074 | 1,994,550 |
| Television rights | 117,952 | 1,075,000 | 512,906 | 1,957,500 |
| Branded merchandise | 13,135 | 18,357 | 68,017 | 72,659 |
| Total revenues | 133,159 | 1,878,190 | 1,318,405 | 4,361,779 |
| Costs of revenues: | | | | |
| Live and televised events: | | | | |
| Advertising sponsorships | | 55,339 | 63,137 | 110,647 |
| Live events costs | 152,769 | 3,102,319 | 2,869,911 | 15,104,605 |
| Television distribution fees and production | 7,795 | | 94,094 | |
| Branded merchandise | | 42,610 | 27,412 | 67,035 |
| Total costs of revenues | 160,564 | 3,200,268 | 3,054,554 | 15,282,287 |
| Selling, general and administrative expenses | 842,909 | 2,161,541 | 3,617,644 | 6,604,486 |
| Share-based compensation expense | 140,758 | 247,691 | 472,658 | 277,368 |
| Loss before reorganization items | (1,011,072) | (3,731,310) | (5,826,451) | (17,802,362) |
| Reorganization item: Professional fees | (285,000) | | (285,000) | |
| Operating loss | (1,296,072) | (3,731,310) | (6,111,451) | (17,802,362) |
| Other income (expense): | | | | |

Edgar Filing: International Fight League, Inc. - Form 424B3

| | | | | |
|--|----------------|----------------|----------------|-----------------|
| Interest expense | (629) | (799) | (3,347) | (2,894) |
| Interest income | 3,017 | 87,896 | 62,238 | 322,035 |
| Total other income, net | 2,388 | 87,097 | 58,891 | 319,141 |
| Net loss | \$ (1,293,684) | \$ (3,644,213) | \$ (6,052,560) | \$ (17,483,221) |
| Net loss per common share basic and diluted | \$ (0.02) | \$ (0.05) | \$ (0.08) | \$ (0.30) |
| Weighted-average number of common shares outstanding basic and diluted | 79,058,509 | 68,683,000 | 79,058,509 | 58,627,000 |

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

Table of Contents

INTERNATIONAL FIGHT LEAGUE, INC.
and Subsidiary (formerly International Fight League, LLC)
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

| | For the Nine Months Ended | |
|--|-----------------------------------|-------------------------------|
| | September 30, 2008 | September 30, 2007 |
| Cash flows from operating activities: | | |
| Net loss | \$ (6,052,560) | \$ (17,483,221) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Depreciation and amortization | 69,329 | 82,043 |
| Loss on disposal of property and equipment | 151,158 | |
| Share-based compensation expense and cost of warrants in selling, general and administrative expense | 472,658 | 466,168 |
| Assignment of security deposit | 107,152 | |
| Changes in operating assets and liabilities: | | |
| Accounts receivable, net | 583,305 | (80,809) |
| Merchandise inventory | | (66,476) |
| Prepaid expenses | 136,195 | 44,645 |
| Accounts payable | (619,219) | (372,188) |
| Accrued liquidated damages | (456,045) | |
| Accrued expenses and other current liabilities | (176,883) | (899,225) |
| | | |
| Net cash used in operating activities | (5,784,910) | (18,309,063) |
| | | |
| Cash flows from investing activities: | | |
| Net refund of security deposits | 1,843 | 8,051 |
| Purchase of property and equipment | | (73,739) |
| Proceeds from sale of property and equipment | 22,840 | |
| | | |
| Net cash provided by (used in) investing activities | 24,683 | (65,688) |
| | | |
| Cash flows from financing activities: | | |
| Receipt of subscription receivable | | 1,250,000 |
| Proceeds from exercise of stock options | | 7,448 |
| Payment of accrued commission on private placement | | (1,645,400) |
| Cash received on private placement of common stock and warrants | | 12,665,000 |
| Costs of private placements | | (1,182,861) |
| | | |
| Net cash provided in financing activities | | 11,094,187 |

Edgar Filing: International Fight League, Inc. - Form 424B3

| | | |
|---|-------------|--------------|
| Net decrease in cash and cash equivalents | (5,760,227) | (7,280,564) |
| Cash and cash equivalents at beginning of period | 6,120,500 | 16,623,159 |
| | | |
| Cash and cash equivalents at end of period | \$ 360,273 | \$ 9,342,595 |
| | | |
| Supplemental disclosure of cash flow information: | | |
| | | |
| Cash payments of interest | \$ 3,347 | \$ 2,894 |
| | | |
| Issuance of warrant to placement agent | \$ | \$ 518,959 |
| | | |
| Supplemental disclosure of payments received and expenses incurred in connection with reorganization: | | |
| | | |
| Professional fees | \$ 285,000 | \$ |

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

Table of Contents

**INTERNATIONAL FIGHT LEAGUE, INC
and Subsidiary (formerly International Fight League, LLC)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)**

NOTE 1 CESSATION OF OPERATIONS AND CHAPTER 11 BANKRUPTCY FILING

During the three month period ended September 30, 2008, the Company ceased its operations and on September 15, 2008, the Company's wholly-owned subsidiary, IFL Corp. (IFLC), through which the Company conducted its operations, 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). Under chapter 11 of the Bankruptcy Code, various types of claims against IFLC in existence at the time of the filing of the bankruptcy petition are stayed under the Bankruptcy Code while IFLC continues to operate its business as a debtor-in-possession. These claims are reflected in the September 30, 2008 balance sheet as liabilities subject to compromise. Additional claims against IFLC may arise subsequent to the bankruptcy filing that are also subject to compromise, such as claims resulting from the rejection of executory contracts, allowed claims for contingencies or disputed amounts, and other claims determined by the Court. On November 17, 2008, IFLC sold substantially all of its assets to HDNet LLC pursuant to a sale under Section 363 of the Bankruptcy Code which was approved by the Court on October 28, 2008. See Note 3 below. IFLC plans to file a plan of liquidation with the Court to pay off creditors and to orderly wind down its affairs.

The accompanying unaudited condensed consolidated financial statements have been prepared assuming the Company (the parent company, International Fight League, Inc.) will continue as a going concern. At September 30, 2008, the Company had cash of \$360,000, had an accumulated deficit of \$36,956,000 and, for the nine months then ended September 30, 2008, incurred a net loss of \$6,053,000.

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 unaudited condensed consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

NOTE 2 BASIS OF PRESENTATION AND CONSOLIDATION

Prior to November 29, 2006, the Company was known as Paligent Inc., a Delaware corporation (Paligent). On November 29, 2006, the Company acquired IFLC, then called International Fight League, Inc., a privately held Delaware corporation, pursuant to an agreement and plan of merger, dated as of August 25, 2006, as amended (the Merger Agreement), among the Company, its wholly-owned subsidiary (Merger Sub), and IFLC, providing for the merger of Merger Sub and IFLC, with IFLC being the surviving corporation and becoming the Company's wholly-owned subsidiary (the Merger). Immediately following the Merger, the Company changed its name to International Fight League, Inc. (IFL or collectively, the Company), and IFLC changed its name to IFL Corp. and continued to operate its business of organizing and promoting a mixed martial arts (MMA) sports league under the name International Fight League.

The accompanying unaudited condensed consolidated financial statements represent the accounts of IFL and IFLC. All intercompany accounts and transactions have been eliminated in consolidation. These unaudited condensed consolidated financial statements reflect all adjustments (consisting of normal recurring accruals) that are considered necessary for a fair presentation of consolidated 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 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.

In 2007, the Company organized, hosted and promoted a significantly greater number of live and televised MMA sporting events during the first half of our fiscal year than during the second half of our fiscal year. Since the

Company generally incurs most of its costs in connection with such events, our expenses were significantly higher during the first half of 2007 than in the last six months of 2007. During the quarter ended September 30, 2008, the Company ceased its operations and on September 15, 2008, IFLC voluntarily filed a petition for reorganization relief under chapter 11 of Bankruptcy Code. All of the Company's operations were transacted through IFLC, and IFLC owned substantially all of the Company's assets. Subsequent to September 30, 2008, IFLC sold substantially all of its assets pursuant to a sale under Section 363 of the Bankruptcy Code. See Note 3 below.

Table of Contents

**INTERNATIONAL FIGHT LEAGUE, INC
and Subsidiary (formerly International Fight League, LLC)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)**

The Company's condensed consolidated statements of operations for the periods presented are not necessarily indicative of the results of operations for the full year and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2007 in the Company's Annual Report on Form 10-K and the disclosures set forth in this report.

The accompanying financial statements have been prepared in accordance with the American Institute of Certified Public Accountants Statement of Position 90-7: Financial Reporting by Entities in Reorganization under the Bankruptcy Code.

NOTE 3 AGREEMENT TO SELL ASSETS AND SUBSEQUENT EVENTS

On September 19, 2008, IFLC filed with the Court a motion for orders (a) authorizing IFLC to sell all or substantially all of its assets to HDNet LLC ("HDNet"), subject to higher and better offers, (b) approving bid procedures, (c) scheduling auction and sale hearing and (d) granting related relief (the "Sale Motion"). In connection with the Sale Motion, on September 19, 2008, IFLC and HDNet entered into an asset purchase agreement (the "Asset Purchase Agreement"), which provided for the sale of substantially all of IFLC's assets (the "Purchased Assets") to HDNet for total consideration of \$650,000 in cash and the assumption by HDNet of certain liabilities of IFLC. The Asset Purchase Agreement was subject to higher and better offers as set forth in the Sale Motion. The Court granted the Sale Motion on October 10, 2008.

On October 28, 2008, the Court held a hearing on the auction and sale of the Purchased Assets as contemplated by the Sale Motion and entered an order ("Sale Order") authorizing IFLC to sell the Purchased Assets to HDNet for total consideration of \$650,000 in cash and the assumption by HDNet of certain liabilities of IFLC, as set forth in the Asset Purchase Agreement. The closing took place on November 17, 2008, pursuant to which IFLC transferred to HDNet the Purchased Assets, and HDNet paid \$650,000 in cash to IFLC and assumed certain liabilities of IFLC. The Company will recognize a gain on the sale of the Purchased Assets in the quarter ending December 31, 2008.

The Purchased Assets included the name "International Fight League," the Company's corporate name. The Company has entered into a name use agreement with HDNet which will permit the Company to continue using "International Fight League" for general corporate purposes until the earlier of (a) two years or (b) the Company becoming involved in any active trade or business (other than the use of the name for general corporate purposes).

NOTE 4 RECENT ACCOUNTING PRONOUNCEMENTS

Effective January 1, 2008, the Company adopted the provisions of Statement of Financial Accounting Standards ("SFAS") No. 157, Fair Value Measurements ("SFAS 157"), which did not have a material impact on the Company's consolidated financial statements. SFAS 157 establishes a common definition for fair value, a framework for measuring fair value under generally accepted accounting principles in the United States ("GAAP"), and enhances disclosures about fair value measurements. In February 2008, the Financial Accounting Standards Board ("FASB") issued Staff Position ("FSP") No. 157-2, which delays the effective date of SFAS 157 for all nonrecurring fair value measurements of nonfinancial assets and nonfinancial liabilities until fiscal years beginning after November 15, 2008. The Company is evaluating the expected impact of SFAS 157 for nonfinancial assets and nonfinancial liabilities on its consolidated financial position and results of operations.

In October 2008 the FASB issued FSP No. 157-3, "Determining the Fair Value of a Financial Asset When the Market for That Asset Is Not Active." FSP No. 157-3 clarifies the application of SFAS 157 in a market that is not active and provides an example to illustrate key considerations in determining the fair value of a financial asset when the market for that financial asset is not active. FSP No. 157-3 is effective upon issuance, including prior periods for which financial statements have not been issued. Revisions resulting from a change in the valuation technique or its application should be accounted for as a change in accounting estimate following the guidance in SFAS No. 154,

Accounting Changes and Error Corrections. FSP No. 157-3 is effective for the consolidated financial statements included in the Company's quarterly report for the period ended September 30, 2008, and application of FSP No. 157-3 had no impact on the Company's consolidated financial statements.

In December 2007, the FASB issued SFAS No. 160, Non-controlling Interests in Consolidated Financial Statements an amendment of ARB No. 51 (Consolidated Financial Statements) (SFAS 160). SFAS 160 establishes accounting and reporting standards for a non-controlling interest in a subsidiary and for the

Table of Contents

**INTERNATIONAL FIGHT LEAGUE, INC
and Subsidiary (formerly International Fight League, LLC)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)**

deconsolidation of a subsidiary. In addition, SFAS 160 requires certain consolidation procedures for consistency with the requirements of SFAS 141(R), Business Combinations. SFAS 160 is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008 with earlier adoption prohibited. The Company is currently evaluating the impact adoption of SFAS 160 may have on the consolidated financial statements.

In December 2007, the FASB issued SFAS No. 141(R), Business Combinations (SFAS 141(R)). SFAS 141(R) 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 SFAS 141(R) is required for combinations after December 15, 2008. Early adoption and retroactive application of SFAS 141(R) to fiscal years preceding the effective date are not permitted. The Company is currently evaluating the impact adoption of SFAS 141(R) may have on the consolidated financial statements.

In March 2008, the FASB issued SFAS No. 161, Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133. (SFAS 161) SFAS 161 requires enhanced disclosures about an entity's derivative and hedging activities. Entities will be required to provide enhanced disclosures about: (a) how and why an entity uses derivative instruments; (b) how derivative instruments and related hedge items are accounted for under SFAS No. 133 and its related interpretations; and (c) how derivative instruments and related hedge items affect an entity's financial position, financial performance and cash flows. The Company is required to adopt SFAS 161 beginning in fiscal year 2009. The Company is currently evaluating the impact adoption of SFAS 161 may have on the consolidated financial statements.

In May 2008, the FASB issued SFAS No. 162, The Hierarchy of Generally Accepted Accounting Principles (SFAS 162). The new standard is intended to improve financial reporting by identifying a consistent framework, or hierarchy, for selecting accounting principles to be used in preparing financial statements that are presented in conformity with GAAP for nongovernmental entities. Prior to the issuance of SFAS 162, GAAP hierarchy was defined in the American Institute of Certified Public Accountants (AICPA) Statement on Auditing Standards (SAS) No. 69, The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles. SAS No. 69 has been criticized because it is directed to the auditor rather than the entity. SFAS 162 addresses these issues by establishing that the GAAP hierarchy should be directed to entities because it is the entity (not its auditor) that is responsible for selecting accounting principles for financial statements that are presented in conformity with GAAP. SFAS 162 is effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board auditing amendments to AU Section 411, The Meaning of Present Fairly in Conformity with Generally Accepted Accounting Principles. It is only effective for nongovernmental entities; therefore, the GAAP hierarchy will remain in SAS No. 69 for state and local governmental entities and federal governmental entities. The Company is currently evaluating the impact adoption of SFAS 162 may have on the consolidated financial statements.

In June 2008 the FASB issued Emerging Issues Task Force (EITF) Issue No. 03-6-1, Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities. EITF 03-6-1 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. EITF 03-6-1 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 EITF 03-6-1. Management is currently evaluating the requirements of EITF 03-6-1 and has not yet determined the impact on the Company's consolidated financial statements.

NOTE 5 LOSS PER SHARE

The Company complies with the accounting and reporting requirements of SFAS No. 128, Earnings Per Share. Basic earnings per share (EPS) excludes dilution and is computed by dividing net income (loss) applicable

Table of Contents

**INTERNATIONAL FIGHT LEAGUE, INC
and Subsidiary (formerly International Fight League, LLC)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)**

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. Inherently, stock options and warrants are deemed to be anti-dilutive when the average market price of the common stock during the period exceeds the exercise price of the stock options or warrants.

At September 30, 2008 and 2007, the Company's common stock equivalents include stock options outstanding of 2,661,209 and 3,097,372 and warrants outstanding of 14,544,513 and 14,611,180, 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 net loss per common share.

NOTE 6 INCOME TAXES

The Company files a federal U.S. income tax return and income tax returns in certain states and cities. Tax returns for the years 2006 through 2007 remain open for examination in various tax jurisdictions in which the Company or its subsidiaries operate. The Company adopted the provisions of FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes—an Interpretation of FASB Statement No. 109, Accounting for Income Taxes (FIN 48), on January 1, 2007. As a result of the implementation of FIN 48, 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, 2008, 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, 2008, no interest related to uncertain tax positions had been accrued.

NOTE 7 RELATED PARTY TRANSACTIONS

Certain business transactions are transacted among the Company and two business ventures that are controlled by the Company's former Chairman and Chief Executive Officer, Gareb Shamus. Typically, the Company reimbursed these related companies for charges incurred and advances made on the Company's behalf. Further, the Company purchases certain goods and services from these related companies. The Company had no such transactions for the three and nine months ended September 30, 2008 and had transactions in the amounts of \$73,400 and \$654,000 for the three and nine months ended September 30, 2007, respectively. There were no amounts outstanding related to these transactions at September 30, 2008 and December 31, 2007.

During the nine months ended September 30, 2007, the Company paid amounts to a company controlled by its former President and Chief Executive Officer, Jay Larkin, for consulting services provided to the Company prior to Mr. Larkin's employment with the Company. The total amounts paid by the Company for these services and reimbursement of related expenses were \$20,000 and \$136,500 for the three and nine month periods ended September 30, 2007. No such amounts have been paid after Mr. Larkin commenced his employment with the Company in September 2007.

The Company also paid amounts to a company controlled by a family member of Kurt Otto, a former director and former commissioner, for logistical and consulting services. The amounts paid were \$0 and \$5,200 during the three and nine months ended September 30, 2008 and \$22,400 and \$70,800 during the three and nine months ended September 30, 2007.

In connection with IFLC's lease of the New York City headquarters in August 2006, the Company's former Chairman and Chief Executive Officer executed an unconditional and irrevocable guaranty of IFLC's obligations under the lease. This lease was terminated effective July 31, 2008 and the guaranty released (see Note 14).

Table of Contents

INTERNATIONAL FIGHT LEAGUE, INC
and Subsidiary (formerly International Fight League, LLC)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 8 STOCK OPTION PLAN

Accounting for stock options issued to employees follows the provisions of SFAS No. 123(R), Share-Based Payment and the SEC's Staff Accounting Bulletins (SAB) No. 107 and No. 110, Share-Based Payment. This statement requires 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 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).

On February 8, 2008 the Company granted 250,000 options to its former President and Interim Chief Executive Officer, Jay Larkin (see Note 12 below). The options were scheduled to vest 1/12 upon the grant of the award, 1/12 on March 21, 2008 and 1/12 every three months thereafter and have an exercise price of \$0.12. On November 10, 2008, Mr. Larkin and the Company entered into an agreement to terminate Mr. Larkin's employment with the Company, which also provided for the termination of all of his options, vested and unvested.

In addition, on February 8, 2008, the Company granted 20,000 options to an employee. The options were scheduled to vest 1/2 in April 2008 and 1/6 every six months thereafter and have an exercise price of \$0.12. In July 2008, the employee was terminated and forfeited 10,000 unvested options and had three months from the date of termination to exercise the 10,000 vested options, which were not exercised and have been cancelled.

The fair value of the February 8, 2008 option awards were estimated on the date of grant using the Black-Scholes option valuation model that used the assumptions noted in the following table. Expected volatility is based on the Company's trading history from the merger date (November 30, 2006). The expected term of the February 8, 2008 options represents the estimate of time to exercise, since there is no employment history to consider. The risk-free rate for the expected term of the options is based on the U.S. Treasury yield curve in effect at the time of grant.

| | February 8, 2008 |
|--------------------------|-----------------------------|
| Expected volatility | 187.96% |
| Expected dividends | 0 |
| Expected term (in years) | 3 |
| Risk-free rate | 3.6% |

A summary of option activity under the Plan for the nine months ended September 30, 2008 is presented below:

| | Options | Weighted Average Exercise Price | Weighted Average Remaining Contractual Term |
|--------------------------------|----------------|--|--|
| Outstanding at January 1, 2008 | 2,637,919 | \$ 0.32 | |
| Granted | 270,000 | \$ 0.12 | |
| Cancelled | (413,486) | \$ 0.20 | |

Edgar Filing: International Fight League, Inc. - Form 424B3

| | | | |
|-----------------------------------|-----------|---------|-----------|
| Outstanding at September 30, 2008 | 2,494,433 | \$ 0.32 | 7.7 years |
| Exercisable at September 30, 2008 | 1,373,524 | \$ 0.24 | 7.2 years |

Table of Contents

**INTERNATIONAL FIGHT LEAGUE, INC
and Subsidiary (formerly International Fight League, LLC)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)**

In connection with grants of options issued under the Plan, compensation costs of \$61,000 and \$188,000 were charged against operations for the three and nine months ended September 30, 2008, respectively. For the three and nine months ended September 30, 2007, compensation costs of \$13,000 and \$43,000 were charged to operations, respectively.

During the three month period ended September 30, 2008, six employees and one independent contractor who were granted a total of 489,730 options were terminated. These individuals were vested in 351,869 options and therefore forfeited 127,861 options upon termination. The 351,869 vested options expire from October 3, 2008 to November 8, 2008. See Note 12.

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 SFAS No. 123(R). 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.

The Company granted one award of 125,000 shares of restricted stock on May 22, 2007 to its Executive Vice President and acting Principal Financial Officer, with an aggregate fair value of \$381,000, of which \$48,000 and \$143,000 were recognized as compensation expense for the three and nine months ended September 30, 2008, respectively. No shares have been forfeited and 93,750 of the shares were vested as of September 30, 2008. No other restricted stock awards were granted or were outstanding for the three and nine months ended September 30, 2008 or 2007. As of September 30, 2008, the remaining unamortized balance of \$143,099 for this award is included in prepaid expenses.

NOTE 9 WARRANTS

The Company has issued and outstanding a total of 14,544,513 warrants to purchase common stock at prices ranging from \$.30 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. The remaining 568,333 outstanding warrants were issued in the quarter ended June 30, 2007 as incentive compensation to league coaches and as compensation to a consultant to the Company, of which 418,333 were vested as of September 30, 2008. In connection with these 568,333 warrants, costs of \$32,000 and \$142,000 were recorded for the three and nine months ended September 30, 2008, respectively, all of which was included in share-based compensation. During the three and nine month periods ended September 30, 2007, the Company recorded costs of \$328,000 related to these warrants, of which \$139,000 was recorded as share-based compensation and \$189,000 was recorded as selling, general and administrative expenses.

NOTE 10 TELEVISION RIGHTS AGREEMENTS

On January 31, 2008, the Company entered into a Production and Distribution Agreement with HDNet. Under this agreement, HDNet agreed to broadcast live three events scheduled for February 29, April 4 and May 16, 2008 and to provide certain production costs. In addition, if HDNet should decide to exploit the programming for these events by pay-per-view, which it has not yet done, HDNet will pay the Company forty percent (40%) of the adjusted gross revenue, as defined in the agreement, for the production and broadcasting of these three events within thirty days of HDNet's receipt of payment from third party distributors. The Company did not recognize any television rights revenue for this agreement with HDNet during the three and nine month periods ended September 30, 2008.

On March 20, 2008, the Company entered into a letter agreement with National Sports Programming, owner and operator of Fox Sports Net programming service (FSN) which set forth certain terms and conditions under which FSN is broadcasting nine fully produced and broadcast quality sixty-minute episodes. The episodes highlight action from events held on February 29, April 4 and May 16, 2008. FSN paid the Company a license fee of \$20,000 per episode for each of the nine episodes delivered and accepted pursuant to the terms of the agreement.

Table of Contents

**INTERNATIONAL FIGHT LEAGUE, INC
and Subsidiary (formerly International Fight League, LLC)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)**

The agreement also provides certain telecast rights to FSN for each episode along with certain other previously held events. This agreement supersedes the previous letter of intent agreement dated January 15, 2007.

The Company recognized \$40,000 and \$180,000 of television rights revenue from this agreement with FSN during the three and nine month periods ended September 30, 2008.

Both of these agreements have been transferred to HDNet on November 17, 2008 as part of the sale by IFLC of substantially all of its assets to HDNet.

NOTE 11 TERMINATION OF CONTRACTS

During the three and nine month periods ended September 30, 2008, IFLC terminated contracts prior to the filing of bankruptcy with licensees, sponsors and other vendors related to the cancellation of its MMA events and the cessation of its operations. IFLC entered into agreements with these parties to release each party from any further obligations and paid a total of \$42,000 and \$93,000 for the three and nine month periods ended September 30, 2008 in connection with these releases. No further expenses are expected related to these contracts.

NOTE 12 TERMINATION OF EMPLOYEES AND DIRECTORS

On May 30, 2008, Mr. Kurt Otto voluntarily resigned from the Company's Board of Directors.

In connection with ceasing its operations, the Company entered into general release agreements with 17 employees as of September 30, 2008, nine of which were entered into during the three month period ended September 30, 2008. The release agreements specify certain severance payments as well a full payment of any unpaid wages, commissions, bonuses, vacation pay, employee benefits or other compensation or payments of any other kind of nature as part of the release. The Company has recorded \$54,000 and \$114,000 of compensation expenses related to the releases for these employees for the three and nine months ended September 30, 2008. No further expenses are expected for these terminated employees.

On November 10, 2008, the Company and Jay Larkin, the Company's President and acting Chief Executive Officer, entered into an agreement providing for Mr. Larkin's resignation of his positions and employment with the Company, effective November 1, 2008. Pursuant to the agreement, the Company has agreed to pay Mr. Larkin a one-time payment for \$20,000 and will also be paying the premiums for medical insurance coverage for Mr. Larkin until the earlier of April 30, 2009 or the date on which Mr. Larkin becomes eligible for group medical insurance through an employer or professional affiliation other than the Company. As part of the agreement, all of Mr. Larkin's stock options for the Company's stock automatically terminated. The agreement also has customary terms regarding confidentiality, cooperation, release of claims and covenants not to sue. The Company recognized a charge to compensation expense for the three month period ended September 30, 2008 of \$20,000 for its agreement with Mr. Larkin, which is in addition to the charges referred to in the immediately preceding paragraph.

In connection with the termination of Mr. Larkin, Michael Keefe, the Company's Executive Vice President, General Counsel and Acting Chief Financial Officer, has been appointed President, Chief Financial Officer and General Counsel of the Company.

NOTE 13 COMMITMENTS AND CONTINGENCIES

As of September 30, 2008, IFLC was a party to six coach agreements or team manager agreements, with terms ranging from December 31, 2008 to January 2, 2013. The total remaining payments under these agreements is \$1,208,000. These agreements provide for semi-monthly payments, and IFLC has not made payments on these agreements since June 15, 2008 as a result of the cancellation of its MMA events and the cessation of its operations. The financial statements reflect an accrual of payments due under these contracts through September 30, 2008. The amounts that may ultimately be paid to these coaches will depend upon IFLC's plan of reorganization in its bankruptcy case.

Table of Contents

**INTERNATIONAL FIGHT LEAGUE, INC
and Subsidiary (formerly International Fight League, LLC)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)**

The Company's employment agreement with its current President and Chief Financial Officer, Mr. Keefe, provides for severance benefits of 6 months of salary (\$20,000 per month) if he is terminated without cause, and one of the Company's other remaining employees is entitled to severance of \$33,000 if his employment is terminated.

NOTE 14 TERMINATION OF REAL ESTATE LEASE

On July 22, 2008, IFLC terminated its lease agreement for its principal office space located in New York City effective July 31, 2008. This operating lease commenced on September 1, 2006 and was scheduled to expire on August 31, 2010. As part of the termination, IFLC paid the landlord a \$50,000 termination fee which was made up of \$32,000 of unpaid rent for June and July 2008 and \$18,000 of restoration costs. In addition, IFLC's security deposit of \$107,000 was assigned to the landlord. The termination releases all parties including the guarantor of the lease of any future obligations. IFLC also closed its Las Vegas, Nevada office in July 2008, and the lease for that office expires December 2008.

In connection with the move to New Jersey and the closing of the New York and Las Vegas offices, the Company incurred a charge for the net losses or write downs of leasehold improvements and office furniture and equipment of \$136,000. Effective August 1, 2008, the Company moved into office space in Rutherford, New Jersey pursuant to a month-to-month lease for rent of \$900 per month and paid a security deposit of \$1,800 during the three month period ended September 30, 2008.

NOTE 15 RETENTION OF ADVISORS

On July 21, 2008, the Company entered into an agreement with a consultant to provide financial and business advisory services to assist the Company in exploring its options or maximize the value of the Company and to assist IFLC in the sale of its assets in bankruptcy. The original term of the agreement was thirty days beginning on July 21, 2008 and has been extended through the bankruptcy proceeding of IFLC. IFLC paid fees of \$35,000 for services during the three months ended September 30, 2008, all of which was charged to reorganization expenses (professional fees) during the period. IFLC will also pay a bonus of \$25,000 to the consultant for the sale of its assets to HDNet pursuant to the bankruptcy proceeding.

On July 23, 2008, IFLC retained a law firm to provide legal advice, prepare documents and perform other acts appropriate in assisting IFLC to seek protection from its creditors through its bankruptcy proceeding. IFLC paid a retainer of \$250,000 to this law firm in July 2008, all of which was charged to reorganization expenses (professional fees) during the three month period ended September 30, 2008.

Table of Contents**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 consolidated 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, 2008. 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, 2007.

Bankruptcy 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 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 pursuant to a sale under Section 363 of the Bankruptcy Code which was approved by the Bankruptcy Court on October 28, 2008. IFLC plans to file a plan of liquidation with the Court to pay off creditors and to orderly wind down its affairs.

With the sale of substantially all of our assets to HDNet and with no active business operations or business assets, we are essentially a shell corporation. 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 would deem to be suitable acquisition candidates. To date, no such acquisition or merger proposal has been identified.

We will continue to incur ongoing losses, which are expected to be greatly reduced due to the substantially inactive nature of our business following the sale of our assets to HDNet and the winding down of IFLC. 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 general liability, directors and officers' liability and other insurance, while searching for merger or acquisition candidates. In addition, we will incur costs related to the termination of our remaining 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 Purchased Assets included the name International Fight League, our corporate name. We have entered into a name use agreement with HDNet which will permit us to continue using 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).

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, pursuant to an agreement and plan of merger, dated as of August 25, 2006, as amended (the Merger

Table of Contents

Agreement), by and among us, our wholly owned subsidiary (Merger Sub), and IFLC, providing for the merger of Merger Sub and IFLC, with IFLC being the surviving corporation and becoming our wholly-owned subsidiary (the Merger). 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 of America. Reported results of operations of the combined group reflect the operations of the Company and IFLC.

IFLC s predecessor, International Fight League, LLC (the LLC), was organized on March 29, 2005 as a New Jersey limited liability company. On January 11, 2006, the LLC merged into IFLC, whereupon the existence of the LLC ceased, and at which time the members of the LLC received an aggregate of 18,000,000 shares of IFLC common stock, par value \$0.0001 per share, in exchange for their membership interests in the LLC. IFLC operated as a development stage enterprise through March 31, 2006.

Results of Operations

From inception through September 30, 2008, we have incurred costs and expenses significantly in excess of revenues. On September 15, 2008, our wholly-owned subsidiary, IFLC, through which we conducted our operations and which owned substantially all of our assets, voluntarily filed a petition for reorganization relief under chapter 11 of the Bankruptcy Code in the Court. On November 17, 2008, IFLC sold substantially all of its assets to HDNet pursuant to a sale under Section 363 of the Bankruptcy Code which was approved by the Court on October 28, 2008. Furthermore, we have terminated all but three of our employees and have no business assets or business operations and no future source of revenues. Accordingly, a comparison with prior periods is not meaningful and is not included. Similarly, an analysis of the nine month period ended September 30, 2008 is not relevant because the Company had operations during the first six months of 2008, but ceased operations during the quarter ended September 30, 2008. Therefore, the foregoing discussion and analysis is for the three month period ended September 30, 2008 only.

During the three months ended September 30, 2008, IFL incurred a net loss of \$1.3 million, or \$0.02 per common share. During the period, we had revenues of \$133,000, which consisted primarily of the final \$40,000 of television rights revenue from our agreement with FSN and \$78,000 of international television rights revenue under our agreement with Alfred Haber Distribution, Inc. All future international television rights revenue has been assigned to HDNet pursuant to the sale of substantially all of our assets to HDNet.

For the three months ended September 30, 2008, cost of revenues was \$161,000, consisting primarily of accrued fees under team manager agreements and some residual costs of our final event in May 2008 and television production costs.

Selling, General and Administrative Expenses:

For the three months ended September 30, 2008, selling, general and administrative expenses were \$843,000. The primary components of these expenses were \$148,000 in real estate lease costs, including costs to terminate the lease in New York, \$357,000 of payroll and benefits costs, including \$74,000 of employee severance costs, \$94,000 of professional fees for legal, accounting, SEC filing and financial advisory fees, \$42,000 of costs for contract terminations and \$151,000 of net loss and write downs of leasehold improvements and office furniture and equipment.

Share-based Compensation:

Share-based compensation expense for the three months ended September 30, 2008 was \$141,000.

Reorganization Expenses:

During the three months ended September 30, 2008, we paid \$285,000 of professional fees in connection with the chapter 11 reorganization of IFLC, consisting of \$250,000 in legal fees and \$35,000 of financial advisory fees. All of these amounts have been charged to reorganization expenses (professional fees) during the period.

Table of Contents

Other Income (Expense):

During the three months ended September 30, 2008 interest income of \$3,000 was earned on available cash balances.

Liquidity, Capital Resources and Going Concern

At September 30, 2008, our cash and cash equivalents were \$360,000. On November 17, 2008, we received \$650,000 from the sale of substantially all of our assets to HDNet. The cash proceeds from the sale to HDNet as well as the cash balances held by IFLC as of September 30, 2008 of \$114,000 must be used to satisfy all of the claims in the IFLC bankruptcy proceedings, including all costs to administer the case, and none of this cash may be available for us as the parent company. As of September 30, 2008, we the parent company had a separate cash balance of \$247,000.

We are 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 consolidated 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 foregoing conditions raise substantial doubt about our ability to continue as a going concern. These unaudited condensed consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Off-Balance Sheet Arrangements

As of September 30, 2008, 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 Procedure Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we have conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act), as of the end of the period covered by this report (the Evaluation Date). Based upon this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that as of the Evaluation Date that our disclosure controls and procedures were adequate and effective such that the information relating to us, including our consolidated subsidiary, required to be disclosed in our SEC reports is (1) recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and (2) is accumulated and communicated to our management, including our principal executive and principal financial officers as appropriate to allow timely decisions regarding required disclosures. Due to the inherent limitations of control systems, not all misstatements may be detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Any system of controls and procedures, no matter how well designed and operated, can at best provide only reasonable assurance that the objectives of the system are met and management necessarily is required to apply its judgment in evaluating the cost benefit relationship of possible controls and procedures. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. Our controls and procedures are intended to provide only reasonable, not absolute, assurance that the above objectives have been met.

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, 2008 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Table of Contents

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).

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, 2007 except as follows: On September 15, 2008, IFL Corp. (IFLC), our wholly-owned subsidiary, filed a voluntary petition for reorganization relief under chapter 11 of the United States 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) for \$650,000 in cash and the assumption by HDNet of certain liabilities of IFLC. This sale to HDNet was approved by the Court on October 28, 2008. IFLC was our operating subsidiary which owned substantially all of our assets and operations and through which we conducted substantially all of our business. Accordingly, we no longer have any material assets, other than cash, and have no business operations and are essentially a shell company. We are exploring options to realize value for our stockholders, which may include seeking a reverse merger transaction with a party with ongoing operations. However, we may be unable to find any alternatives or options to realize any value for our stockholders and may not be able to enter into a reverse merger transaction. 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. These conditions raise substantial doubt about our ability to continue as a going concern.

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*

None.

Item 6. *Exhibits*

See Exhibit Index on page 20 for a description of the documents that are filed as Exhibits to this report on Form 10-Q or incorporated by reference herein.

Table of Contents

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 20, 2008

Table of Contents

EXHIBIT INDEX

Exhibits

- 10.1 Asset Purchase Agreement, dated September 19, 2008, between IFL Corp. and HDNet LLC (filed as Exhibit 10.1 to the Current Report on Form 8-K filed by the registrant on September 24, 2008 and incorporated by reference).
- 10.2 Agreement and General Release dated November 10, 2008, between Jay Larkin and the registrant (filed as Exhibit 10.1 to the Current Report on Form 8-K filed by the registrant on November 14, 2008 and incorporated by reference).
- 10.3 Name Use Agreement between HDNet LLC and the registrant (included as Exhibit F to Asset Purchase Agreement in Exhibit 10.1 to this report and incorporated herein by reference).
- 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 and incorporated by reference to 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.
- 99.1 Sale Motion filed with the U.S. Bankruptcy Court for the Southern District of New York on September 19, 2008 (filed as Exhibit 99.1 to the Current Report on Form 8-K filed by the registrant on September 24, 2008 and incorporated by reference).
- 99.2 Sale Order entered by the U.S. Bankruptcy Court for the Southern District of New York on October 28, 2008 (filed as Exhibit 99.1 to the Current Report on Form 8-K filed by the registrant on October 30, 2008 and incorporated by reference).