International Fight League, Inc.
Form 10-K
April 15, 2009

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K

þ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2008

OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

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)

Securities registered pursuant to Section 12(b) of the Act: **None**

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

Title of class

Common Stock, par value $0.01 per share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes o No þ

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No þ

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 þ No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405) is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. þ

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):

Accelerated filer o

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

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

As of June 30, 2008, the aggregate market value of the registrant s common equity held by non-affiliates of the registrant, was approximately $497,000 (based on the last sale price of such stock on such date as reported by the OTC Bulletin Board and assuming, for the purpose of this calculation only, that all of the registrant s directors, executive officers and 5% or greater stockholders listed in Item 12 of this report were affiliates).

The number of shares outstanding of the registrant s Common Stock, par value $0.01 per share as of March 9, 2009, was 79,058,509.

DOCUMENTS INCORPORATED BY REFERENCE

None.

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Part I

Item 1 Business

Cautionary Note Regarding Forward-Looking Statements.

This Annual Report on Form 10-K may contain forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act.

Forward-looking statements include statements with respect to our beliefs, plans, objectives, goals, expectations, anticipations, assumptions, estimates, intentions, and future performance, and involve known and unknown risks, uncertainties and other factors, which may be beyond our control, and which may cause our actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements.

All statements other than statements of historical fact are statements that could be forward-looking statements. You can identify these forward-looking statements through our use of words such as may, will, can, anticipate, assume should, indicate, would, believe, contemplate, expect, seek, estimate, continue, plan, point to, intend, target, potential, and other similar words and expressions of the future. These forward-looking statements may not be realized due to a variety of factors, including, without limitation, the factors listed under Item 1A Risk Factors.

All forward-looking statements are expressly qualified in their entirety by this cautionary notice. You are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the date of this Annual Report on Form 10-K. We have no obligation, and expressly disclaim any obligation, to update, revise or correct any of the forward-looking statements, whether as a result of new information, future events or otherwise. We have expressed our expectations, beliefs and projections in good faith and we believe they have a reasonable basis. However, we cannot assure you that our expectations, beliefs or projections will result or be achieved or accomplished.

Overview

We discontinued our operations during the quarter ended September 30, 2008, and on September 15, 2008, our wholly-owned subsidiary, IFL Corp. (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). On November 17, 2008, IFLC sold substantially all of its assets to HDNet for $650,000 in cash plus the assumption of certain of IFLC s obligations, pursuant to a sale under Section 363 of the Bankruptcy Code which was approved by the Court on October 28, 2008.

IFLC is operating its business and managing its assets as a debtor in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. IFLC plans to file a plan of liquidation with the Court to pay off creditors and to orderly wind down its affairs. Additional information about IFLC s filing under the Bankruptcy Code, including access to Court documents and other general information about the chapter 11 case, is available online at www.nysb.uscourts.gov to users of the Court s case filing system (the User s Manual for the Electronic Case Filing System can be found at http://www.nysb.uscourts.gov, the official website for the Court). All other persons may access Court documents and other general information about IFLC s chapter 11 case from the Clerk of the Court during normal business hours. The Court is located at One Bowling Green, New York, New York 10004. Materials filed with the Court are not prepared for the purpose of providing a basis for an investment decision relating to our securities or for comparison with other financial information filed with the U.S. Securities and Exchange Commission (the SEC).

Prior to discontinuing our operations, through IFLC we operated a sports entertainment business that used our professional mixed martial arts (MMA) sports league, known as the International Fight League or the IFL, as a platform to generate revenues from spectator attendance at live events, broadcast of television programming, sponsorships and licensing. Our business was founded in 2005 to organize, host and promote live and televised MMA sporting events and to capitalize on the growing popularity of MMA in the United States and around the world. In 2006 and 2007 our league centered around our teams, which included some of the world s most highly regarded MMA athletes and coaches. In 2006 and 2007, our sporting events typically showcased four teams, in two-team match-ups, with athletes competing in

one-on-one matches across five weight divisions. Our 2007 season consisted of nine regular season events, followed by a two round playoff for the league champion and then a two round Grand Prix tournament, in which our top athletes competed for title belts in various weight classes. At the conclusion of this Grand Prix tournament, we had belt holders for six different weight divisions.

We changed our format for 2008. Rather than retain the team format, we migrated to a camp format, with championship fights. Our previous teams were identified with a city or geographic region, along with a team name and logo. However, many of the teams never fought in their geographic region and were not recognized by MMA fans. By switching to the camps, we believed we could capitalize on some of the legends of MMA who were our coaches, by having their own gyms or camps compete against each other. However, we were not able to generate sufficient revenue to continue operating the MMA business, and made the decision to cease our operations and IFLC elected to file for bankruptcy.

While we were operating our MMA business, we earned revenue from live event ticket sales, sponsorships and promotions and licensing of our intellectual property. We held over 20 live events, the first of which took place during the second quarter of 2006, the first period in which we recognized revenues. These live events create a body of television programming content, which was the primary asset, along with our trademarks and trade names, which we sold to HDNet for $650,000 on November 17, 2008.

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 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 would deem to be suitable acquisition candidates. To date, no such acquisition or merger proposal has been identified. If our Board 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 lack of business operations 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 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 assets sold included the name International Fight League, our corporate name. We have an 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).

Liquidity and Capital Requirements

At December 31, 2008, our consolidated cash and cash equivalents were approximately $118,000. The cash balances held by IFLC as of December 31, 2008, which were excluded form the consolidated balance sheet, were approximately $523,000 and 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.

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.

Corporate History

From our incorporation in 1985 through 1999, we operated under the name Procept, Inc., as a biotechnology company engaged in the development and commercialization of novel drugs with a product portfolio focused on infectious diseases and oncology. During 1999, our principal efforts were devoted to drug development and human clinical trials focusing on two biotechnology compounds, PRO 2000 Gel and O6-Benzylguanine. During fiscal 2000, we closed our research facilities and out-licensed PRO 2000 Gel and O6-Benzylguanine, which had been under development by us for several years. In September 2004, we transferred all of our rights, title and interest in PRO 2000 Gel pursuant to an option

duly exercised by our sublicensee, and in March 2005, we assigned all of our rights, interests and obligations in O6-BG Benzylguanine.

In January 2000, we acquired Heaven s Door Corporation, a company that provided products and services over the Internet. Effective with the acquisition of Heaven s Door, our name was changed from Procept, Inc. to HeavenlyDoor.com, Inc. At the same time, Procept, Inc. became the new name of the Company s subsidiary, Pacific Pharmaceuticals, Inc., a company engaged in the development of cancer therapies, which we acquired in March 1999. After a sustained period of deterioration in the Internet and technology sectors and related capital markets, we decided, in the fourth quarter of 2000, to discontinue the pursuit of our Internet strategy. Shortly thereafter, we entered into an agreement to sell all of our Web-based assets and Internet operations and ceased our Internet activities. In connection with this agreement, we changed our name, on December 31, 2000, from HeavenlyDoor.com, Inc. to Paligent Inc. (Paligent).

From 2001 until the Merger (as described below), we had been engaged in seeking business opportunities to maximize value for our stockholders.

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 (the Merger Agreement), by and among us, our wholly owned subsidiary (Merger Sub), and IFLC. The Merger Agreement provided 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. (IFLI) 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.

Immediately prior to the Merger, we completed a 1-for-20 reverse stock split of our common stock (the reverse stock split). Except as otherwise specified herein, all references herein to share amounts of our common stock reflect the reverse stock split. Upon the closing of the Merger, all of the pre-Merger Paligent and IFLC directors became our directors. As part of the Merger, we also adopted the International Fight League, Inc. 2006 Equity Incentive Plan (the 2006 Equity Incentive Plan) under which all of the options to purchase shares of common stock of IFLC outstanding prior to the Merger were converted into options to purchase shares of common stock of IFLI.

As a result of the Merger, the former stockholders of IFLC became holders of our common stock, and holders of IFLC options became holders of options to acquire shares of our common stock. We issued 30,872,101 shares of our common stock to the former stockholders of IFLC in exchange for all of the issued and outstanding shares of IFLC. We also exchanged, as part of the Merger, options to purchase 1,865,000 shares of IFLC common stock for options to purchase 1,925,376 shares of our common stock under our 2006 Equity Incentive Plan having substantially the same terms and conditions as the IFLC options.

Following the reverse stock split and the Merger, there were 32,496,948 shares of our common stock outstanding, of which the pre-Merger stockholders of Paligent owned approximately 5% and the pre-Merger stockholders of IFLC owned approximately 95%. As a result, IFLC has been treated as the acquiring company for accounting purposes. 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 through September 30, 2008, the quarter in which IFLC filed its bankruptcy petition with the Court.

Unless otherwise indicated or the context otherwise requires, the terms Company, IFL, we, us, and our refer t International Fight League, Inc. (formerly known as Paligent Inc.) and its subsidiaries, including IFLC, after giving effect to the Merger. Unless otherwise indicated or the context otherwise requires, the term our business refers to the mixed martial arts business of IFLC as operated before and after the Merger.

Management Changes and Employees

As a result of our discontinuation of operations, we only have two employees, one of which is our only existing executive officer, Michael C. Keefe, who is serving as our President, Chief Financial Officer and General Counsel. Effective March 31, 2008, Kurt Otto, previously our Commissioner, resigned from that position and from his employment with us, and on May 30, 2008, resigned from our Board of Directors. On November 10, 2008, we and Jay Larkin, formerly our President and Interim Chief Executive Officer, entered into an agreement providing for

Mr. Larkin s resignation of his

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positions and employment with us, effective November 1, 2008. For more information about or changes in our Board of Directors and management, see Part III, Item 10 Directors, Executive Officers and Corporate Governance of this Annual Report on Form 10-K.

As of December 31, 2008, neither of our two employees was represented by a union.

Item 1A Risk Factors

You should carefully consider the risks described below before making an investment decision. Our business, prospects, financial condition or operating results could be materially adversely affected by any of these risks. In assessing the risks described below, you should also refer to the other information contained in this report, including our financial statements and the related notes, before deciding to purchase or sell any shares of our common stock.

We have no operations, assets or ongoing revenue and could face liquidation. We currently have no operations, revenue, or assets other than cash, cash equivalents and nominal other assets. We are in effect a shell company under SEC rules. Our Board of Directors, as time permits them, 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. While this process is taking place, we have no ongoing revenues or income (other than interest on our cash and cash equivalents) to support us during this period, only our limited cash on hand. If our Board of Directors does identify a potential acquisition or merger candidate, no assurance can be given that stockholders will approve such a transaction. If we do not complete a transaction before we run out of cash, and do not obtain any financing, we may be forced to liquidate.

There is no assurance that we can continue as an inactive public reporting entity. We will not be able to sustain our existence and pay the required accounting, auditing or other reporting costs necessary to continue as a public company indefinitely. Further, there is no assurance any funding can be obtained to maintain us as a public entity after our existing funds are exhausted.

Future regulations could impact our ability to remain a public company. Future regulations under state or federal securities agencies, such as the SEC, could make it difficult or impossible for us to continue as an inactive public company through adoption of various administrative regulations and filing requirements which make it impossible or very difficult for us to continue as a non-operating public company.

In the future, we will have no active management. No significant management, time and expertise are being devoted to our operations now that we are inactive. Initial reviews of merger and acquisition opportunities would be completed by the Board, who, on a time available basis, will seek to search out and attempt to locate various merger or acquisition candidates or proposals for us. The Board may not be successful finding a merger or acquisition candidate.

A merger or acquisition would result in new management and could result in being involved in a new business operation or industry. Any completed merger or acquisition may result in new management being appointed to control the Company and a new business activity being selected. Our existing stockholders would essentially have no control or meaningful voice, other than (1) voting against the merger or acquisition or (2) if such a transaction is approved by a majority of stockholders, exercising dissenting stockholder rights under Delaware law, if these rights are available.

Our stock has been trading at around $0.01 or less per share and may not increase. No assurance can be given that an active market for our common stock will be sustained, or that stockholders will be able to sell their shares of common stock at an attractive price or at all. We cannot predict the prices at which our common stock will trade.

Item 1B Unresolved Staff Comments

None.

Item 2 Properties

With the reduction in our work force to two employees, we currently do not own or lease any office space. With completion of the sale by IFLC of substantially all of its assets to HDNet on November 17, 2008, we currently do not own any material property. The assets sold to HDNet included the name International Fight League, our corporate name. We have an 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).

Item 3 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).

From time to time, we may be involved in disputes or litigation relating to claims in the normal course of business. We are not aware of any pending or threatened legal proceeding that, if determined in a manner adverse to us, could have a material adverse effect on our business and operations.

Item 4 Submission of Matters to a Vote of Security Holders

None.

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Part II

Item 5 Market for Registrant s Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities

Our shares of common stock, par value $0.01 per share, are quoted on the OTC Bulletin Board under the symbol IFLI. Prior to November 29, 2006, our common stock was quoted on the OTC Bulletin Board under the symbol PGNT. The following table sets forth the range of high and low closing sale prices for the common stock as reported by the OTC Bulletin Board for the periods indicated below.

	High	Low
2008		
Fourth Quarter	$ 0.02	$0.01
Third Quarter	$ 0.03	$0.01
Second Quarter	$ 0.06	$0.01
First Quarter	$ 0.18	$0.06
2007		
Fourth Quarter	$ 0.62	$0.14
Third Quarter	$ 1.02	$0.45
Second Quarter	$ 8.60	$0.95
First Quarter	$16.50	$8.95

The closing sale prices in the table above reflect inter-dealer prices, without retail mark-up or commissions and may not represent actual transactions. All prices are rounded to the nearest $0.01, and any closing prices below $0.01 have been rounded up to $0.01.

As of March 9, 2009, we had approximately 1,300 holders of record of our common stock.

Dividend Policy

We have never declared or paid dividends on our common stock, nor do we anticipate paying cash dividends for the foreseeable future. Payment of future dividends, if any, will be at the discretion of our Board of Directors after taking into account various factors, including current financial condition, operating results and current and anticipated cash needs.

Securities Authorized for Issuance Under Equity Compensation Plans

See Item 12 in this Annual Report on Form 10-K.

Issuer Purchases and Unregistered Sales of Equity Securities

We did not purchase any of our equity securities and did not sell any of unregistered equity securities during the quarter ended December 31, 2008.

Item 6 Selected Financial Data

Not required for a smaller reporting company.

Item 7 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 historical financial statements and related notes that appear elsewhere in this report.

In addition to historical financial information, the following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this report, including those set forth in Risk Factors.

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 is 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. 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 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 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 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 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 primarily of prepaid insurance premiums and unrealized charges for equity compensation), security deposits and miscellaneous computer equipment.

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 sheet as of December 31, 2008 includes only the assets and liabilities of International Fight League, Inc., the parent company, and our statement of operations includes the results of operations of IFLC only through September 30, 2008. (Because the petition was filed mid period on September 15, 2008, the Company has consolidated the results of IFLC through September 30, 2008).

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.

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Results of Operations

From inception through December 31, 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 for $650,000 cash plus 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. Furthermore, we have terminated all but two of our employees and have no business assets or business operations and no future source of revenues. Accordingly, the comparison below with prior periods should be read in conjunction with these facts.

During the year ended December 31, 2008, we incurred a net loss of $6.4 million, or $0.08 per common share compared to a net loss of $21.3 million, or $0.33 per common share for the year ended December 31, 2007. For 2008, the results of operations of ILFC are consolidated only for the period of January 1, 2008 through September 30, 2008.

The loss from discontinued operations was approximately $6,000,000 in 2008, or $0.08 per share, versus a loss from discontinued operations in 2007 of $18,949,000, or $0.30 per share a decrease of 68%. This decrease is the result of fewer events in 2008 (three) as compared to 13 events in 2007. We lost money on each event, and having fewer events reduced our loss. The loss was also lower because of a reduction in per event costs and significantly lower selling, general and administrative expenses. The revenues from discontinued operations were $1,384,000 in 2008 versus $5,659,000 in 2007, while cost of revenue decreased from $17,697,000 in 2007 to $3,781,000 in 2008. Selling, general and administrative expenses from discontinued operations decreased from $6,992,000 in 2007 versus $3,060,000 in 2008.

The loss from continuing operations in 2008 was approximately $384,000, or $0.005 per share, as compared with $2,308,000, or $0.03 per share, in 2007. The much of the reduction was a result of cost reduction efforts for selling, general and administrative expenses that began in late 2007 and continued into 2008, and higher costs in 2007 as a result of expenses incurred in our first year as a public company.

During the year ended December 31, 2008, interest income of $63,000 was earned on available cash balances compared to $415,000 in 2007, a decrease of $352,000 or 85%. Cash balances in 2008 were lower than in 2007 due to our continuing losses in 2008 and the increase in our cash balance in 2007 resulting from our private placements of common stock in December 2006 and August 2007, and the deconsolidation of IFLC and its cash balances.

For the year ended December 31, 2007, we incurred liquidated damages of $583,000 pursuant to the registration rights agreements with the investors in the December 2006 and August 2007 private sales of our common stock. We incurred these costs because (a) the registration statement to register the shares issued in the August 2007 private placement for resale was not effective by an agreed upon date and (b) the investors in our December 2006 private placement were unable to sell their shares under the previously effective registration statement for a period of time. These two events were the result of the restatement of our financial statements we disclosed on November 19, 2007 due to our previous accounting for our FSN television arrangement as a barter transaction. No such charges were incurred in 2008.

Liquidity, Capital Resources and Going Concern

At December 31, 2008, our consolidated cash and cash equivalents were $118,000.

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 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 forgoing conditions raise substantial doubt about our ability to continue as a going concern.

Off-Balance Sheet Arrangements

For the years ended December 31, 2008 and 2007, we had no off-balance sheet arrangements.

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Critical Accounting Policies and Estimates

The preparation of our financial statements is based upon the selection of accounting policies and the application accounting estimates and assumptions. Actual results could differ from those estimates. The following are the accounting policies we believe are the more important areas of our accounting policies and estimates.

Equity Method of Accounting Under Accounting Research Bulletin No. 51 Consolidation of Financial Statements (as Amended) (ARB 51), consolidation of a majority-owned subsidiary is precluded where control does not rest with the majority owners. Under these rules, legal reorganization or bankruptcy represent conditions which can preclude consolidation as control rests with the bankruptcy court, rather than the majority owner. Accordingly, IFLI deconsolidated IFLC as of September 15, 2008, the date the bankruptcy petition was filed, eliminating all future operations from the financial results of operations. From September 16, 2008 through December 31, 2008, the operations of IFLI s wholly-owned subsidiary IFLC have, therefore, been accounted for under the equity method of accounting.

Generally accepted accounting principles require that the investment in the 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. As a result of applying the equity method, the investment account reflects IFLI s equity in the underlying net liabilities of IFLC, the investee. In IFLI s statement of operations after deconsolidation , IFLC s net gain or loss is reported as a single-line item.

Cash and Cash Equivalents For purposes of the consolidated statements of cash flows, we consider all short-term investments purchased with an original maturity of three months or less at the date of acquisition to be cash equivalents. We invest our excess cash in money market instruments. Cash and cash equivalents are, at times, maintained at financial institutions in amounts that exceed federally insured limits.

Income Taxes On January 1, 2007, we adopted the provisions of Financial Accounting Standards Board Interpretation No. 48, Accounting for Uncertainty in Income Taxes an interpretation of FAS 109 (FIN 48). As of January 1 and December 31, 2007 and December 31, 2008, there were no unrecognized tax benefits. FIN 48 prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more likely than not to be sustained upon examination by taxing authorities. We recognize accrued interest and penalties related to unrecognized tax benefits as income tax expense. No amounts were accrued for the payment of interest and penalties at January 1, 2007. There was no change to this balance at December 31, 2008. Management is currently unaware of any issues under review that could result in significant payments, accruals or material deviations from its position. The adoption of the provisions of FIN 48 did not have a material impact on our financial position, results of operations and cash flows.

For the year ended December 31, 2008 and 2007, we complied with Statement of Financial Accounting Standards (SFAS) No. 109, Accounting for Income Taxes, which requires an asset and liability approach to financial reporting for income taxes. Deferred income tax assets and liabilities are computed for differences between the financial statement and tax bases of assets and liabilities that will result in future taxable or deductible amounts, based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred income tax assets to the amount expected to be realized. In assessing the realization of deferred tax assets, we consider whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. As a result of uncertainty of achieving sufficient taxable income in the future a full valuation allowance against our deferred tax asset has been recorded. If these estimates and assumptions change in the future, we may be required to reverse the valuation allowance against deferred tax assets, which could result in additional income tax income.

Revenue Recognition In accordance with the provisions of Staff Accounting Bulletin. (SAB) No. 101, Revenue Recognition, as amended by SAB No. 104, revenues are generally recognized when products are shipped or as services are performed. However, due to the nature of our business, there are additional steps in the revenue recognition process, as described below:

Sponsorships: We follow the guidance of Emerging Issues Task Force Issue 00-21, Revenue Arrangements with Multiple Deliverables, and assign the total of sponsorship revenues to the various elements contained within a sponsorship package based on their relative fair values.

Licensing: Licensing revenues are recognized upon receipt of notice by the individual licensees as to licensing fees due. Licensing fees received in advance will be deferred and recognized as income when earned.

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Television rights: We only recognize revenue for television rights to the extent we are paid (or expected to be paid) in cash or other monetary assets and we recognize distribution fee expense only to the extent we are obligated to make payments.

Stock-Based Compensation Accounting for equity awards issued to employees and other service providers follows the provisions of SFAS No. 123(R), Share-Based Payment. This statement requires an entity to measure the cost of employee or service provider 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 or service provider is required to provide service in exchange for the award.

We use the Black-Scholes option pricing model to measure the fair value of options granted to employees and service providers.

Control Weakness

Our management has identified a material weakness in our disclosure controls and procedures and our internal control over financial reporting. See Item 9A(T) in this Annual Report on Form 10-K.

Item 7A ***Quantitative and Qualitative Disclosures About Market Risk***

Not applicable.

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Item 8 ***Financial Statements and Supplementary Data***

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of International Fight League, Inc.

We have audited the accompanying consolidated balance sheets of International Fight League, Inc. and Subsidiary (collectively, the Company) as of December 31, 2008 and 2007, and the related consolidated statements of operations, stockholders equity (deficit), and cash flows for the years ended December 31, 2008 and 2007. These consolidated financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of International Fight League, Inc. and Subsidiary as of December 31, 2008 and 2007, and the results of their operations and their cash flows for the years ended December 31, 2008 and 2007 in conformity with accounting principles generally accepted in the United States.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company s operating subsidiary ceased operations, sold off substantially all of its assets, and filed a petition for reorganization relief under Chapter 11 of the United States Bankruptcy Code having suffered consecutive recurring losses, accumulated deficit and negative cash flow from operations since inception, which raise substantial doubt about the Company s ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Rothstein, Kass & Company, P.C.
Roseland, New Jersey
April 15, 2009

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INTERNATIONAL FIGHT LEAGUE, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS

	December 31, 2008	December 31, 2007
ASSETS		
Current assets:		
Cash and cash equivalents	$ 118,468	$ 6,120,500
Prepaid expenses	228,555	439,397
Current assets from discontinued operations		688,954
Total current assets	347,023	7,248,851
Property and equipment, net	1,150	2,761
Non-current assets from discontinued operations		377,501
Total assets	$ 348,173	$ 7,629,113
LIABILITIES AND STOCKHOLDERS EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable	$ 7,340	$ 116,370
Accrued liquidated damages		456,045
Accrued expenses and other current liabilities	66,568	139,000
Current liabilities from discontinued operations		1,094,742
Loss in excess of investment in Equity Investee	466,745	
Total current liabilities	540,653	1,806,157
COMMITMENTS AND CONTINGENCIES		
Stockholders equity (deficit):		
Common stock, $0.01 par value per share; 150,000,000 shares authorized; 79,058,509 shares issued and outstanding at December 31, 2008 and December 31, 2007	790,562	790,562
Additional paid-in capital	36,304,680	35,936,112
Accumulated deficit	(37,287,722)	(30,903,718)
Total stockholders equity (deficit)	(192,480)	5,822,956
Total liabilities and stockholders equity (deficit)	$ 348,173	$ 7,629,113

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

INTERNATIONAL FIGHT LEAGUE, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the year ended December 31, 2008	2007
Revenues	$	$
Selling, general and administrative expenses	693,363	1,901,122
Stock-based compensation expense	267,034	235,165
Other income (expenses):		
Income from Equity Investee	516,208	
Interest expense	(3,347)	(4,712)
Liquidated damages		(582,695)
Interest income	63,096	415,438
Other income (expenses), net	575,957	(171,969)
Loss from continuing operations	(384,440)	(2,308,256)
Loss from discontinued operations	(5,999,564)	(18,949,059)
Net loss	$ (6,384,004)	$ (21,257,315)
Net loss per common share basic and diluted		
Continuing operations	$ (0.00)	$ (0.03)
Discontinued operations	$ (0.08)	$ (0.30)
Net loss	$ (0.08)	$ (0.33)
Weighted average number of common shares outstanding basic and diluted	79,058,509	63,838,915

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

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INTERNATIONAL FIGHT LEAGUE, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY (DEFICIT)
For the years ended December 31, 2008 and 2007

	Common Stock Shares	Par Value	Additional Paid- in Capital	Subscription Receivable	Accumulated Deficit	Total Stockholders Equity (Deficit)
Balance at December 31, 2006	**53,502,724**	**$ 535,004**	**$ 23,996,851**	**$ (1,250,000)**	**$ (9,646,403)**	**$ 13,635,452**
Payment of Subscription				1,250,000		1,250,000
Exercise of stock options	100,785	1,008	6,440			7,448
Issuance of common stock in private placement (net of expenses)	25,330,000	253,300	11,115,428			11,368,728
Issuance of stock under equity incentive plan	125,000	1,250	379,999			381,249
Stock-based compensation and consulting expense			437,394			437,394
Net loss					(21,257,315)	(21,257,315)
Balance at December 31, 2007	**79,058,509**	**$ 790,562**	**$ 35,936,112**	**$**	**$ (30,903,718)**	**$ 5,822,956**
Stock-based compensation			368,568			368,568
Net loss					(6,384,004)	(6,384,004)
Balance at December 31, 2008	**79,058,509**	**$ 790,562**	**$ 36,304,680**	**$**	**$ (37,287,722)**	**$ (192,480)**

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

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INTERNATIONAL FIGHT LEAGUE, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS