

Grant Life Sciences, Inc.  
Form 10QSB  
November 20, 2006

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

**FORM 10-QSB**

**(Mark One)**

**ý Quarterly report under Section 13 or 15(d) of the Securities Exchange Act of 1934.**

**For the quarterly period ended September 30, 2006**

**o Transition report under Section 13 or 15(d) of the Exchange Act**

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

**Commission File Number: 000-50133**

**GRANT LIFE SCIENCES, INC.**

(Exact Name of Small Business Issuer as Specified in Charter)

**Nevada**

(State or Other Jurisdiction of  
Incorporation or Organization)

**82-0490737**

(I.R.S. Employer Identification  
Number)

**3550 Wilshire Blvd., Suite 1700, Los Angeles, CA 90010**

(Address of Principal Executive Offices)

**(213) 637-5692**

(Issuer's Telephone Number, Including Area Code)

(Former Address, if Changed Since Last Report)

Check whether the issuer: (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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 ý No o

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

State the number of shares outstanding of each of the issuer's classes of common equity, as of the last practicable date: As of November 14, 2006, there were 136,338,605 shares of Common Stock, par value \$0.001 per share, issued and outstanding.

Transitional Small Business Disclosure Format (check one): Yes o No ý

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**GRANT LIFE SCIENCES, INC.**  
**(A development stage company)**  
**CONSOLIDATED BALANCE SHEETS**

	September 30, 2006 (unaudited)	December 31, 2005 (audited)
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 41,456	\$ 800,472
Accounts receivable	21,338	72,675
Prepaid expenses	33,125	69,125
Deposits & other assets	34,283	45,209
Total current assets	130,202	987,481
Property and equipment, net of accumulated depreciation of \$18,071 and \$12,519 at September 30, 2006 and December 31, 2005, respectively	12,622	14,321
Deferred financing fees, net of accumulated amortization of \$32,292 and \$13,542, at September 30, 2006 and December 31, 2005, respectively	42,708	61,458
Total assets	\$ 185,532	\$ 1,063,260
<b>LIABILITIES AND DEFICIENCY IN STOCKHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 154,968	\$ 124,847
Accrued liabilities	189,888	130,555
Accrued interest payable	111,148	106,637
Accrued payroll liabilities	81,305	94,680
Notes payable, current portion (Note C)	15,680	21,875
Total current liabilities	552,989	478,594
<b>Long-term liabilities:</b>		
Notes payable - long term (Note C)	350,000	350,000
Convertible notes payable (Note C)	565,104	240,491
Derivative liability related to convertible notes	8,137,682	2,606,377
Warrant liability related to convertible notes	561,423	161,472
Total Liabilities	10,167,198	3,836,934
Commitments and contingencies	-	-
<b>Deficiency in stockholders' equity:</b>		
Preferred stock, par value: \$.001, authorized 20,000,000 shares; no shares issued and outstanding at September 30, 2006 and at December 31, 2005. (Note F)	-	-
Common stock, par value; \$.001, authorized 750,000,000 shares at September 30, 2006 and 150,000,000 shares at December 31, 2005, 132,977,917 and 126,486,518 shares issued and outstanding at September 30, 2006 and at December 31, 2005 respectively. (Note F)	132,979	126,487
Additional paid in capital	5,381,597	5,400,819
Deferred compensation	-	(285,308)
Deficit accumulated during development stage	(15,496,242)	(8,015,672)

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Total deficiency in stockholders' equity:	(9,981,666)	(2,773,674)
Total liabilities and deficiency in stockholders' equity:	\$ 185,532	\$ 1,063,260

The accompanying notes to consolidated financial statements

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**GRANT LIFE SCIENCES, INC.**  
**(A development stage company)**  
**CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS**  
**(Unaudited)**

	For the three months ended September 30,		For the nine months ended September 30,		For the period July 9, 1998 (date of inception) through September 30, 2006
	2006	2005 (Restated - Note E)	2006	2005 (Restated - Note E)	
Sales					\$ 72,675
Cost of Sales					62,805
Gross Margin					9,870
<b>Operating Expenses:</b>					
General and administrative	\$ 196,861	\$ 466,906	\$ 851,244	\$ 1,901,830	5,575,976
Depreciation	1,851	1,713	5,552	4,949	24,955
Acquisition cost	-	-	-	-	65,812
Research and development	99,966	90,091	227,576	480,220	1,696,081
Total Operating Expenses	298,678	558,710	1,084,372	2,386,999	7,362,824
	-				
Loss from Operations	(298,678)	(558,710)	(1,084,372)	(2,386,999)	(7,362,954)
<b>Other income (expenses):</b>					
Gain on extinguishment of debt	-	-	-	-	510,104
Change in fair value related to adjustment of derivative and warrant liability to fair value of underlying securities	(6,948,491)	(10,293,048)	(5,931,257)	(10,452,987)	(6,818,374)
Interest expense	(168,671)	(181,844)	(464,939)	(398,097)	(1,834,918)
Loss before income taxes	(7,415,840)	(11,033,602)	(7,480,568)	(13,238,083)	(15,496,142)
Income tax expense	-	-	-	-	(100)
Net loss	\$ (7,415,840)	\$ (11,033,602)	\$ (7,480,568)	\$ (13,238,083)	\$ (15,496,242)
<b>Net loss per common share - Basic and Fully diluted (Note A)</b>					
	\$ (0.058)	\$ (0.19)	\$ (0.059)	\$ (0.23)	n/a
		-	-	-	n/a
<b>Weighted average shares - Basic and Fully diluted (Note A)</b>					
	127,685,236	59,219,548	126,890,482	57,837,341	n/a

See accompanying notes to the unaudited condensed consolidated financial statements



**GRANT LIFE SCIENCES, INC.**  
**(A development stage company)**  
**CONSOLIDATED STATEMENT OF DEFICIENCY IN STOCKHOLDERS' EQUITY**  
**FOR THE PERIOD JULY 9, 1998 (Date of Inception) THROUGH**  
**DECEMBER 31, 2005**

	Common Shares	Common Shares Amount	Subscription Receivable	Deferred Compensation	Additional Paid In Capital	Accumulated Deficit	Total (Deficiency) In Stockholders Equity
Balance, July 9, 1998 (date of inception)	9,272,200	\$ 9,272	\$ -	\$ -	(9,272)	\$ -	-
Issued stock for subscription receivable at \$0.005 per share	18,795,000	18,795	(100,000)	-	81,205	-	-
Balance, December 31, 1998	28,067,200	28,067	(100,000)	-	71,933	-	-
Issued stock for cash at \$0.004 per share	1,253,000	1,253	-	-	3,747	-	5,000
Net loss	-	-	-	-	-	(5,053)	(5,053)
Balance, December 31, 1999	29,320,200	29,320	(100,000)	-	75,680	(5,053)	(53)
Payment of subscriptions receivable	-	-	100,000	-	-	-	100,000
Net loss	-	-	-	-	-	(43,641)	(43,641)
Balance, December 31, 2000	29,320,200	29,320	-	-	75,680	(48,694)	56,306
Issued stock for cash at \$0.004 per share	250,600	251	-	-	749	-	-