

Grant Life Sciences, Inc.
Form 10QSB
November 14, 2005

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

FORM 10-QSB

(Mark One)

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

For the quarterly period ended September 30, 2005

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)

64 East Winchester, Suite 205, Murray, UT 84107

(Address of Principal Executive Offices)

(801) 261-8736

(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 No

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 8, 2005, there were 94,179,113 shares of Common Stock, par value \$0.001 per share, issued and outstanding.

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

GRANT LIFE SCIENCES, INC.
FORM 10-QSB
INDEX

PART I FINANCIAL INFORMATION

Item 1	Condensed Consolidated Financial Statements (unaudited)	
	Condensed Consolidated Balance Sheets -September 30, 2005 and December 31, 2004	3
	Condensed Consolidated Statement of Losses - three months ended September 30, 2005 and 2004, nine months ended September 30, 2005 and 2004, and July 9, 1998 (date of inception) through September 30, 2005	4
	Condensed Consolidated Statement of Deficiency in Stockholder's Equity- July 9, 1998 (date of inception) through September 30, 2005	5
	Condensed Consolidated Statement of Cash Flows - nine months ended September 30, 2005 and 2004 and July 9, 1998 (date of inception) through September 30, 2005	6
	Notes to Condensed Consolidated Financial Statements	7
Item 2	Management's Discussion and Analysis of Financial Condition and Results of Operations	15
Item 3	Controls and Procedures	19

PART II OTHER INFORMATION

Item 1	Legal Proceedings	20
Item 2	Unregistered Sales of Equity Securities and Use of Proceeds	20
Item 3	Defaults upon Senior Securities	21
Item 4	Submission of Matters to a Vote of Security Holders	21
Item 5	Other Information	21
Item 6	Exhibits	21
	Signatures	21

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

	(Unaudited) September 30, 2005	December 31, 2004
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,103,597	\$ 365,958
Miscellaneous receivables	-	3,000
Prepaid expenses	184,631	5,213
Due from employees	-	334
Deposits	3,263	3,263
Total current assets	1,291,491	377,768
Property and equipment, net of accumulated depreciation of \$10,806 and 5,857 at September 30, 2005 and December 31, 2004, respectively	16,034	15,240
Deferred financing fees, net of accumulated amortization of \$7,292 and \$0, at September 30, 2005 and December 31, 2004, respectively	67,708	-
Total assets	\$ 1,375,233	\$ 393,008
LIABILITIES AND (DEFICIENCY IN) STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 210,417	\$ 95,841
Accrued liabilities	100,889	37,000
Accrued interest payable	106,237	7,005
Accrued payroll liabilities	94,075	13,159
Notes payable, current portion (Note C)	26,250	122,500
Total current liabilities	537,868	275,505
Long-term liabilities:		
Note payable - long term (Note C)	464,480	350,000
Commitments and contingencies (Note F)	-	-
(Deficiency in) stockholders' equity:		
Preferred stock, par value: \$.001, authorized 20,000,000 shares; no shares issued and outstanding at September 30, 2005 and December 31, 2004	-	-
Common stock, par value; \$.001, authorized 150,000,000 shares; 67,149,113 and 56,243,791 shares issued and outstanding at September 30, 2005 and December 31, 2004, respectively (Note D)	67,149	56,244
Additional paid in capital	7,078,639	4,190,485
Deferred compensation	(584,095)	(1,097,886)
Deficit accumulated during development stage	(6,188,808)	(3,381,340)
Total (deficiency in) stockholders' equity:	372,885	(232,497)
Total liabilities and (deficiency in) stockholders' equity:	\$ 1,375,233	\$ 393,008

See accompanying notes to the unaudited condensed consolidated financial statements

GRANT LIFE SCIENCES, INC.
(A development stage company)
CONDENSED CONSOLIDATED STATEMENT OF LOSSES
(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, 2005
	2005	2004	2005	2004	
Operating Expenses:					
General and administrative	\$ 466,905	\$ 547,144	\$ 1,901,830	\$ 817,386	\$ 4,365,068
Depreciation	1,713	927	4,949	2,780	17,690
Acquisition cost	-	-	-		65,812
Research and development	90,091	112,365	480,220	265,752	1,322,150
Total Operating Expenses	558,709	660,436	2,386,999	1,085,918	5,770,722
Loss from Operations	(558,709)	(660,436)	(2,386,999)	(1,085,918)	(5,770,722)
Other income (expenses):					
Gain on extinguishment of debt	-	411,597	-	411,597	510,104
Interest expense	(204,723)	(211,512)	(420,470)	(250,277)	(928,191)
Loss before income taxes	(763,432)	(460,351)	(2,807,469)	(924,598)	(6,188,809)
Income tax benefit	-	-	-	-	-
Net loss	\$ (763,432)	\$ (460,351)	\$ (2,807,469)	\$ (924,598)	\$ (6,188,809)
Net loss per common share -					
basic and diluted	\$ (0.01)	\$ (0.01)	\$ (0.05)	\$ (0.02)	n/a
Weighted average shares -					
basic and diluted	59,219,548	46,525,848	57,837,341	38,687,469	n/a

See accompanying notes to the unaudited condensed consolidated financial statements

GRANT LIFE SCIENCES, INC.
(A development stage company)
CONDENSED CONSOLIDATED STATEMENT OF DEFICIENCY IN STOCKHOLDERS' EQUITY
FOR THE PERIOD JULY 9, 1998 (Date of Inception) THROUGH
September 30, 2005
(unaudited)

	Common Shares	Common Shares Amount	Subscription Receivable	Deferred Compensation	Additional Paid In Capital	Deficit Accumulated During Development Stage	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	-	1,000
Net loss	-	-	-	-	-	(522,213)	(522,213)
Balance, December 31, 2001	29,570,800	29,571	-	-	76,429	(570,907)	(464,907)
Beneficial conversion feature on issuance of debt	-	-	-	-	98,507	-	98,507
Gain on extinguishment	-	-	-	-	(98,507)	-	(98,507)

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of debt

Issued stock for cash at \$0.13 per share	689,150	689	-	-	91,811	-	92,500
Issued stock for services at \$0.06 per share	1,591,310	1,591	-	-	101,659	-	103,250
Issued stock in satisfaction of debt at \$0.14 per share	1,790,000	1,790	-	-	248,210	-	250,000
Net loss	-	-	-	-	-	(646,201)	(646,201)
Balance, December 31, 2002	33,641,260	33,641	-	-	518,109	(1,217,108)	(665,358)
Issued stock for cash at \$0.13 per share, in Sep'03 & Dec'03	930,800	931	-	-	119,069	-	120,000
Net loss	-	-	-	-	-	(253,881)	(253,881)
Balance, December 31, 2003	34,572,060	34,572	-	-	637,178	(1,470,989)	(799,239)
Issued stock for cash at \$0.0838 per share on 3/11/04, 3/25/04 & 4/8/04	238,660	239	-	-	19,761	-	20,000
Issued stock for services at \$0.08 per share on 5/7/04 & 6/30/04	500,000	500	-	-	39,500	-	40,000
Issued stock for cash at \$0.1835 per share on 8/3/04 & 8/19/04	9,560,596	9,561	-	-	1,485,376	-	1,494,937
Reverse merger with Grant Ventures, Inc. on 7/31/04	6,000,000	6,000	-	-	-	-	6,000
Warrants issued as part of restructuring of debt (89,500 valued at \$0.03779) on 7/31/04	-	-	-	-	3,382	-	3,382
Recognition of beneficial conversion feature	-	-	-	-	200,000	-	200,000

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on issuance of note payable								
Conversion of note payable and accrued interest at \$0.07569 per share on 8/1/04	2,720,000	2,720	-	-	203,165	-	205,885	
Issued stock in satisfaction of debt at \$0.1835 per share on 8/18/04 & 8/20/04	249,475	249	-	-	45,530	-	45,779	
Exercise of \$0.01 warrants on 11/17/04	2,403,000	2,403	-	-	21,627	-	24,030	
Issued 250,000 warrants for services on 5/7/04	-	-	-	-	11,000	-	11,000	
Stock options issued to employees, directors, consultants on 7/31/04 and 11/1/04	-	-	-	(1,523,966)	1,523,966	-	-	
Vesting of deferred compensation	-	-	-	426,081	-	-	426,081	
Net loss	-	-	-	-	-	(1,910,350)	(1,910,350)	
Balance, December 31, 2004	56,243,791 \$	56,244 \$	- \$	(1,097,886)	\$ 4,190,485 \$	(3,381,340)	\$ (232,496)	
Conversion of notes payable and accrued interest at \$0.092178 per share on 3/31/05	1,395,322	1,395	-	-	127,225	-	128,620	
Stock options issued to new director on 2/21/05	-	-	-	(26,725)	26,725	-	-	
Vesting of deferred compensation	-	-	-	292,474	-	-	292,474	
Value of 250,000 warrants issued as part of bridge loan on	-	-	-	-	97,486	-	97,486	

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3/15/05

Net loss	-	-	-	-	-	(890,573)	(890,573)
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Balance, March

31, 2005	57,639,113 \$	57,639 \$	- \$	(832,137)	4,441,921 \$	(4,271,913)	(604,490)
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Shares issued

4/28/05 for services at \$0.40	500,000	500	-	-	199,500	-	200,000
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Stock options

granted to
employee 4/1/05