UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2011

OR

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

Commission file number: 33-2783-S

Sigma Labs, Inc.

(Exact name of registrant as specified in its charter)

NEVADA	82-0404220
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

3900 Paseo del Sol
Santa Fe, New Mexico 87507

(Address of principal executive offices)

(505) 438-2576

(Registrant's telephone number)

(Former Name or Former Address, 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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ 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.

Large accelerated filer	☐	Accelerated Filer	☐
Non-accelerated filer	☐	Smaller reporting company	☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: As of November 7, 2011, the issuer had394,667,400 shares of common stock outstanding.

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

Yes ☐ No ☒

SIGMA LABS, INC.

For the quarter ended September 30, 2011

FORM 10-Q

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PART I

ITEM 1. FINANCIAL STATEMENTS.

Sigma Labs, Inc.
Consolidated Balance Sheets
September 30, 2011 and December 31, 2010

	September 30, 2011 Unaudited	December 31, 2010 Audited
ASSETS		
Current Assets		
Cash	$ 939,091	$ 226,268
Accounts Receivable	84,960	180,855
Other Assets	-	370
Total Current Assets	**1,024,051**	**407,493**
Fixed Assets (Net)		
Furniture and Equipment	37,064	42,778
Patents	24,223	25,083
Total Fixed Assets	**61,287**	**67,861**
TOTAL ASSETS	**$ 1,085,338**	**$ 475,354**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts Payable	63,651	44,996
Salaries Payable	29,335	-
Total Current Liabilities	**92,986**	**44,996**
TOTAL LIABILITIES	92,986	44,996
Stockholders' Equity		
Preferred Stock, $0.001 par value; 10,000,000 shares authorized; 0 shares issued and outstanding	-	-
Common Stock, $0.001 par value; 750,000,000 shares authorized;		
313,067,400 shares issued and outstanding	-	313,067
394,667,400 shares issued and outstanding	394,667	-
Additional Paid-In Capital	1,983,902	539,237
Retained Earnings (Deficit)	(1,386,217)	(421,946)
Total Stockholders' Equity	**992,352**	**430,358**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 1,085,338**	**$ 475,354**

The accompanying notes are an integral part of these financial statements

Sigma Labs, Inc.
Unaudited Consolidated Statements of Operations
Three Months and Nine Months Ended September 30, 2011 and 2010

	Three Months Ended September 30, 2011	Three Months Ended September 30, 2010	Nine Months Ended September 30, 2011	Nine Months Ended September 30, 2010
INCOME				
Services	$ 369,613	$ 243,936	$ 670,126	$ 276,436
Total Revenue	**369,613**	**243,936**	**670,126**	276,436
COST OF SERVICE REVENUE	22,042	116,094	173,644	116,094
GROSS PROFIT	**347,571**	**127,842**	**496,482**	**160,342**
EXPENSES				
General & Administration	252,111	84,290	559,806	284,409
Payroll Expense	132,699	101,359	501,927	169,022
Non-cash Compensation	-	-	400,000	-
Total Expenses	**384,810**	**185,649**	**1,461,733**	**453,431**
OTHER INCOME (EXPENSE)				
Interest Income	450	-	980	-
Sale of Asset	-	-	-	5,000
Interest Expense	-	(9,000)	-	(17,000)
Total Other Income (Expense)	**450**	**(9,000)**	**980**	**(12,000)**
NET INCOME (LOSS) BEFORE INCOME TAXES	**(36,789)**	**(66,807)**	**(964,271)**	**(305,089)**
Current Income Tax Expense	-	-	-	-
Deferred Income Tax Expense	-	-	-	-
Net Income (Loss)	**$ (36,789)**	**$ (66,807)**	**$ (964,271)**	**$ (305,089)**
Loss per Common Share - Basic and Diluted	**$ (0.00)**	**$ (0.00)**	**$ (0.00)**	**$ (0.00)**
Weighted Average Number of Shares Outstanding - Basic and Diluted	**394,667,400**	**211,239,698**	**362,425,550**	**198,252,856**

The accompanying notes are an integral part of these financial statements

Sigma Labs, Inc.
Unaudited Consolidated Statements of Cash Flows
Nine Months Ended September 30, 2011 and 2010

	Nine Months Ended September 30, 2011	2010
OPERATING ACTIVITIES		
Net Income (Loss)	$ (964,271)	$ (305,089)
Adjustments to reconcile Net Income (Loss) to Net Cash used by operations:		
Noncash Expenses:		
Amortization	860	463
Depreciation	14,618	8,555
Stock Compensation	514,500	-
Change in assets and liabilities:		
(Increase) Decrease in Accounts Receivable	95,895	(22,223)
(Increase) in Other Assets	370	-
(Decrease) Increase in Accounts Payable	18,656	105,651
Increase In Accrued Expenses	29,334	-
NET CASH (USED) BY OPERATING ACTIVITIES	**(290,038)**	**(212,643)**
INVESTING ACTIVITIES		
Purchase of Furniture and Equipment	(8,904)	(56,000)
Purchase of Patent	**-**	(25,800)
NET CASH (USED) BY INVESTING ACTIVITIES	**(8,904)**	**(81,800)**
FINANCING ACTIVITIES		
Proceeds from Sale of Common Stock	1,011,765	1,047,304
Cash Paid in Reorganization	-	(195,000)
NET CASH PROVIDED BY FINANCING ACTIVITIES	**1,011,765**	**852,304**
NET CASH INCREASE FOR PERIOD	**712,823**	**557,861**
CASH AT BEGINNING OF PERIOD	226,268	-
CASH AT END OF PERIOD	**$ 939,091**	**$ 557,861**
Supplemental Disclosure for Cash Flow Information		
Cash paid during the period for:		
Interest	$ -	$ 1,000
Income Taxes	$ -	$ -

Supplemental Schedule of Noncash Investing and Financing Activities

For the nine months ended September 30, 2011

5,725,000 shares of common stock issued for consulting services at $0.02 per share

20,000,000 shares of common stock issued for employee equity plan at $0.02 per share

The Company issued 7,931,250 warrants valued at $158,625 as a stock offering cost.

For the nine months ended September 30, 2010

None

The accompanying notes are an integral part of these financial statements

SIGMA LABS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2011

NOTE 1 – Summary of Significant Accounting Policies

Nature of Business – On September 13, 2010 Sigma Labs, Inc., formerly named Framewaves, Inc., a Nevada corporation, acquired 100% of the shares of B6 Sigma, Inc. by exchanging 6.67 shares of Framewaves, Inc. restricted common stock for each issued and outstanding share of B6 Sigma, Inc. The acquisition has been accounted for as a "reverse purchase", and accordingly the operations of Framewaves, Inc. prior to the date of acquisition have been eliminated.

B6 Sigma, Inc., incorporated February 5, 2010, was founded by a group of scientists, engineers and businessmen to develop and commercialize novel and unique manufacturing and materials technologies. A Company trademark, In Process Quality Assurance (IPQA®), is a technology that management believes will fundamentally redefine manufacturing practices by embedding quality assurance in the manufacturing processes in real time. Management also anticipates that the Company's core competencies will allow its clientele to combine advanced manufacturing with novel material to achieve breakthrough product potential in many industries including aerospace, defense, oil and gas, prosthetic implants, sporting goods, and power generation.

Basis of Presentation – The accompanying financial statements have been prepared by the Company in accordance with Article 8 of U.S. Securities and Exchange Commission Regulation S-X. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows at September 30, 2011 and 2010 and for the periods then ended have been made. Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles have been condensed or omitted. Management suggests these condensed financial statements be read in conjunction with the December 31, 2010 audited financial statements and notes thereto included in the Company's Form 10-K. The results of operations for the periods ended September 30, 2011 and 2010 are not necessarily indicative of the operating results for the full year.

Reclassification – Certain amounts in prior-period financial statements have been reclassified for comparative purposes to conform to presentation in the current-period financial statements.

Principles of Consolidation – The consolidated financial statements for September 30, 2011 include the accounts of Sigma Labs, Inc. and B6 Sigma, Inc. All significant intercompany balances and transactions have been eliminated.

Property and Equipment – Property and equipment are stated at cost. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized upon being placed in service. Expenditures for maintenance and repairs are charged to expense as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The estimated life has been determined to be three years unless a unique circumstance exists, which is then fully documented as an exception to the policy.

Fair Value of Financial Instruments – The Company estimates that the fair value of all financial instruments does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying consolidated balance sheets.

Income Taxes – The Company accounts for income taxes in accordance with ASC Topic No. 740, "Accounting for Income Taxes."

The Company adopted the provisions of ASC Topic No. 740, "Accounting for Income Taxes," at the date of inception on February 5, 2010. As a result of the implementation of ASC Topic No. 740, the Company recognized no increase in the liability for unrecognized tax benefits.

The Company has no tax positions at September 30, 2011 for which the ultimate deductibility is highly certain but for which there is uncertainty about the timing of such deductibility.

The Company recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. During the period ended September 30, 2011, the Company recognized no interest and penalties. The Company had no accruals for interest and penalties at September 30, 2011. All tax years starting with 2010 are open for examination.

Loss Per Share – The computation of loss per share is based on the weighted average number of shares outstanding during the period in accordance with ASC Topic No. 260, "Earnings Per Share."

Allowance for Doubtful Accounts - The Company establishes an allowance for doubtful accounts to ensure accounts receivables are not overstated due to uncollectibility. Bad debt reserves are maintained based on a variety of factors, including the length of time receivables are past due and a detailed review of certain individual customer accounts. If circumstances related to customers change, estimates of the recoverability of receivables would be further adjusted. The allowance for doubtful accounts at September 30, 2011 is $0.

Intangible Assets – Long-lived assets and certain identifiable intangibles to be held and used by the Company are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Company continuously evaluates the recoverability of its long-lived assets based on estimated future cash flows and the estimated liquidation value of such long-lived assets, and provides for impairment if such undiscounted cash flows are insufficient to recover the carrying amount of the long-lived assets. If impairment exists, an adjustment is made to write the asset down to its fair value, and a loss is recorded as the difference between the carrying value and fair value. Fair values are determined based on quoted market values, discounted cash flows or internal and external appraisals, as applicable. Assets to be disposed of are carried at the lower of carrying value or estimated net realizable value.

Recently Enacted Accounting Standards – In June 2009, the FASB established the Accounting Standards Codification ("Codification" or "ASC") as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in accordance with generally accepted accounting principles in the United States ("GAAP"). Rules and interpretive releases of the Securities and Exchange Commission ("SEC") issued under authority of federal securities laws are also sources of GAAP for SEC registrants. Existing GAAP was not intended to be changed as a result of the Codification, and accordingly the change did not impact our financial statements. The ASC does change the way the guidance is organized and presented.

Accounting Standards Update ("ASU") ASU No. 2009-05 (ASC Topic 820), which amends Fair Value Measurements and Disclosures – Overall, ASU No. 2009-13 (ASC Topic 605), Multiple-Deliverable Revenue Arrangements, ASU No. 2009-14 (ASC Topic 985), Certain Revenue Arrangements that include Software Elements, and various other ASU's No. 2009-2 through ASU NO. 2011-09 which contain technical corrections to existing guidance or affect guidance to specialized industries or entities were recently issued. These updates have no current applicability to the Company or their effect on the financial statements would not have been significant.

Cash Equivalents - The Company considers all highly liquid investments with a maturity of three months or less at date of purchase to be cash equivalents.

Organization Expenditures – Organizational expenditures are expensed as incurred for Securities Exchange Commission (SEC) filings, but capitalized and amortized for income tax purposes.

Amortization - Utility patents are amortized over a 17 year period.

Accounting Estimates - The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimated by management.

Revenue Recognition – The Company's revenue is derived primarily from providing services under contractual agreements. Revenue is recognized when a project is completed.

NOTE 2 – Capital Stock

Common Stock

The Company has authorized 750,000,000 shares of common stock, $0.001 par value.

On September 13, 2010 the Company closed a share exchange transaction (the "Reorganization") with the shareholders of B6 Sigma, Inc., a Delaware corporation ("B6 Sigma"), which resulted in B6 Sigma becoming a wholly-owned subsidiary of the Company. Each share of B6 Sigma, Inc. common stock outstanding as at the closing of the Reorganization was exchanged for 6.67 shares of the Company's common stock. At the closing, B6 Sigma, Inc. also acquired and cancelled 110,700,000 (post-split) shares of the Company's common stock from three shareholders for the sum of $195,000. Upon the closing of the Reorganization, the Company ceased to be a "Shell" company (as such term is defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended). As a condition to the closing of the reorganization, B6 Sigma, Inc. also closed a private offering of $1,000,000 of its common stock contemporaneously with the closing of the reorganization, which included the conversion of $300,000 of previously issued convertible notes by B6 Sigma, Inc. into the private offering of common stock.

Following issuance of the reorganization shares to the B6 Sigma shareholders and the stock cancellation, the Company had 313,067,400 (post split) shares of its common stock issued and outstanding. In connection with the closing of the reorganization, the shareholders of the Company approved a 150:1 forward stock split, and a change of the name of the corporation to Sigma Labs, Inc. Additionally, following completion of the reorganization, B6 Sigma became a wholly owned subsidiary and its operations comprise the sole business activity.

On January 6, 2011, the Company issued an aggregate of 1,100,000 shares of the Company's common stock to two consultants as noncash compensation for services rendered valued at $22,000 or $0.02 per share.

In January 2011, the Company commenced a private offering of up to 75,000,000 shares of common stock, $0.001 par value per share, at an issue price of $0.02 per share of common stock. On April 15, 2011, the Company closed the private offering, pursuant to which the Company issued 55,875,000 shares of the Company's common stock.

Hudson Valley Capital Management Corp. ("Hudson") acted as placement agent and received a total of $105,735 in commissions. The Company also issued to Hudson in connection with the offering five year warrants to purchase up to 7,931,250 shares of the Company's common stock. Such warrants have an exercise price of $0.025 per share and are valued at $158,625. As of September 30, 2011 none of the warrants have been exercised. The direct cost associated with the stock offering has been reflected as a reduction to Additional Paid-in-Capital. Net proceeds from the sale of stock were $1,011,765.

On March 9, 2011, our Board of Directors adopted an equity incentive plan, the 2011 Equity Incentive Plan (the "Equity Plan"). On March 31, 2011, the holders of at least a majority of the issued and outstanding shares of common stock of the Company approved the Equity Plan. Pursuant to the Equity Plan, we are authorized to grant options, restricted stock and stock appreciation rights to purchase up to 31,000,000 shares of common stock to our employees, officers, directors, consultants and advisors. The Equity Plan provides for awards of incentive stock options, non-statutory stock options, and rights to acquire restricted stock. Incentive stock options granted under the Equity Plan are intended to qualify as "incentive stock options" within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"). Non-statutory stock options granted under the Equity Plan are not intended to qualify as incentive stock options under the Code.

In April 2011, the Company issued an aggregate of 3,625,000 shares of the Company's common stock to one consultant and two professionals as noncash compensation for services rendered to the Company, which services were valued at $72,500 or $0.02 per share.

On May 16, 2011, the Company issued 1,000,000 shares of the Company's common stock to a consultant as noncash compensation for services rendered valued at $20,000 or $0.02 per share.

During April, 2011, the Company issued to five employees an aggregate of 20,000,000 shares of the Company's common stock, subject to restrictions, pursuant to the Equity Incentive Plan. Such shares are valued at $400,000 or $0.02 per share.

Preferred Stock

The Company is authorized to issue 10,000,000 shares of preferred stock, $0.001 par value. As of the date of this Quarterly Report on Form 10-Q, the Company has not issued any shares of preferred stock.

NOTE 3 – Going Concern

The Company was only recently formed and has not yet achieved profitable operations. The ability of the Company to continue as a going concern is dependent on expanding income opportunities. Management anticipates that additional contracts will allow the Company to achieve profitable operations.

NOTE 4 – Income Taxes

The Company accounts for income taxes in accordance with ASC Topic No. 740, "Income Taxes." ASC Topic No. 740 requires the Company to provide a net deferred tax asset/liability equal to the expected future tax benefit/expense of temporary reporting differences between book and tax accounting methods and any available operating loss or tax credit carryforwards.

The Company has available at September 30, 2011, unused operating loss carryforwards of approximately $1,316,770, which may be applied against future taxable income and which expire in various years through 2031. However, if certain substantial changes in the Company's ownership should occur, there could be an annual limitation on the amount of net operating loss carryforward which can be utilized. The amount of and ultimate realization of the benefits from the operating loss carryforwards for income tax purposes is dependent, in part, upon the tax laws in effect, the future earnings of the Company and other future events, the effects of which cannot be determined. Because of the uncertainty surrounding the realization of the loss carryforwards, the Company has established a valuation allowance equal to the tax effect of the loss carryfowards (approximately $197,515) at September 30, 2011 and, therefore, no deferred tax asset has been recognized for the loss carryforwards. The change in the valuation allowance is approximately $145,215 for the nine months ended September 30, 2011.

NOTE 5 – Loss Per Share

The following data show the amounts used in computing loss per share and the effect on income and the weighted average number of shares of dilutive potential common stock for the period ended September 30, 2011 and September 30, 2010:

	Three Months Ended September 30, 2011	Three Months Ended September 30, 2010	Nine Months Ended September 30, 2011	Nine Months Ended September 30, 2010
Loss from continuing Operations available to Common stockholders	$ (36,789)	$ (66,807)	$ (964,271)	$ (305,089)
Weighted average number of common shares Outstanding used in loss per share during the Period	394,667,400	211,239,698	362,425,550	198,252,856

NOTE 6 – Furniture and Equipment

The following is a summary of property and equipment, purchased, used and depreciated over a three-year period, less accumulated depreciation, as of June 30, 2011 and December 31, 2010:

Furniture and Fixtures	$ 64,904	$ 56,000
Less: Accumulated Depreciation	(27,840)	(13,222)
Net Property and Equipment	$ 37,064	$ 42,778

Depreciation expense on property and equipment was $14,618 and $8,555 for the period ended September 30, 2011 and 2010.

NOTE 7 – Patents

The following is a summary of patents less accumulated amortization as of September 30, 2011 and December 31, 2010:

Patents	$ 25,800	$ 25,800
Less: Accumulated Amortization	(1,577)	(717)
Net Patents	$ 24,223	$ 25,083

Amortization expense on patents was $860 and $463 for the period ended September 30, 2011 and 2010.

NOTE 8 – Commitments and Contingencies

Operating Leases – The Company leases office space under operating leases. Expense relating to these operating leases was $15,680 for the period ended September 30, 2011. There are no future minimum lease payments required under operating leases at September 30, 2011.

NOTE 9 – Subsequent Events

The Company has evaluated subsequent events from the balance sheet date through the date the financial statements were issued and determined there are no items to disclose.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Forward-looking statements

This Quarterly Report, including any documents which may be incorporated by reference into this Report, contains "Forward-Looking Statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical fact are "Forward-Looking Statements" for purposes of these provisions, including any projections of revenues or other financial items, any statements of the plans and objectives of management for future operations, any statements concerning proposed new products or services, any statements regarding future economic conditions or performance, and any statements of assumptions underlying any of the foregoing. All Forward-Looking Statements included in this document are made as of the date hereof and are based on information available to us as of such date. We assume no obligation to update any Forward-Looking Statement. In some cases, Forward-Looking Statements can be identified by the use of terminology such as "may," "will," "expects," "plans," "anticipates," "intends," "believes," "estimates," "potential," or "continue," or the negative thereof or other comparable terminology. Although we believe that the expectations reflected in the Forward-Looking Statements contained herein are reasonable, there can be no assurance that such expectations or any of the Forward-Looking Statements will prove to be correct, and actual results could differ materially from those projected or assumed in the Forward-Looking Statements. Future financial condition and results of operations, as well as any Forward-Looking Statements are subject to inherent risks and uncertainties, including any other factors referred to in our press releases and reports filed with the Securities and Exchange Commission. All subsequent Forward-Looking Statements attributable to the company or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. Additional factors that may have a direct bearing on our operating results are described under the caption "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2010 and elsewhere in this report.

Introductory Comment

Our predecessor, Framewaves, Inc., a Nevada corporation ("Framewaves"), was incorporated in December 1985 as "Messidor Limited." In December 2000, Messidor Limited's shareholders approved a name change to "Framewaves, Inc." Framewaves was a shell company (as that term is defined in Rule 12b-2 under the Securities Exchange Act of 1934) immediately prior to the September 2010 Reorganization (the "Reorganization") with no ongoing operations, and was focused on seeking a business opportunity. See further discussion of the Reorganization under the caption "The Reorganization" included under Item 1 ("Business"), Part I of our Annual Report on Form 10-K for the year ended December 31, 2010.

B6 Sigma, Inc., a Delaware corporation ("B6 Sigma"), was incorporated in February 2010. Four members of our current management team worked together at Technology Management Company, Inc., a New Mexico corporation ("TMC"), before leaving to form B6 Sigma. On September 13, 2010, Framewaves entered into a share exchange agreement with B6 Sigma and the shareholders of B6 Sigma pursuant to which Framewaves acquired all of the issued and outstanding shares of B6 Sigma. Following the closing of the transactions contemplated by the share exchange agreement, B6 Sigma became our wholly owned subsidiary and its operations now comprise our sole business activity.

Throughout this Quarterly Report on Form 10-Q, unless otherwise indicated, the term "Framewaves" refers to our predecessor shell-entity prior to consummation of the Reorganization; the term "B6 Sigma" refers to B6 Sigma, Inc., a Delaware corporation and the operating company acquired in connection with the Reorganization; and the terms the "Company," "Sigma," "we," "us" and "our" refers to Sigma Labs, Inc. (f/k/a Framewaves, Inc.), together with B6 Sigma, Inc., our wholly owned subsidiary following completion of the Reorganization.

Overview of Business

B6 Sigma is an early-stage company that specializes in the development and commercialization of novel manufacturing and materials technology solutions. Pursuant to an asset purchase agreement, B6 Sigma acquired certain assets from a division of TMC in exchange for the surrender of certain securities of TMC previously issued to the founders of B6 Sigma. The assets acquired include equipment, contracts, licenses and intellectual property relating to our primary manufacturing solutions technology, which we refer to as "In Process Quality Assurance" or "IPQA®. See further discussion of our IPQA® technology under the caption "Products and Services" included under Item 1 ("Business"), Part I of our Annual Report on Form 10-K for the year ended December 31, 2010.

We believe that our IPQA® technology will redefine conventional manufacturing practices primarily by embedding quality assurance protocols in real-time manufacturing processes, thereby reducing the need for and cost of post-manufacturing quality assurance processes. Further, we expect the materials solutions technology we are developing will be beneficial to manufacturers and other businesses that seek to improve the most relevant characteristics of the materials used in their production processes or other business operations. For instance, we are working with the United States Army in connection with the development of a new munitions technology we refer to as Advanced Reactive Materials and Structures or "ARMS," the goal of which is to reduce the weight of munitions without a loss of effectiveness. This technology could have significant applications for munitions designed specifically for drones and similar unmanned aircrafts. We are also developing technology to improve the "heal time" of surface engineered dental implants.

We expect to generate revenues primarily by marketing and deploying our technology solutions to businesses that seek to improve their production processes and/or manipulate and improve the most functional characteristics of the materials and other input components used in their business operations. Our management anticipates that the Company's technology solutions will allow its clientele to combine advanced manufacturing with novel materials to achieve breakthrough product potential in many industries including the following industries: aerospace, defense, oil and gas, prosthetic implants, sporting goods, and power generation. We are currently investigating and pursuing application of our IPQA® and other technologies in some of these markets, and we anticipate growth in both the breadth and depth of IPQA® applications in the future.

We anticipate that our primary business focus will continue to be in the (i) deployment and implementation of our IPQA® technology to all appropriate manufacturing businesses, and (ii) development and commercialization of additional breakthrough technologies and innovations in the materials and manufacturing sciences. We will continue to expand our operations in this regard, including investigating additional opportunities for applications of our technology as well as undertaking further development efforts towards the commercialization of various technologies we have identified.

Our board of directors and management comprise scientists and business professionals with extensive experience in the energy and advanced manufacturing/advanced materials technology market. These individuals have worked with some of the largest defense contractors in the world in varied projects such as advanced armor and anti-armor systems, hypervelocity projectile launch systems, advanced reactive munitions and nuclear weapons stewardship programs. These individuals collectively possess over 100 years of experience working in the advanced manufacturing and materials technology space. As such, we believe we possess the resident expertise to provide consulting services to other companies regarding their manufacturing operations, or to companies seeking to improve the design of their products by using alternative next-generation materials or improving certain characteristics of the original input material, on a fee for services basis. Accordingly, in addition to our primary business focus, we intend to generate revenues by providing such consulting services to businesses seeking the same. Such consulting services may not necessarily involve deployment of our own technologies and may be limited to consulting with respect to the development, exploitation or improvement of the client's own technology.

Moreover, some members of our management team have worked at or with United States Department of Energy ("DOE") national laboratories (including the Los Alamos National Laboratory ("LANL") and Sandia National Laboratory ("SNL")) over the last 30 years. Due to their work with the DOE, members of our management team have developed extensive relationships with the DOE and its network of national laboratories. Accordingly, we expect to leverage these relationships in connection with licensing and developing technologies created at such national laboratories for commercialization in the private sector.

Critical Accounting Policies

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported assets, liabilities, sales and expenses in the accompanying financial statements. Critical accounting policies are those that require the most subjective and complex judgments, often employing the use of estimates about the effect of matters that are inherently uncertain. Such critical accounting policies, including the assumptions and judgments underlying them, are disclosed in Note 1 to the Consolidated Financial Statements included in this Quarterly Report. However, we do not believe that there are any alternative methods of accounting for our operations that would have a material affect on our financial statements.

Results of Operations

We expect to generate revenues primarily by marketing and deploying our technology solutions to businesses that seek to improve their production processes and/or manipulate and improve the most functional characteristics of the materials and other input components used in their business operations. However, our target technologies remain under development, and we presently make no sales of these technologies. During the three months and nine months ended September 30, 2011, we recognized revenues of $369,613 and $670,126, respectively, which revenues were primarily generated from engineering consulting services we provided to third parties during these periods, as compared to $243,936 and $276,436 of revenues for the same periods in 2010. B6 Sigma was formed February 5, 2010 and had not yet generated revenue from services rendered or from other sources from that date through March 31, 2010.

Our general and administrative expenses for the three and nine months ended September 30, 2011, were $252,111 and $559,806, respectively, as compared to $84,290 and $284,409, respectively, for the same periods in 2010. Our payroll expenses for the three and nine months ended September 30, 2011, were $132,699 and $501,927, respectively, as compared to $101,359 and $169,022 for the same periods in 2010. Our expenses relating to non-cash compensation for the three and nine months ended September 30, 2011 were $0 and $400,000, respectively, as compared to $0 for the corresponding periods in 2010.

General and administrative expenses principally include organizational expenses and outside services fees, the largest component of which consists of services in connection with our obligations as an SEC reporting company, in addition to other legal and accounting fees. The net increase in general and administrative expenses, payroll expenses and non-cash compensation expenses from the three and nine months ended September 30, 2011 to the same period in 2010 is principally the result of increased outside services costs, payroll obligations and incentive compensation associated with our growing operations, and for the purpose of expanding the same. During the nine months ended September 30, 2011, the Company incurred $400,000 of non-cash compensation expenses, resulting from the Company's April 2011 issuance, to five employees, of an aggregate of 20,000,000 shares of Company common stock, subject to restrictions, pursuant to the Company's 2011 Equity Incentive Plan.

We expect our general and administrative expenses to increase significantly for the remainder of 2011, as we continue to actively pursue our business plans and increase our operations and marketing. Similarly, we expect our payroll and non-cash compensation expenses to increase as we continue to grow our business.

Our net loss for the three and nine months ended September 30, 2011 increased overall and totaled $36,789 and $964,271, respectively, as compared to $66,807 and $305,089, respectively, for the same periods in 2010. This increase for the nine months ended September 30, 2011 is primarily the result of the increased general and administrative expenses, payroll expenses and non-cash compensation expenses related to our increased operations. For example, the Company incurred $400,000 of non-cash compensation expenses in April 2011 in connection with the issuance to Company employees of shares of Company common stock, as compared to no such expenses for the nine months ended September 30, 2010.

Liquidity and Capital Resources

As of September 30, 2011, we had $939,091 in cash and had a working capital surplus of $931,065, as compared with $226,268 in cash and a working capital surplus of $ 362,497 as of December 31, 2010. Effective April 15, 2011, in a private placement offering with accredited investors, we sold an aggregate of 55,875,000 shares of our common stock, for aggregate net proceeds of $1,011,765. We plan to obtain additional funding through private sales of equity and/or debt securities.

We plan to generate revenues primarily by marketing and selling our manufacturing and materials technologies. However, for the period from our inception through September 30, 2011, we generated revenues and financed our operations primarily from engineering consulting services that we provided during this period and through sales of our common stock.

We will continue to refine our technologies for commercialization during fiscal 2011. However, until commercialization of such technologies, we plan to continue to fund our development activities and operating expenses by providing consulting services concerning our areas of expertise, i.e., materials and manufacturing technologies, and through the use of proceeds from sales of our securities. As of November 7, 2011, we have five active consulting contracts with respect to which we expect to perform and generate up to $143,103 in revenues for the balance of 2011.

Some of these consulting contracts are fixed price contracts, for which we will receive a specified fee regardless of our cost to perform under such contract. With respect to entering into these fixed-contract consulting arrangements, we are required to estimate our costs of performance. To actually earn a profit on these contracts, we must accurately estimate costs involved and assess the probability of meeting the specified objectives, realizing the expected units of work or completing individual transactions, within the contracted time period. Accordingly, if we under-estimate the cost to complete a contract, we remain obligated to complete the work based on our initial cost estimate, which would reduce the amount of profit actually earned under the contract.

We have no credit lines or facilities as of November 7, 2011, nor have we ever had a credit facility since our inception. We will continue to evaluate potential future sources of capital, as we do not currently have commitments from any third parties to provide us with additional capital.

Based on the funds we have as of November 7, 2011 and the revenues we expect to receive under our consulting agreements, we believe that we will have sufficient funds to pay our administrative and other operating expenses for the balance of 2011. Until we are able to generate significant revenues from sales of our technologies, our ability to continue to fund our liquidity and working capital needs will be dependent upon revenues from existing and future consulting contracts and proceeds received from sales of our securities.

Inflation and changing prices have had no effect on our continuing operations over our two most recent fiscal years.

We have no off-balance sheet arrangements as defined in Item 303 of Regulation S-K.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES.

Our management, including our chief executive officer and treasurer, evaluated the effectiveness of our “disclosure controls and procedures” (as defined in the Securities Exchange Act of 1934 (“Exchange Act”) Rules 13a-15(e) or 15d-15(e)) as of the end of the period covered by this quarterly report, as required by paragraph (b) of Exchange Act Rules 13a-15 or 15d-15.

Based on that evaluation, we have concluded that as of the end of the period covered by this quarterly report, our disclosure controls and procedures are effective at a reasonable assurance level in ensuring that information required to be disclosed by us in our reports is recorded, processed, summarized and reported within the required time periods. The foregoing conclusion is based, in part, on the fact that we are a small public company in the development stage of our business, with limited revenues and employees. Based upon our evaluation, we also concluded that there was no change in our internal control over financial reporting during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II

ITEM 1. LEGAL PROCEEDINGS.

Not applicable.

ITEM 1A. RISK FACTORS.

Not applicable.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

Not applicable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

Not applicable.

ITEM 4. REMOVED AND RESERVED.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

31.1	Rule 13a-14(a) Certification of Principal Executive Officer, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Rule 13a-14(a) Certification of Principal Financial Officer, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Schema Document
101.CAL	XBRL Calculation Linkbase Document
101.DEF	XBRL Definition Linkbase Document
101.LAB	XBRL Labels Linkbase Document
101.PRE	XBRL Presentation Linkbase Document

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.

		SIGMA LABS, INC.
November 14, 2011	By:	/s/ Richard Mah Richard Mah Chief Executive Officer (Principal Executive Officer)
November 14, 2011	By:	/s/ James Stout James Stout Chairman of the Board and Treasurer (Principal Accounting Officer)

EXHIBIT 31.1

Certification of the Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act.

I, Richard Mah, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Sigma Labs, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2011

By: /s/ Richard Mah
Name: Richard Mah
Title: Chief Executive Officer (Principal Executive Officer)

EXHIBIT 31.2

Certification of the Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act.

I, James Stout, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Sigma Labs, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omitto state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2011

By: /s/ James Stout
Name: James Stout
Title: Treasurer (Principal Accounting Officer)

EXHIBIT 32.1

CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Sigma Labs, Inc. (the "Company") hereby certifies that, to his knowledge:

(i) The Quarterly Report on Form 10-Q of the Company for the quarter ended September 30, 2011 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November14, 2011	By:	/s/ Richard Mah
		Name: Richard Mah
		Title: Chief Executive Officer (Principal Executive Officer)

EXHIBIT 32.2

CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Sigma Labs, Inc. (the "Company") hereby certifies that, to his knowledge:

(i) The Quarterly Report on Form 10-Q of the Company for the quarter ended September 30, 2011 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 14, 2011

By: /s/ James Stout
Name: James Stout
Title: Treasurer (Principal Accounting Officer)