

SIGNALIFE, INC.  
Form 10QSB  
August 10, 2007

**United States**

**Securities And Exchange Commission**

**Washington, D.C. 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 June 30, 2007**
- Transition Report Under Section 13 Or 15(d) Of The Securities Exchange Act Of 1934  
For The Transition Period From \_\_\_\_\_ To \_\_\_\_\_  
Commission File No. \_\_\_\_\_**

**SIGNALIFE, INC.**

**(Exact name of small business issuer as specified in its charter)**

**Delaware**

**87-0441351**

**(State or other jurisdiction of  
incorporation or organization)**

**(I.R.S. Employer  
Identification No.)**

**531 South Main Street, Suite 301  
Greenville, South Carolina 29601  
(864) 233-2300**

**(Address Of Principal Executive Offices)  
(Issuer s Telephone Number)**

**Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: Yes  No**

**Indicate by check mark whether the registrant is a shell company (as defined in rule 12b-2 of the Securities**

Exchange Act of 1934): Yes  No

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: As of August 1, 2007, there were issued and outstanding or accrued for issuance a total of 47,207,050 shares of common stock, par value \$0.001 per share and 14,574 shares of series A preferred stock, par value \$0.001 per share (plus an additional 39,681 unissued series A preferred shares accrued as dividends for issuance).

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## ADVISEMENTS

Unless the context requires otherwise, *Signalife*, *the company*, *we*, *us*, *our* and similar terms refer to Signalife, Inc. Our common stock, par value \$.001 per share, and our series A preferred stock, par value \$.001 per share, are commonly referred to in this quarterly report as our *common shares* and *series A preferred shares*, respectively. The information in this quarterly report is current as of the date of this quarterly report (June 30, 2007), unless another date is specified.

We prepare our interim financial statements in accordance with United States generally accepted accounting principles. Our financial condition and results of operations for the six-month interim period ended June 30, 2007, are not necessarily indicative of our prospective financial condition and results of operations for the pending full fiscal year ended December 31, 2007. The interim financial statements presented in this quarterly report as well as other information relating to our company contained in this quarterly report should be read in conjunction with the annual financial statements and more detailed background information relating to our company and our business contained in our annual report on form 10-KSB for our fiscal year ended December 31, 2006, as it may be amended, together with any reports, statements and information filed with the United States Securities and Exchange Commission (the *SEC*) relating to periods or events occurring after December 31, 2006.

In this quarterly report we make a number of statements, referred to as *forward-looking statements*, which are intended to convey our expectations or predictions regarding the occurrence of possible future events or the existence of trends and factors that may impact our future plans and operating results. These forward-looking statements are derived, in part, from various assumptions and analyses we have made in the context of our current business plan and information currently available to us and in light of our experience and perceptions of historical trends, current conditions and expected future developments and other factors we believe to be appropriate in the circumstances. You can generally identify forward-looking statements through words and phrases such as *seek*, *anticipate*, *believe*, *estimate*, *expect*, *intend*, *plan*, *budget*, *project*, *may be*, *may continue*, *may likely result*, and similar expressions. When reading any forward looking statement you should remain mindful that actual results or developments may vary substantially from those expected as expressed in or implied by that statement for a number of reasons or factors, such as those relating to: (1) whether or not a market for our various heart monitoring devices and services develops and physicians, patients, insurance companies and government and other third-party reimbursement agents accept those products and services and, if a market develops, the pace at which it develops; (2) our ability to successfully sell our various heart monitoring devices and services to the extent a market develops; (3) our ability to attract the qualified personnel to implement our growth strategies; (4) our ability to develop sales, marketing and distribution capabilities for our biomedical devices and services, either internally or through outside contractors or partners; (5) the success of our research and development activities in developing additional heart monitoring devices and other biomedical devices using our proprietary technologies, and our ability to obtain federal or state regulatory approvals governing those biomedical products and services; (6) the accuracy of our estimates and projections; (7) our ability to fund our short-term and long-term financing needs; (8) changes in our business plan and corporate strategies; and (9) other risks and uncertainties discussed in greater detail in the sections of this quarterly report, including those captioned *Management's Discussion And Analysis Of Financial Condition And Results Of Operations* and *Uncertainties And Risk Factors That May Affect Our Future Results And Financial Condition*.

Each forward-looking statement should be read in context with, and with an understanding of, the various other disclosures concerning our company and our business made elsewhere in this quarterly report as well as other public reports we file with the SEC, including our annual report on form 10-KSB for our fiscal year ended December 31, 2006, as it may be amended. You should not place undue reliance on any forward-looking statement as a prediction of actual results or developments. We are not obligated to update or revise any forward-looking

statement contained in this quarterly report to reflect new events or circumstances unless and to the extent required by applicable law.



**SIGNALIFE, INC.**

**INTERIM FINANCIAL STATEMENTS  
FOR THE  
THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2007 AND 2006  
(UNAUDITED)**

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**SIGNALIFE, INC.**

**Balance Sheet**

**June 30, 2007**

**(Unaudited)**

**ASSETS**

Current assets:

Cash and cash equivalents

\$ 74,487

Inventory

147,086

Prepaid expenses and other current assets

67,161

Total current assets

288,734

Prepaid sales commissions

2,498,651

Property and equipment, net of accumulated depreciation of \$312,493.

240,755

Intangible patents, including related party amounts, net of accumulated amortization of \$50,158

591,379

TOTAL ASSETS

\$ 3,619,519

**LIABILITIES AND STOCKHOLDERS EQUITY**

Current liabilities:

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Accounts payable and accrued expenses		
	\$	377,736
Line of credit		
		202,148
Total liabilities		
		579,884
Commitments and contingencies		
Stockholders' equity:		
Series A convertible preferred stock, \$.001 par value; 10,000,000 shares authorized; 14,574 shares issued and outstanding		14
Series A convertible preferred stock to be issued for accrued dividends, 39,681 shares		40
Common stock, \$.001 par value; 100,000,000 shares authorized; 46,323,939 shares issued and outstanding		46,324
Additional paid-in capital		45,368,807
Accumulated deficit		(42,375,550)
Total stockholders' equity		3,039,635
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$	3,619,519

The accompanying notes are an integral part of these financial statements



**SIGNALIFE, INC.**

**Statements Of Operations**

**For The Three And Six Months Ended June 30, 2007 And 2006**

**(Unaudited)**

	<b>For the Three Months Ended June 30,</b>		<b>For the Six Months Ended June 30,</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
Product sales				
	\$	\$	\$	\$
Cost of products sold				
Gross profit				
Operating expenses:				
Research and development				
	337,460	258,850	622,731	428,113
General and administrative				
	2,182,477	3,047,313	7,508,202	5,367,609
Total operating expenses				
	2,519,937	3,306,163	8,130,933	5,795,722
Loss from operations				
	(2,519,937)	(3,306,163)	(8,130,933)	(5,795,722)
Other income:				
Exclusivity fee income				
		500,000	500,000	500,000

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Interest income				
	6,387	26,852	54,039	69,031
Total other income				
	6,387	526,852	554,039	569,031
Loss before provision for income taxes				
	(2,513,550)	(2,779,311)	(7,576,894)	(5,226,691)
Provision for income taxes				
Net loss				
	(2,513,550)	(2,779,311)	(7,576,894)	(5,226,691)
Preferred dividend				
	3,185	7,582	11,209	18,751
Net loss attributable to common stockholders				
	\$ (2,516,735)	\$ (2,786,893)	\$ (7,588,103)	\$ (5,245,442)
Basic and diluted loss per share				
	\$ (0.06)	\$ (0.07)	\$ (0.17)	\$ (0.14)
Weighted average shares outstanding basic and diluted				
	45,538,764	38,952,010	44,483,645	38,804,542

The accompanying notes are an integral part of these financial statements

**SIGNALIFE, INC.**

**Statement Of Stockholders Equity**

**For The Six Months Ended June 30, 2007**

**(Unaudited)**

	<b>Common Stock</b>		<b>Series A Convertible Preferred Stock</b>		<b>Series A Convertible Preferred Stock To Be Issued</b>		<b>Additional Paid-in Capital</b>	<b>Accumulated Deficit</b>	<b>Total Stockholders Equity</b>
	<b>Shares</b>	<b>Amount</b>	<b>Shares</b>	<b>Amount</b>	<b>Shares</b>	<b>Amount</b>			
Balance at December 31, 2006	42,413,248	\$ 42,413	97,909	\$ 98	35,944	\$ 36	\$ 37,700,728	\$ (34,798,656)	2,944,000
Change in value of common stock for services	3,827,356	3,827					6,233,147		6,236,974
Change in value of employee options							758,334		758,334
Options and warrants issued for services							676,602		676,602
Series A preferred stock accrued dividends							(11,209)		(11,209)
					4		11,205		11,205



res for series A  
ferred dividends

3,737

version of  
es A  
ferred stock

83,335      84    (83,335)      (84)

loss

(7,576,894)    (7,576,8

ance  
e 30, 2007

		\$		\$		\$	\$	\$	
46,323,939	46,324	14,574	14	39,681	40	45,368,807	(42,375,550)	3,039,6	

The accompanying notes are an integral part of these financial statements

**SIGNALIFE, INC.****Statements Of Cash Flows****For The Six Months Ended June 30, 2007 And 2006****(Unaudited)**

	<b>For the Six Months Ended June 30,</b>	
	<b>2007</b>	<b>2006</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss	\$ (7,576,894)	\$ (5,226,691)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	51,082	50,908
Amortization of deferred compensation	--	1,504
Stock issued for services	6,236,974	1,211,667
Options and warrants issued for services	676,602	551,381
Fair value of stock options under SFAS 123R	758,334	1,064,454
Changes in assets and liabilities:		
Inventory	8,385	(108,228)
Prepaid expenses and other current assets	(2,463,481)	48,441

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Accounts payable and accrued expenses		
	(697,932)	104,292
Deferred revenue		
	(500,000)	1,500,000
Net cash used in operating activities		
	(3,506,930)	(802,272)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment		
	(6,733)	(60,382)
Capitalized patent cost		
	(650)	(78,827)
Net cash used in investing activities		
	(7,383)	(139,209)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from line of credit, net		
	202,148	--
Net cash provided by financing activities		
	202,148	--
Net decrease in cash and cash equivalents		
	(3,312,165)	(941,481)
Cash and cash equivalents, beginning of period		
	3,386,652	4,776,277
Cash and cash equivalents, end of period		
	\$ 74,487	\$ 3,384,796

(continued on next page)

The accompanying notes are an integral part of these financial statements



**SIGNALIFE, INC.**

**Statements Of Cash Flows**