

SIGNALIFE, INC.  
Form 10QSB  
November 14, 2007

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 20549**

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**FORM 10-QSB**

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**(Mark One)**

- ☒ **Quarterly Report Under Section 13 Or 15(d) Of The Securities Exchange Act Of 1934  
For The Quarterly Period Ended September 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.)**

**4705 Laurel Canyon Boulevard, Suite 203  
Studio City, California 91607  
(818) 432-4560**

**(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 November 2, 2007, there were issued and outstanding or accrued for issuance a total of 53,090,899 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 40,764 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 (September 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 nine-month interim period ended September 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 words and phrases. 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.

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**SIGNALIFE, INC.**

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

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**SIGNALIFE, INC.**

**Balance Sheet**

**September 30, 2007**

**(Unaudited)**

**ASSETS**

Current assets:

Cash and cash equivalents	\$ 1,480,157
Inventory	147,513
Prepaid sales commissions	660,000
Prepaid expenses and other current assets	23,400
Total current assets	2,311,070
Prepaid sales commissions	1,977,251
Property and equipment, net of accumulated depreciation of \$335,598.	222,422
Intangible patents, including related party amounts, net of accumulated amortization of \$52,994	588,543
<b>TOTAL ASSETS</b>	<b>\$ 5,099,286</b>

**LIABILITIES AND STOCKHOLDERS EQUITY**

Current liabilities:

Accounts payable and accrued expenses	\$ 517,052
Due to related party	200,000
Line of credit	205,686
Total liabilities	922,738

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, 40,764 shares	41
Common stock, \$.001 par value; 100,000,000 shares authorized; 52,286,225 shares issued and outstanding	52,287
Additional paid-in capital	49,503,214

Accumulated deficit	(45,379,008)
Total stockholders' equity	4,176,548
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 5,099,286</b>

The accompanying notes are an integral part of these financial statements

**SIGNALIFE, INC.****Statements Of Operations****For The Three And Nine Months Ended September 30, 2007 And 2006****(Unaudited)**

	<b>For the Three Months Ended September 30,</b>		<b>For the Nine Months Ended September 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	386,280	264,275	1,009,011	692,388
General and administrative	2,622,678	2,074,058	10,130,880	7,441,667
Total operating expenses	3,008,958	2,338,333	11,139,891	8,134,055
Loss from operations	(3,008,958)	(2,338,333)	(11,139,891)	(8,134,055)
Other income:				
Exclusivity fee income		500,000	500,000	1,000,000
Interest income	5,500	22,160	59,539	91,191
Total other income	5,500	522,160	559,539	1,091,191
Loss before provision for income taxes	(3,003,458)	(1,816,173)	(10,580,352)	(7,042,864)
Provision for income taxes				
Net loss	(3,003,458)	(1,816,173)	(10,580,352)	(7,042,864)
Preferred dividend	3,248	7,713	14,457	26,464
Net loss attributable to common stockholders	\$ (3,006,706)	\$ (1,823,886)	\$ (10,594,809)	\$ (7,069,328)
		\$	\$	\$
Basic and diluted loss per share	\$ (0.06)	(0.05)	(0.23)	(0.18)
Weighted average shares outstanding				
basic and diluted	49,679,442	39,236,981	46,234,610	38,950,260

The accompanying notes are an integral part of these financial statements

**SIGNALIFE, INC.**

**Statement Of Stockholders Equity**

**For The Nine Months Ended September 30, 2007**

**(Unaudited)**

Common Stock		Series A Convertible Preferred Stock		Series A Convertible Preferred Stock To Be Issued		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders Equity
Shares	Amount	Shares	Amount	Shares	Amount			
Balance December 31, 2006								
								42,413,248
								\$ 42,413
								97,909
								\$ 98
								35,944
								\$ 36

\$ 37,700,728

\$ (34,798,656)

\$ 2,944,619

Issuance of common stock for cash

2,956,830

2,957

1,997,043

2,000,000

Issuance of common stock as equity  
line commitment fee

1,418,900

1,419

(1,419)

Issuance of common stock for services

5,413,912

5,414



7,897,507

7,902,921

Fair value of employee options

1,098,346

1,098,346

Options and warrants issued for services

811,014

811,014

Series A preferred stock accrued dividends

(14,457)

(14,457)

Shares for series A  
preferred dividends

4,820

5

14,452

	14,457
Conversion of series A preferred stock	
	83,335
	84
	(83,335)
	(84)

Net loss

	(10,580,352)
	(10,580,352)
Balance September 30, 2007	52,286,225
	\$ 52,287
	14,574
	\$ 14
	40,764

\$ 41

\$ 49,503,214

\$ (45,379,008)

\$ 4,176,548

The accompanying notes are an integral part of these financial statements

**SIGNALIFE, INC.**

**Statements Of Cash Flows**

**For The Nine Months Ended September 30, 2007 And 2006**

**(Unaudited)**

	<b>For the Nine Months Ended September 30,</b>	
	<b>2007</b>	<b>2006</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss	\$ (10,580,352)	\$ (7,042,864)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	77,023	74,810
Amortization of deferred compensation		1,504
Stock issued for services	7,902,921	1,697,860
Options and warrants issued for services	811,014	570,981
Fair value of stock options under SFAS 123R	1,098,346	1,501,066
Changes in assets and liabilities:		
Inventory	7,958	(131,866)
Prepaid expenses and other current assets	(2,558,320)	(227,406)
Accounts payable and accrued expenses	(558,616)	438,403
Deferred revenue	(500,000)	1,000,000
Net cash used in operating activities	(4,300,026)	(2,117,512)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(11,505)	(71,134)
Capitalized patent cost	(650)	(115,503)
Net cash used in investing activities	(12,155)	(186,637)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from line of credit, net	205,686	
Advance from related party	200,000	

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Proceeds from sale of common stock	2,000,000	
Net cash provided by financing activities	2,405,686	
Net decrease in cash and cash equivalents	(1,906,495)	(2,304,149)
Cash and cash equivalents, beginning of period	3,386,652	4,776,277
	\$	\$
Cash and cash equivalents, end of period	1,480,157	2,472,128

(continued on next page)

The accompanying notes are an integral part of these financial statements