

SIGNALIFE, INC.
Form 10QSB
November 13, 2006

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 September 30, 2006**
- 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 November 8, 2006, there were issued and outstanding or accrued for issuance a total of 41,838,713 shares of common stock, par value \$0.001 per share and 97,909 shares of series A preferred stock, par value \$0.001 per share (plus an additional 32,322 unissued series A preferred shares accrued as dividends for issuance).

Table Of Contents

ADVISEMENTS

i

**FINANCIAL STATEMENTS (UNAUDITED) THREE AND NINE MONTH PERIODS ENDED
SEPTEMBER 30, 2006 AND 2005**

1

Balance Sheet

F-1

Statements Of Operations

F-2

Statements Of Stockholders Equity

F-3

Statements Of Cash Flows

F-12

Notes To Interim Financial Statements

F-15

**MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF
OPERATIONS AND PLAN OF OPERATION 3**

General

3

Overview

3

Results of Operations

5

Plan Of Operation

6

Capital Resources

7

Critical Accounting Policies

10

UNCERTAINTIES AND OTHER RISK FACTORS THAT MAY AFFECT OUR FUTURE RESULTS AND FINANCIAL CONDITION

10

Risks Relating To Our Business

10

Risks Relating To An Investment In Our Securities

14

CONTROLS AND PROCEDURES

18

Evaluation Of Disclosure Controls And Procedures

18

Changes in Internal Control over Financial Reporting

18

LEGAL PROCEEDINGS

18

CHANGES IN SECURITIES AND USE OF PROCEEDS

19

Recent Sales Of Unregistered Equity Securities

19

Use Of Proceeds Of Registered Offerings

23

Repurchases Of Equity Securities

23

DEFAULTS UPON SENIOR SECURITIES

23

SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

23

OTHER INFORMATION

23

Matters Not Previously Reported On Form 8-K

23

Voluntary Reports

24

Material Changes To Director Nominee Procedures

24

EXHIBITS

24

SIGNATURES

24

ADVISEMENTS

Unless the context requires otherwise, *Signalife*, *the company*, *we*, *us*, *our* and similar terms refer to Signalife, Inc. formerly known as Recom Managed Systems, 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, 2006), 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, 2006 are not necessarily indicative of our prospective financial condition and results of operations for the pending full fiscal year ended December 31, 2006. 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, 2005, as it may be amended, together with any reports, statements and information filed with the SEC relating to periods or events occurring after December 31, 2005.

On April 11, 2003, we effected a split in our common shares on a 3:1 forward basis through the mechanism of a stock dividend. Whenever we make any reference in this quarterly report to the grant or issuance of common shares or options or warrants to purchase common shares, such reference shall, for comparison purposes, be made in reference to post-split numbers and, in the case of options and warrants, exercise prices, unless we state otherwise.

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 terms.

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) the success of our research and development activities, the development of a viable commercial production model, and the speed with which regulatory authorizations and product launches may be achieved; (2) whether or not a market for our products develops and, if a market develops, the pace at which it develops; (3) our ability to successfully sell our products if a market develops; (4) our ability to attract the qualified personnel to implement our growth strategies; (5) our ability to develop sales, marketing and distribution capabilities; (6) our ability to obtain reimbursement from third party payers for the products that we sell; (7) the accuracy of our estimates and projections; (8) our ability to fund our short-term and long-term financing needs; (9) changes in our business plan and corporate strategies; and (10) other risks and uncertainties discussed in greater detail in the sections of this report, including those captioned *Management's Discussion And Analysis Of Financial Condition, Results Of Operations And Plan Of Operation* and *Uncertainties And Other 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 report as well as other public reports we

Edgar Filing: SIGNALIFE, INC. - Form 10QSB

file with the United States Securities and Exchange Commission (the *SEC*), including our annual report on form 10-KSB for our fiscal year ended December 31, 2005, 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 report to reflect new events or circumstances unless and to the extent required by applicable law.

SIGNALIFE, INC.

(A Development Stage Company)

FINANCIAL STATEMENTS

(UNAUDITED)

THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2006 AND 2005

Contents

	Page
Financial Statements (Unaudited):	
Balance Sheet as of September 30, 2006	F-1
Statements Of Operations For The Three and Nine Months Ended September 30, 2006 And 2005	F-2
Statements Of Stockholders Equity From Inception to September 30, 2006	F-3
Statements Of Cash Flows For The Nine Months Ended September 30, 2006 And 2005	F-12
Notes To Interim Financial Statements	F-15

SIGNALIFE, INC.

(A Development Stage Company)

Balance Sheet

September 30, 2006

(Unaudited)

ASSETS

Current assets:

Cash and cash equivalents

\$ 2,472,128

Inventory raw materials

131,866

Prepaid expenses and other current assets

398,750

Total current assets

3,002,744

Property and equipment, net of accumulated depreciation of \$244,914.

280,395

Intangible patents, including related party amounts, net of accumulated amortization of \$41,798

535,188

TOTAL ASSETS

\$ 3,818,327

LIABILITIES AND STOCKHOLDERS EQUITY

Current liabilities:

Accounts payable and accrued expenses

\$ 692,326

Deferred revenue

1,000,000

Total liabilities	1,692,326
Commitments and contingencies	
Stockholders' equity:	
Series A convertible preferred stock, \$.001 par value; 10,000,000 shares authorized; 97,909 shares issued and outstanding	98
Series A convertible preferred stock to be issued for accrued dividends, 33,322 shares	33
Common stock, \$.001 par value; 100,000,000 shares authorized; 39,316,400 shares issued and outstanding	39,316
Additional paid-in capital	32,211,948
Deficit accumulated during development stage	(30,125,394)
Total stockholders' equity	2,126,001
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 3,818,327

The accompanying notes are an integral part of these financial statements

SIGNALIFE, INC.**(A Development Stage Company)****Statements Of Operations****For The Three and Nine Months Ended September 30, 2006 And 2005 And From Inception****Of Development Stage (Nov. 7, 2000) To September 30, 2006****(Unaudited)**

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,		From Inception of Development Stage (Nov. 7, 2000) to Sept. 30, 2006
	2006	2005	2006	2005	
Exclusivity fee income	500,000		1,000,000		1,000,000
Research and development	264,275	365,327	692,388	1,197,597	4,249,363
General and administrative expenses	2,074,058	1,382,600	7,441,667	4,955,336	23,767,922
Loss before other income (expense)	(1,838,333)	(1,747,927)	(7,134,055)	(6,152,933)	(27,017,285)
Interest income	22,160	31,499	91,191	49,318	242,616
Interest expense, including amortization of debt discount		(488,130)		(1,292,463)	(1,307,890)

Edgar Filing: SIGNALIFE, INC. - Form 10QSB

Change in fair value of warrant liability				318,000	187,570
Warrant repricing and other financing cost				(226,294)	(384,810)
Loss before provision for income taxes	(1,816,173)	(2,204,558)	(7,042,864)	(7,304,372)	(28,279,799)
Provision for income taxes					
Net loss	(1,816,173)	(2,204,558)	(7,042,864)	(7,304,372)	(28,279,799)
Preferred dividend	7,713	11,134	26,464	43,620	2,330,006
Net loss attributable to common stockholders	\$ (1,823,886)	\$ (2,215,692)	\$ (7,069,328)	\$ (7,347,992)	\$ (30,609,805)
Basic and diluted loss per share	\$ (0.05)	\$ (0.06)	\$ (0.18)	\$ (0.20)	\$ (1.12)
Basic and diluted loss per share attributable to common stockholders	\$ (0.05)	\$ (0.06)	\$ (0.18)	\$ (0.20)	\$ (1.22)
Weighted average shares outstanding basic and diluted	39,236,981	38,174,854	38,950,260	36,889,282	25,150,277

The accompanying notes are an integral part of these financial statements

SIGNALIFE, INC.

(A Development Stage Company)

Statements Of Stockholders Equity

From Inception Of Development Stage (November 7, 2000) To September 30, 2006

(Unaudited)

	Common Stock		Series A Convertible Preferred Stock		Series A Convertible Preferred Stock To Be Issued		Additional Paid-in Capital	Deficit From Accumulation During Development Stage	From Inception Nov. 7, 2000 To Sept. 30, 2006
	Shares	Amount	Shares	Amount	Shares	Amount			
2000:									
Balance November 7, 2000 (as restated for 3:1 stock split)	4,139,784	\$ 4,139		\$		\$ (4,139)	\$	\$	
Contributed capital						35,000		35,000	
Net loss							(36,673)	(36,673)	
Balance December 31, 2000	4,139,784	4,139				30,861	(36,673)	(1,673)	
2001:									
Capital contributed						45,000		45,000	
Shares issued for services July 2001 \$0.033	150,000	150				4,850		5,000	

Edgar Filing: SIGNALIFE, INC. - Form 10QSB

Net loss								(50,000)	(50,000)	
Balance December 31, 2001		4,289,784		4,289				80,711	(86,673)	(1,673)
2002:										
Capital contributed								56,400		56,400
Warrants issued for cash						305		125,000		125,000
Issuance of common stock for:										
Technology Sept. 2002 \$0.006		23,400,000		23,400				54,623		78,023
Services rendered Oct. 2002 \$0.021		2,925,000		2,925				17,959	(18,678)	1,205
Cash Oct 2002 \$0.03		564,810		565				17,221		17,786
Cash Nov 2002 \$2.66		71,250		71				189,929		190,000

The accompanying notes are an integral part of these financial statements

SIGNALIFE, INC.

(A Development Stage Company)

Statements Of Stockholders Equity

From Inception Of Development Stage (November 7, 2000) To September 30, 2006

(Unaudited)

(Continued)

	Common Stock		Series A Convertible Preferred Stock		Series A Convertible Preferred Stock To Be Issued		Additional Paid-in Capital	Deferred Compensation	Deficit Accumulated During Development Stage	From Inception (November 7, 2000) To September 30, 2006
	Shares	Amount	Shares	Amount	Shares	Amount				
Contributed services		\$		\$		\$	\$ 20,000	\$	\$	\$
Warrants issued for services							5,324			
Loss	-		-						(211,954)	(211,954)
Balance September 30, 2002	31,250,844	31,250					567,166	(19,678)	(298,627)	288,111
Issuance of common stock for cash and contributed property 2003 \$2.22	112,812	113					249,887			250,012
Issuance of common stock for cash:										

Edgar Filing: SIGNALIFE, INC. - Form 10QSB

2003	\$3.00	82,667	83	247,917	24
2003	\$3.33	75,075	75	249,925	25
Price of common for services:					
2003	\$2.80	147,192	147	411,654	41
2003	\$3.15	11,045	11	34,780	3
2003	\$3.67	111,625	112	410,192	41
2003	\$3.68	33,188	33	121,103	12
2003	\$3.77	24,292	24	91,673	9
2003	\$4.78	15,385	15	73,525	7
2003	\$3.65	18,834	19	68,783	6

The accompanying notes are an integral part of these financial statements

SIGNALIFE, INC.

(A Development Stage Company)

Statements Of Stockholders Equity

From Inception Of Development Stage (November 7, 2000) To September 30, 2006

(Unaudited)

(Continued)

	Common Stock		Series A Convertible Preferred Stock		Series A Convertible Preferred Stock To Be Issued		Additional Paid-in Capital	Deferred Compensation	Deficit Accumulated During Development Stage
	Shares	Amount	Shares	Amount	Shares	Amount			
For 2003	5,953	\$ 6		\$		\$	21,425		\$
Exercise of	1,105,000	1,105					(1,105)		
ed services							80,000	\$	
e stock issued market							38,400		
tion of								6,668	
tion									
nd warrants							2,196,068	(219,010)	

cost						74,088				
of preferred cash			1,792,975	1,793		5,376,857				5
preferred ring						(572,785)				
stock						896,474				
n feature									(896,474)	
n of fair warrants										
preferred ued						949,121			(949,121)	
										(5,311,377) 5
r 31, 2003	32,993,912	\$ 32,993	1,792,975	\$ 1,793		\$ 11,477,573	\$ (232,020)	\$ (7,455,599)	\$ 3	\$ 3

The accompanying notes are an integral part of these financial statements

SIGNALIFE, INC.**(A Development Stage Company)****Statements Of Stockholders Equity****From Inception Of Development Stage (November 7, 2000) To September 30, 2006****(Unaudited)****(Continued)**

	Common Stock		Series A Convertible Preferred Stock		Series A Convertible Preferred Stock To Be Issued		Additional Paid-in Capital	Deferred Compen- sation	Deficit Accumu- lated During Develop- ment Stage	From Incepti- on (Nov. 7, 2000) To Sept. 30, 2006
	Shares	Amount	Shares	Amount	Shares	Amount				
Balance of common stock for services:										
January 2004 \$3.63	52,391	\$ 52		\$			\$ 190,088	\$		190,088
February 2004 \$4.24	25,714	26					108,979			109,005
March 2004 \$4.90	47,638	48					233,584			233,632
April 2004 \$7.39	11,937	12					88,145			88,157
May 2004 \$6.66	43,425	43					289,006			289,049
June 2004 \$4.30	16,976	17					72,980			72,997
July 2004 \$3.90	21,583	22					84,206			84,228

Edgar Filing: SIGNALIFE, INC. - Form 10QSB

August 2004	\$3.56	26,885	27	95,570	95,
September 2004	\$3.67	49,035	49	179,738	179,
October 2004	\$2.67	55,420	55	148,163	148,
November 2004	\$2.94	32,635	33	95,914	95,
December 2004	\$4.52	69,504	70	313,947	314,
Exercise of class A warrants for cash		130,030	130	274,870	275,
Exercise of class C warrants for cash		16,665	17	49,979	49,
Unless exercise of warrants		51,815	52	(52)	
Contributed services officer				80,000	80,

The accompanying notes are an integral part of these financial statements

SIGNALIFE, INC.

(A Development Stage Company)

Statements Of Stockholders Equity

From Inception Of Development Stage (November 7, 2000) To September 30, 2006

(Unaudited)

(Continued)

	Common Stock		Series A Convertible Preferred Stock		Series A Convertible Preferred Stock To Be Issued		Additional Paid-in Capital	Deferred Compen- sation	Deficit Accumu- lated During Develop- ment Stage	Inc (N 2 Se 2
	Shares	Amount	Shares	Amount	Shares	Amount				
ation of		\$		\$		\$	\$	\$	\$	
ation								225,531		
issued for							132,712			
issued for lement							757,207			
recognized ricing of							158,516			
al on feature							408,333			
d common	(369,000)	(369)					369			

on of A preferred	1,546,633	1,547	(1,546,633)	(1,547)					
A preferred rued							(295,452)		(
or series A dividends					134,834	134	404,353		
on of A preferred	3,457	3			(3,457)	(3)			
								(6,966,243)	(6,
er 31, 2004	34,826,655	34,827	246,342	246	131,377	131	15,348,728	(6,489)	(14,421,842)

The accompanying notes are an integral part of these financial statements

SIGNALIFE, INC.

(A Development Stage Company)

Statements Of Stockholders Equity

From Inception Of Development Stage (November 7, 2000) To September 30, 2006

(Unaudited)

(Continued)

		Common Stock		Series A Convertible Preferred Stock		Series A Convertible Preferred Stock To Be Issued		Additional Paid-in Capital	Deferred Compensation	Deficit Accumulated During Development Stage	F
		Shares	Amount	Shares	Amount	Shares	Amount				Inc
of common											(N
r services:											2
2005	\$4.26	44,205	\$ 44	\$		\$		\$ 188,259	\$	\$	Sep
2005	\$4.05	21,231	21					85,964			2
2005	\$3.20	37,628	38					120,372			
2005	\$4.30	25,641	26					110,199			
2005	\$4.26	5,262	5					22,411			
2005	\$3.91	13,877	14					54,310			
2005	\$3.26	39,466	39					128,538			

Edgar Filing: SIGNALIFE, INC. - Form 10QSB

er 2005	\$3.42	37,196	37	127,250
2005	\$3.19	88,118	89	281,005
er 2005	\$3.16	55,349	55	174,896
er 2005	\$2.44	38,099	38	92,966
ssued as for ble debt and	584,711	585	1,674,526	
cost shares			336,610	
ount				
recognized			226,294	
g of warrants				
of class C	54,166	54	162,444	

The accompanying notes are an integral part of these financial statements

SIGNALIFE, INC.

(A Development Stage Company)

Statements Of Stockholders Equity

From Inception Of Development Stage (November 7, 2000) To September 30, 2006

(Unaudited)

(Continued)

	Common Stock		Series A Convertible Preferred Stock		Series A Convertible Preferred Stock To Be Issued		Additional Paid-in Capital	Deferred Compen- sation	Deficit Accumu- lated During Develop- ment Stage	Fr Ince (No 20 T Sep 20
	Shares	Amount	Shares	Amount	Shares	Amount				
uted s officer		\$		\$		\$	\$ 20,000	\$	\$	
ization of l sation								4,985		
ts issued for s							1,060,467			1,0
A preferred dividend							(54,920)			(
for series A d dividends					18,307	19	54,901			
sion of A	203,417	203	(203,417)	(203)						

ed stock										
issued			70,066	70	(70,066)	(70)				
t liability fied fectiveness							260,000			2
common	2,500,000	2,500					7,997,500			8,0
g cost to common							(30,000)			(
s									(8,660,688)	(8,6
e er 31, 2005	38,575,021	38,575	112,991	113	79,618	80	28,442,720	(1,504)	(23,082,530)	5,3

The accompanying notes are an integral part of these financial statements

SIGNALIFE, INC.

(A Development Stage Company)

Statements Of Stockholders Equity

From Inception Of Development Stage (November 7, 2000) To September 30, 2006

(Unaudited)

(Continued)

		Common Stock		Series A Convertible Preferred Stock		Series A Convertible Preferred Stock To Be Issued		Additional Paid-in Capital	Deferred Compensation	Deficit Accumulated During Development Stage	From Inception (November 7, 2000) To September 30, 2006
		Shares	Amount	Shares	Amount	Shares	Amount				
Balance of common											
Services:											
January 2006	\$2.76	44,024	\$ 44		\$			\$ 121,629	\$		121,629
February 2006	\$2.96	48,804	49					144,633			144,633
March 2006	\$2.88	41,522	42					119,592			119,592
April 2006	\$3.04	62,722	63					190,524			190,524
May 2006	\$2.91	176,076	176					512,026			512,026
June 2006	\$2.21	55,585	55					122,834			122,834
July 2006	\$2.78	51,428	51					142,915			142,915

Edgar Filing: SIGNALIFE, INC. - Form 10QSB

st 2006	\$2.25	190,502	190	428,438	428,438
ember 2006	\$1.98	97,184	97	192,425	192,425
ellation of on stock ously issued for es		(96,667)	(96)	(277,827)	(277,827)
tization of ed ensation					1,504
alue of oyee options				1,501,066	1,501,066
ns and warrants l rvicees				570,981	570,981
s A preferred ed dividend				(26,464)	(26,464)

The accompanying notes are an integral part of these financial statements

SIGNALIFE, INC.

(A Development Stage Company)

Statements Of Stockholders Equity

From Inception Of Development Stage (November 7, 2000) To September 30, 2006

(Unaudited)

(Continued)

	Common Stock		Series A Convertible Preferred Stock		Series A Convertible Preferred Stock To Be Issued		Additional Paid-in Capital	Deferred Compen- sation	Deficit Accumu- lated During Develop- ment Stage
	Shares	Amount	Shares	Amount	Shares	Amount			
Series A Dividends					8,821	8	26,456		
of series stock	70,199	70	(15,082)	(15)	(55,117)	(55)			
									(7,042,864)
September 30, 2006	39,316,400	\$ 39,316	97,909	\$ 98	33,322	\$ 33	\$ 32,211,948		\$ (30,125,394)

The accompanying notes are an integral part of these financial statements

SIGNALIFE, INC.**(A Development Stage Company)****Statements Of Cash Flows****For The Nine Months Ended September 30, 2006 And 2005 And From Inception****Of Development Stage (Nov. 7, 2000) To September 30, 2006****(Unaudited)**

	For the Nine Months Ended September 30		From Inception of Development Stage (Nov. 7, 2000) to Sept. 30, 2006
	2006	2005	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	\$ (7,042,864)	\$ (7,304,372)	\$ (28,279,799)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	74,810	62,373	287,406
Amortization of debt issue costs and finance costs		873,721	887,563
Change in fair value of warrant liability		(318,000)	(187,570)
Amortization of deferred compensation	1,504	4,778	239,893
Services recognized as contributed capital		20,000	200,000

Edgar Filing: SIGNALIFE, INC. - Form 10QSB

Stock issued for services	1,697,860	837,527	6,373,712
Options and warrants issued for services	570,981	1,023,601	3,859,030
Fair value of employee options	1,501,066		1,501,066
Warrants issued for legal settlement			757,207
Finance cost attributed to repricing of warrants		226,294	384,810
Finance cost attributed to shares issued at discount		336,610	336,610
Other			1,459
Changes in operating assets and liabilities:			
Deferred revenue	1,000,000		1,000,000
Inventory	(131,866)		(131,866)
Prepaid expenses and other current assets	(227,406)	173,173	(398,750)
Accounts payable and accrued expenses	438,403	238,746	767,439
Net cash used in operating activities	(2,117,512)	(3,825,549)	(12,401,790)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property and equipment	(71,134)	(198,537)	(526,004)
Capitalized patent cost	(115,503)	(58,953)	(498,963)
Net cash used in investing activities	(186,637)	(257,490)	(1,024,967)

CASH FLOWS FROM FINANCING
ACTIVITIES:

Capital contributions		136,400
Issuance of common stock and exercise of warrants for cash	8,162,498	9,293,280
Cost of sale of common stock	(30,000)	(30,000)
Sale of preferred stock for cash, net of expenses		4,805,865

The accompanying notes are an integral part of these financial statements

SIGNALIFE, INC.

(A Development Stage Company)

Statements Of Cash Flows

For The Nine Months Ended September 30, 2006 And 2005 And From Inception

Of Development Stage (Nov. 7, 2000) To September 30, 2006

(Unaudited)

(Continued)