

SIGNALIFE, INC.
Form 10QSB
May 15, 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 March 31, 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)**

Recom Managed Systems, Inc.

(former name, former address and former fiscal year, if change since last report)

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 May 12, 2006, there were issued and outstanding 38,949,375 shares of common stock, par value \$0.001 per share and 166,894 shares of series A preferred stock, par value \$0.001 per share.

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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 (March 31, 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 three-month interim period ended March 31, 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

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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.
FINANCIAL STATEMENTS
(UNAUDITED)
THREE MONTH PERIODS ENDED MARCH 31, 2006 AND 2005

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SIGNALIFE, INC.

(A Development Stage Company)

Balance Sheet

March 31, 2006

(Unaudited)

ASSETS

Current assets:

Cash and cash equivalents

\$ 5,515,644

Inventory raw materials

100,264

Prepaid expenses and other current assets

106,278

Total current assets

5,722,186

Property and equipment, net of accumulated depreciation of \$203,676.

265,202

Intangible patents, including related party amounts, net of accumulated amortization of \$36,225

448,647

TOTAL ASSETS

\$ 6,436,035

LIABILITIES AND STOCKHOLDERS EQUITY

Current liabilities:

Accounts payable and accrued expenses

\$ 288,741

Deferred revenue

2,000,000

Total liabilities	2,288,741
Commitments and contingencies	
Stockholders' equity:	
Series A convertible preferred stock, \$.001 par value; 10,000,000 shares authorized; 98,635 shares issued and outstanding	99
Series A convertible preferred stock to be issued for accrued dividends, 83,341 shares	83
Common stock, \$.001 par value; 100,000,000 shares authorized; 38,723,727 shares issued and outstanding	38,724
Additional paid-in capital	29,639,595
Deferred compensation	(1,297)
Deficit accumulated during development stage	(25,529,910)
Total stockholders' equity	4,147,294
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 6,436,035

The accompanying notes are an integral part of these financial statements

SIGNALIFE, INC.

(A Development Stage Company)

Statements Of Operations

For The Three Months Ended March 31, 2006 And 2005 And From Inception

Of Development Stage (Nov. 7, 2000) To March 31, 2006

(Unaudited)

	For the Three Months Ended March 31,		From Inception
	2006	2005	of Development
			Stage
			(Nov. 7, 2000)
			to
			March 31, 2006
Revenue	\$	\$	\$
Research and development	169,263	570,380	3,726,238
General and administrative expenses	2,320,296	1,099,079	18,646,551
Loss before other income (expense)	(2,489,559)	(1,669,459)	(22,372,789)
Interest income	42,179	4,475	193,604
Interest expense, including amortization of debt discount		(364,718)	(1,307,890)
Change in fair value of warrant liability		318,000	187,570
Warrant repricing and other financing cost		(600,000)	(384,810)

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Loss before provision for income taxes	(2,447,380)	(2,311,702)	(23,684,315)
Provision for income taxes			
Net loss	(2,447,380)	(2,311,702)	(23,684,315)
Preferred dividend	11,169	18,242	2,314,711
Net loss attributable to common stockholders	\$ (2,458,549)	\$ (2,329,944)	\$ (25,999,026)
Basic and diluted loss per share	\$ (0.06)	\$ (0.07)	\$ (0.99)
Basic and diluted loss per share attributable to common stockholders			
	\$ (0.06)	\$ (0.07)	\$ (1.09)
Weighted average shares outstanding basic and diluted	38,655,399	34,992,042	23,854,879

The accompanying notes are an integral part of these financial statements

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SIGNALIFE, INC.

(A Development Stage Company)

Statements Of Stockholders Equity

From Inception Of Development Stage (Nov. 7, 2000) To March 31, 2006

(Unaudited)

	Common Stock		Series A Convertible Preferred Stock		Series A Convertible Preferred Stock To Be Issued		Additional Paid Capital	Deficit From Inception To Dec. 31, 2005	From Inception To Dec. 31, 2005
	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

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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			17,958	(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

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SIGNALIFE, INC.

(A Development Stage Company)

Statements Of Stockholders Equity

From Inception Of Development Stage (November 7, 2000) To March 31, 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 Inception (Nov. 7, 2000) To Dec. 31, 2005
	Shares	Amount	Shares	Amount	Shares	Amount				
Contributed services officer		\$		\$		\$	\$ 20,000	\$	\$	\$ 20,000
Warrants issued for services							5,324			